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FOREWORD

The report covers the financial performance of municipalities in the province for the second (2nd) quarter of 2012/13 of the financial year ended 31 December 2012.

The report however, in terms of its *form and content*, outlines various activities carried out during the quarter under review yet critical analysis of non-financial data constitute an important dimension in the overall assessment of the **MUNICIPAL PERFORMANCE INFORMATION**, including financial data in terms of expenditure patterns and trends. Fundamentally, it underscores the importance of the support and assistance to municipalities by the provincial treasury to enhance good governance and administration at municipal level for better and improved service delivery.

In line with its legislative mandate as set out in the PUBLIC FINANCE MANAGEMENT ACT (**PFMA**) and MUNICIPAL FINANCE MANAGEMENT ACT (**MFMA**), support and assistance accorded to municipalities by the Provincial Treasury is mandatory.

To this end, department continues to monitor the spending of municipalities through the various reporting mechanisms, including the monthly In-Year Monitoring (**IYM**) and Quarterly Performance Reporting (**QPR**) to ensure compliance to various prescripts and control in spending and accountability in the use of public funds.

Accordingly, all municipalities have been capacitated through training to prepare for the 2013/14 budget process on the module of Municipal Budget and Reporting Regulations (**MBRR**) format during the quarter under review, solely to ensure proper planning and budgeting to improve service delivery.

However, for the quarter under review **Mamusa and Ditsobotla Local Municipalities** has not complied in terms of submission of the prescribed monthly reports due to technical glitches in the financial systems which relates to *inter-phasing* between old and new financial systems and the migration of information currently taking place at these institutions.

According to the findings of the previous and the current **CONSOLIDATED REPORTS ON PERFRAMNCE OF MUNICIPALITIES** key to the challenges faced by municipalities specifically on CAPITAL INFRATSRUCTURE SPENDING is inadequate technical capacity to spend on the MUNICIPAL INFRATSRUCTUREGRANT (MIG) due to amongst other reasons lack of construction of Infrastructure Procurement Strategy in the SCM Practices of municipalities.

To this regard, strategic improvement measures in the form of the Provincial Infrastructure Policies in line with the Infrastructure Delivery Management System (**IDMS**) requirements are being put into place to enhance monitoring of capital project implementation and spending Conditional Grants.

Municipalities are important vehicle for service delivery and poor infrastructure spending is a serious indictment to the democratic state, moreover that municipalities are at the coalface of

service delivery and thus reverting of under-spent funds to the National Fiscus does not only contribute adversely to poor service delivery and increased backlogs but it is a serious contradiction that cannot be justified as it defeats the very existence and purpose of municipalities.

The 2011/12 Auditor General's Report shows significant signs of improvement in the financial management of municipalities, particularly, in terms of the quality of information audited and all of this illustrate that the province is on the right path towards the 2014 Clean Audit, notwithstanding the challenges that lie ahead.

PAUL SEBEGOE (MPL)
MEC FOR FINANCE

1. INTRODUCTION

In terms of section 71(5) of the Municipal Finance Management (MFMA), municipalities are required to submit to the relevant provincial treasury a monthly statement on the state of the municipality's budget, by no later than 10 working days after the end of the month. The statement must be in the form of a signed document and electronic format.

Section 71(7) of the Act further states that, the MEC for Finance must submit a consolidated statement in the prescribed format on the state of municipalities' budgets per municipality to the Provincial Legislature no later than 45 days after the end of each quarter.

Publishing this information is part of the evolving system of reporting envisaged by the MFMA. The aim is to assist in oversight of performance, address shortcomings, improve internal controls and facilitate service delivery. Publishing this information further improves transparency and fosters effective oversight, promotes fiscal discipline and provides a mechanism for measuring the ongoing performance of the municipality.

The structure of the report is such that it will provide analytical information about the financial management of all municipalities in the province, including the two non-delegated municipalities (Mafikeng and Rustenburg local municipality). The main areas covered by the report include municipal revenue and expenditure in terms of the requirements of section 71 of the MFMA; it also addresses cash flow analysis and the projections thereof, debt management and intervention measures.

The figures published in this report are as submitted by municipalities.

2. PROVINCIAL OVERVIEW

The overall submission of the monthly budget statement has reached an acceptable level. In the previous quarter it was reported that Mamusa Local Municipality, was the only municipality regressing in terms of submission of the section 71 reports. However, the municipality has demonstrated some progress in attend to the matter.

The total original capital budget for all municipalities in the province amounted to R3, 1 billion and only R591 million or 19 per cent was spent during the second quarter under review. The R591 million is an increase of R223 million compared to first quarter of 2012/13. The 19 per cent spending is far less than the anticipated 50 per cent spending during the quarter under review.

Municipalities in the province spent R2,3 billion or 22 per cent during the quarter under review on operating expenditure against the total original budget of R10, 6 billion. The expenditure of R2,3 billion is more than the first quarter expenditure of 2012/13 by 300 million or 4 per cent.

Debt collection is a crucial element of financial sustainability, with non-payment by debtors putting the ability of municipalities to meet their expenditure plans at risk. Aged debtors analysis should be an early warning technique that must indicate monthly collection levels and deterioration in collection levels. High or increasing levels of the absolute value of outstanding debts are clear indications that there are problems with revenue collection systems. The amount of outstanding debts is a serious challenge that requires joint efforts by all stakeholders to come up with innovative ways to increase debt collection.

Total amount of debtors outstanding during the quarter under review amounted to R5, 515 billion of which R4, 5 billion or 82 per cent is owed for more than 90 days. Although the outstanding debtors are still high, there was a substantial decrease of R329 million or 6 per cent compared to the previous quarter. Collection of some of the outstanding debt is still doubtful as result of the ever increasing uncollected debt. Classification by customer group, households accounts for most outstanding at R3, 9 million or 72 per cent. Government departments account for R415 million or 8 per cent of the total outstanding debt, whereas business (R873 million or 16 per cent) and other debtors (R238 million or 4 per cent).

In terms of Section 65(2) (e) of the MFMA, municipalities must pay creditors within 30 days. Creditors outstanding amounted to R913 million of which R466 million or 51 per cent are outstanding for more than 90 days. There was a substantial decrease of R129 million or 12 per cent in outstanding creditors when compared to the previous quarter. In terms of the categories, the top three owed creditors are on bulk water at R364 million or 40 per cent, bulk electricity at R286 million or 31 per cent and Trade Creditors at R158 million or 17 per cent. This is an indication of the inability of municipalities to meet financial commitments as and when they are due and some municipalities are gradually heading towards serious financial distress.

3. DETAIL MUNICIPAL PERFORMANCE PER DISTRICT

3.1 BOJANALA PLATINUM DISTRICT

3.1.1 BUDGETS

3.1.1.1 OPERATING REVENUE

Table 2.1(a) shows actual revenue collected as at 31 December 2012 by municipalities in the Bojanala Platinum District against the budgeted revenue.

Table 2.1(a) : Operating Revenue as at 31 December 2012 (R'000)

Municipality	Original Budget	Total 1st Quarter	Total 2nd Quarter	Year to Date	%Collected	Detail			
						Property Rates	Service Charges	Grants	Other
Moretele	197,637	75,509	62,210	137,719	70	346	3,994	56,080	1,790
Madibeng	1,165,256	310,199	211,690	521,889	45	74,644	112,144	5,965	18,938
Rustenburg	2,685,773	604,059	583,226	1,187,285	44	45,498	400,415	75,004	62,308
Kgetleng Rivier	110,460	35,179	21,304	56,483	51	1,109	13,877	2,009	4,309
Moses Kotane	379,188	128,362	110,087	238,449	63	8,243	17,936	62,266	21,641
Bojanala Platinum District	241,314	104,230	83,247	187,477	78	-	-	79,887	3,359
Total	4,779,628	1,257,538	1,071,763	2,329,301	56	129,840	548,366	281,211	112,345

The total amount of revenue generated by municipalities in the district to date amounts to R2, 3 billion or 56 per cent the total budgeted revenue of R4, 8 billion. The total revenue for the period under review amounts to R1 billion and most revenue was received from Service Charges at R548 million followed by Grants, Property Rates and “Other” at R281 million, R130 million and R112 million respectively.

Moretele Local Municipality

Total year to date revenue generated by the municipality amounts to R138 million or 70 per cent of the total revenue budget of R198 million. The total revenue generated for the quarter under review amounts to R62 million and Grants accounts for most revenue received at R 56 million followed by revenue generated on Service Charges, “Other” and Property Rates at R4 million, R2 million and R346 thousand respectively .

Madibeng Local Municipality

Total year to date revenue generated by the municipality amounts to R522 million or 45 percent against the budgeted revenue of R1, 2 billion. The total revenue generated for the quarter under review amounts to R212 million and most revenue was received from Service Charges at R112 million followed by Property Rates, “Other” and Grants at R74 million, R19 million and R6 million respectively.

Rustenburg Local Municipality

The total year to date revenue generated by the municipality amounts to R1.2billion or 44 per cent against the revenue budget of R2, 6 billion. The total revenue generated for the quarter under revenue amounts to R583 million and most revenue was generated on Service Charges at R400 million followed by Grants, “Other” and Property Rates at R75 million, R62 million and R45 million respectively. Rustenburg is the worst performing municipality within the district in terms of the year to date figures. The performance rate is a low but acceptable level of 44 per cent of the budgeted amount.

Kgetleng Rivier Local Municipality

The total year to date revenue generated by the municipality amounts to R56 million or 51 per cent of the revenue budget of R110 million. The total revenue generated for the quarter under review amounts to R21 million and most revenue was received from Service Charges at R14 million followed by “Other”, Grants and Property Rates at R4 million, R2 million and R1 million respectively.

Moses Kotane Local Municipality

Total year to date revenue generated by the municipality amounts to R238 million or 63 per cent against the revenue budget of R379 million. The total revenue for the quarter under revenue amounts to R110 million and Grants accounts for most revenue received at R62 million followed by revenue generated on “Other”, Service Charges and Property Rates at R22 million, R18 million and R8 million respectively.

Bojanala Platinum District

The district municipality generated total year to date revenue amounting to R187 million or 78 per cent against the revenue budget of R241 million. The total revenue for the quarter under revenue amounts to R83 million and Grants accounts for most revenue received at R80 million plus “Other” revenue at R3, 4 million.

3.1.1.2 OPERATING EXPENDITURE

Table 2.1(b) below shows the total expenditure incurred by the municipalities in district as at 31 December 2012.

Bojanala Platinum District

Table 2.1(b) : Operating Expenditure as at 31 December 2012 (R'000)

Municipality	Original Budget	Total 1st Quarter	Total 2nd Quarter	Year to Date	% Spent	Detail			
						Employee Related Costs	Contracted Services	Bulk Purchases	Other
Moretele	197,566	35,924	58,955	94,879	48	15,145	4,726	13,772	25,313
Madibeng	1,166,180	218,245	181,486	399,731	34	64,381	22,086	66,087	28,933
Rustenburg	2,587,146	438,932	618,515	1,057,447	41	102,411	33,256	337,870	144,977
Kgetleng Rivier	107,601	24,485	18,611	43,096	40	9,131	250	6,348	2,881
Moses Kotane	431,365	77,018	102,389	179,407	42	28,943	8,476	13,519	51,451
Bojanala Platinum District	236,481	58,863	62,039	120,902	51	31,446	20,207	-	10,386
Total	4,726,339	853,467	1,041,996	1,895,463	45	251,458	89,001	437,596	263,941

The total year to date expenditure incurred by the municipalities in the district amounts to R1,9 billion or 45 per cent of the total budget of R 4, 7 billion. The total expenditure for the quarter under review amounts to R1 billion and Bulk Purchases constitute most expenditure at R438 million followed by “Other” expenditure, Employee Related Costs and Contracted Services at R264 million, R251 and R89 million respectively.

Moretele Local Municipality

Total year to date expenditure incurred by the municipality amounts to R95 million or 48 per cent against budgeted operating expenditure of R197, 5 million. The total expenditure for the quarter under review amounts to R59 million and most of the expenditure was incurred on “Other” at R25, 3 million followed by expenditure on employee related cost and bulk purchases at R15, 1 million and R13, 7 million respectively.

Madibeng Local Municipality

Total year to date expenditure incurred by the municipality amounts to R400 million or 34 per cent against the total budgeted operating expenditure of R1,2 billion. The total expenditure for the quarter under review amounts to R181 million and most expenditure was incurred on bulk purchases at R66 million followed by expenditure on employee related costs, “Other” and contracted services at R64, 4 million, R28, 9 million and R22 million respectively.

Rustenburg Local Municipality

Total year to date spending incurred by the municipality amounts to R1, 1 billion or 41 per cent against the total operating expenditure budget of R2, 6 billion. The total expenditure for the quarter under review amounts to R619 million and most spending was incurred on bulk purchases at R338 million followed by spending on “other”, employee related costs and contracted services at R145 million, R102 million and R33 million respectively.

Kgetleng Rivier Local Municipality

Total year to date spending incurred by the municipality amounts to R43 million or 40 per cent against the budgeted operating expenditure of R107, 6 million. The total expenditure for the quarter under review amounts to R19 million and most expenditure was incurred on employee related cost at R9 million followed by expenditure on bulk purchases, “Other” and contracted services at R6 million, R2, 8 million and R250 thousand respectively.

Moses Kotane Local Municipality

Total year to date spending incurred by the municipality during the period under review amounted to R179, 4 million or 42 per cent against the budgeted operating expenditure of R431 million. The total expenditure for the quarter under review amounts to R102 million and “Other” constituted most spending at R51 million followed by spending on employee related cost, bulk purchases and contracted services at R29 million, R14 million and R8 million respectively.

Bojanala Platinum District

Total year to date expenditure incurred by the district municipality amounts to R120, 9 million or 51 per cent against the budgeted operating expenditure R236 million. The total expenditure for the quarter under review amounts to R62 million and most of spending was incurred on employee related cost at R31 million followed by spending on contracted services and “Other” at R20 million and R10 million respectively.

3.1.1.3 CAPITAL EXPENDITURE

Table 2.1(c) shows capital spending by municipalities in the district as at 31 December 2012.

Table 2.1(c) : Capital Expenditure as at 31 December 2012 (R'000)

Municipality	Original Budget	Total 1st Quarter	Total 2nd Quarter	Year to Date	% Spent	Detail				
						Water	Electricity	Housing	Roads & Pavement	Other
Moretele	140,942	21,859	30,503	52,362	37	16,131	-	-	13,961	411
Madibeng	210,500	39,771	49,477	89,248	42	27,536	1,064	-	12,528	6,231
Rustenburg	888,773	40,294	136,404	176,698	20	2,580	14,135	-	99,890	19,800
Kgetleng Rivier	35,437	9,707	2,862	12,569	35	-	551	-	2,138	173
Moses Kotane	157,520	20,207	23,186	43,393	28	3,317	-	-	8,949	10,920
Bojanala Platinum District	4,940	508	386	894	18	-	-	-	-	309
Total	1,438,112	132,346	242,819	375,165	26	49,564	15,750	-	137,466	37,845

The year to date spending of municipalities in the district amounts R 375 million or 26 per cent against the total capital budget of R1, 4 billion. The average district spending is very low when compared to the 50 per cent spending that was expected at end of second quarter. The low spending on capital projects can be attributed lack of proper planning by municipalities, which results in late registration of projects and late appointment of contractors.

The total expenditure for the quarter under review amounts to R241 million and the highest expenditure is on roads & pavements at R137 million followed by water, "other", and electricity at R50 million, R38 million and R16 million respectively.

Moretele Local Municipality

The total year to date capital spending incurred by the municipality amounts to R52, 3 million or 37 per cent against capital budget of R140, 9 million. In an attempt to address low spending, the municipality has reviewed its turnaround time, from closure of the tender process to the spending on a project, to reduce it from 90 to 30 days. The increase in spending is expected to spike in the next quarter since 11 contractors for roads and sanitation were already on site towards the end of the quarter under review.

The total expenditure for the quarter under review amounts to R52 million and most spending was incurred on water at R16 million followed by spending on roads & pavement and "Other" at R14 million and R411 thousand respectively.

Madibeng Local Municipality

The year to date capital expenditure incurred by the municipality amounts to R87, 1 million or 42 per cent against capital budget of R210, 5 million. The total expenditure for the quarter under review amounts to R89 million and most spending was incurred on water at R28 million,

followed by spending on roads and pavement at R13 million, “Other” at R6 million and electricity infrastructure at R1 million. One of the contributing factors in the low expenditure is the protracted negotiations for implementation of projects on tribal land. The municipality incurred the highest spending in the district during the period under review when compared to other municipalities in the district.

Rustenburg Local Municipality

The year to date capital spending incurred by the municipality amounted to R176, 6 million or 20 per cent of the total capital budget of R888, 7 million. The total expenditure for the quarter under review amounts to R136 million and most spending was incurred on roads and pavement at R100 million followed by spending on “Other”, electricity and water infrastructure at R20 million, R14 million and R3 million respectively. Delay in implementation of projects, resulting in low spending level, is caused by irregular meetings of the bid committees. Some delays are caused during the design phase by consultants that are over committed. The municipality needs to exercise its oversight role by ensuring compliance to the service level agreement.

KgetlengRivier Local Municipality

The year to date capital spending incurred by the municipality amounts to R12, 5 million or only 35 per cent of the total capital budget of R35 million. The total expenditure for the quarter under review amounts to R3 million and the highest spending incurred was on roads and pavement at R2 million followed by electricity and “other” at R551thousand and R173 thousand respectively.

Moses Kotane Local Municipality

The year to date capital spending incurred by the municipality amounted to R43, 3 million or 27, 5 per cent against the budgeted capital expenditure of R157, 5 million. The spending rate 27, 5 per cent is very close to the projected 30 per cent as outlined in the current SDBIP of the municipality. The total expenditure for the quarter under review amounts to R43 million and most spending was incurred on “Other” at R11 million. Further spending was incurred on roads and pavements at R9 million and water at R3, 3 million.

Bojanala Platinum District Municipality

The year to date spending incurred by the municipality for the period under review amounted to R894 thousand or 18 per cent against the budgeted capital of R4, 9 million. The total expenditure for the quarter under review amounts to R309 thousand and spending was incurred only on “Other” expenditure. Failure to plan adequately has caused a delay in the purchase of office equipments for new appointees.

3.1.1.4 CAPITAL FUNDING

Table 2.1(d) below provides details about the sources of capital funding for the last quarter ending 31 December 2012.

Table 2.1(d) : Capital Funding as at 31 December 2012 (R'000)

Municipality	Original Budget	Total 1st Quarter	Total 2nd Quarter	Year to Date	% Spent	Detail			
						External Loans	Internal contributions	Grants	Other
Moretele	140,942	21,859	30,503	52,362	37	-	122	30,381	-
Madibeng	210,500	140,718	49,477	190,195	90	-	566	48,911	-
Rustenburg	888,773	40,294	136,404	176,698	20	-	19,294	117,110	-
Kgetleng Rivier	35,437	9,707	2,862	12,569	35	-	-	2,862	-
Moses Kotane	157,520	20,206	23,186	43,392	28	332	342	22,512	-
Bojanala Platinum District	4,940	508	386	894	18	-	-	67	219
Total	1,438,112	233,292	242,819	476,111	33	332	20,324	221,844	219.0

Total year to date capital funding for the district amounted to R476 million or 33 per cent against the total budget funding of R1, 4 billion. The total funding for the period under review amounts to R476 million and Conditional Grants constituted most funding for capital projects at R222 million followed by Internal Contributions at R20 million.

3.1.1.5 DEBTORS

Table 2.1(e) below shows outstanding debtors within Bojanala Platinum district at the 31 December 2012 while table 2.1(e) (1) show debtors per customer type.

Table 2.1(e) : Debtor Age Analysis as at 31 December 2012 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61- 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Moretele	2,430	4	2,070	3	1,876	3	62,901	91	69,277	2
Madibeng	73,224	8	53,553	6	38,067	4	700,729	81	865,573	31
Rustenburg	186,443	11	98,737	6	57,700	4	1,300,097	79	1,642,977	59
Kgetleng Rivier	651	1	4,253	4	3,037	3	96,396	92	104,337	4
Moses Kotane	11,338	9	11,021	9	7,267	6	95,734	76	125,360	4
Bojanala Platinum District	-	-	-	-	-	-	-	-	653.00	-
Total BPD	274,086	10	169,634	6	107,947	4	2,255,857	80	2,808,177	100

Source : IYM Summary Reports Received from the Municipalities

Total debtors outstanding in the Bojanala district amounted to R2, 8 billion, of which R2, 3 billion or 80 per cent is owed for more than 90 days. There was a minimal improvement in outstanding debtors when compared to the previous quarter as R139 million reduced the total debts. This is an indication that the municipalities are not implementing their credit control and debt collection policies effectively.

Supporting table 2.1(e)1: Debtor Age Analysis by customer group as at 31 December 2012 (R'000)

Bojanala District	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	3,588	4	2,852	3	1,779	2	79,019	91	87,238	3
Business	157,904	28	69,589	12	30,469	5	312,381	55	570,343	20
Households	105,087	5	92,508	4	72,675	4	1,787,954	87	2,058,224	73
Other	7,508	8	4,686	5	3,679	4	76,499	83	92,372	3
Total	274,087	10	169,635	6	108,602	4	2,255,853	80	2,808,177	100
Water	63,070	9	58,571	8	41,397	6	569,027	78	732,065	26
Electricity	148,793	35	61,472	14	28,353	7	191,483	45	430,101	15
Property rates	29,833	6	19,794	4	13,365	3	442,662	88	505,654	18
Other	32,390	3	29,797	3	25,485	2	1,052,685	92	1,140,357	41
Total	274,086	10	169,634	6	108,600	4	2,255,857	80	2,808,177	100

Of the total debt owed to municipalities in the district, households accounts for most outstanding debtors at (R 2, 1 billion or 73 per cent), businesses (R570 million or 20 per cent), government (R87 million or 3 per cent) and “Other” debtors accounts for (R92 million or 3 per cent).

Moretele Local Municipality

Supporting table 3.1.1(d): Debtor Age Analysis by customer group as at 31 December 2012 (R'000)

Moretele	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	114	4%	97	3%	88	3%	2,939	91%	3,238	0%
Business	145	4%	123	3%	112	3%	3,750	91%	4,130	0%
Households	2,172	4%	1,850	3%	1,677	3%	56,210	91%	61,909	2%
Other	-	-	-	-	-	-	-	-	-	-
Total	2,431	4%	2,070	3%	1,877	3%	62,899	91%	69,277	100%
Water	1,573	4%	1,595	4%	1,379	3%	37,299	89%	41,846	1%
Electricity	-	-	-	-	-	-	-	-	-	-
Property rates	576	7%	198	2%	191	2%	7,298	88%	8,263	0%
Other	281	1%	277	1%	306	2%	18,304	95%	19,168	1%
Total	2,430	4%	2,070	3%	1,876	3%	62,901	91%	69,277	100%

Total outstanding debtors amounted to R69 million of which R63 million or 91 per cent is owed for more than 90 days. The municipality’s outstanding debts has slightly increased when compared to the previous quarter by R4 million. Municipality has also appointed a service provider in order to assist with revenue enhancement. The terms of reference included data cleansing, updating their indigent register, accurate customer data and effective of billing accounts. The service provider already has visited six villages for information collection and verification. The process of data cleansing is around 95% completion, wherein the fictitious debtors were identified to be updated for correct billing. There is also a revenue strategy developed by municipality where it has been developed and workshops to the councillors and officials has completed for implementation in the next quarter.

Madibeng Local Municipality

Supporting table 3.1.1(d): Debtor Age Analysis by customer group as at 31 December 2012 (R'000)

Madibeng	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	677	5%	699	5%	569	4%	12,472	87%	14,417	2%
Business	45,579	18%	32,814	13%	19,732	8%	150,660	61%	248,785	29%
Households	26,587	5%	19,735	3%	17,232	3%	516,451	89%	580,005	67%
Other	382	2%	305	1%	533	2%	21,146	95%	22,366	3%
Total	73,225	8%	53,553	6%	38,066	4%	700,729	81%	865,573	100%
Water	17,864	14%	6,851	5%	6,193	5%	95,578	76%	126,486	15%
Electricity	28,210	20%	28,736	21%	17,249	12%	65,035	47%	139,230	16%
Property rates	13,756	5%	9,617	4%	7,316	3%	241,540	89%	272,229	31%
Other	13,394	4%	8,349	3%	7,309	2%	298,576	91%	327,628	38%
Total	73,224	8%	53,553	6%	38,067	4%	700,729	81%	865,573	100%

Total outstanding debtors amounted to R866 million of which R701 million or 81 per cent is owed for more than 90 days. "Other" debts are the highest owed on the source of classification followed by property rates. For water and electricity services, they are owed R126 million or 15 per cent and R139 million or 16 per cent respectively. The municipality's collection rate as at the end of the quarter is at 74.7 per cent which was a trend in the past year. This indicates that the municipality's outstanding debts will increase as the Revenue Management and Enhancement Programme (RMEP) was implemented at the beginning of the financial year in assisting the improvement of revenue levels and collection. The programme did not assist municipality where final notices were issued and preparation for cut off services was initiated. The cut off proposal never materialize as it was not supported by internal water and electricity department.

Rustenburg Local Municipality

Supporting table 3.1.1(d): Debtor Age Analysis by customer group as at 31 December 2012 (R'000)

Rustenburg	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	2,437	4%	1,554	3%	634	1%	53,697	92%	58,322	4%
Business	104,815	43%	29,805	12%	7,353	3%	100,277	41%	242,250	15%
Households	71,007	6%	63,391	5%	47,477	4%	1,098,126	86%	1,280,001	78%
Other	8,184	13%	3,987	6%	2,236	4%	47,997	77%	62,404	4%
Total	186,443	11%	98,737	6%	57,700	4%	1,300,097	79%	1,642,977	100%
Water	36,230	7%	42,666	9%	28,880	6%	381,198	78%	488,974	30%
Electricity	118,573	43%	30,652	11%	9,929	4%	115,090	42%	274,244	17%
Property rates	12,428	8%	6,442	4%	3,759	2%	136,908	86%	159,537	10%
Other	19,212	3%	18,977	3%	15,132	2%	666,901	93%	720,222	44%
Total	186,443	11%	98,737	6%	57,700	4%	1,300,097	79%	1,642,977	100%

Rustenburg municipality is the most owed municipality in the district with outstanding debtors amounting to R1, 6 billion. There was an enormous decrease of R125 million in outstanding debtors when compared to the previous quarter. The major contribution to the decrease was the write-off of long outstanding debts and other pay outs from consumers amounting to R260

million and R40 million respectively. Of the total outstanding debt R1, 6 billion or 79 per cent is owed for more than 90 days. Most of the outstanding debt is owed by households at R1, 3 billion or 78 per cent followed by businesses at R242 million or 15 per cent.

Kgetleng Rivier Local Municipality

Supporting table 3.1.1(d): Debtor Age Analysis by customer group as at 31 December 2012 (R'000)

Kgetleng Rivier	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	25	1%	170	5%	159	5%	2,846	89%	3,200	3%
Business	1,042	13%	1,130	14%	496	6%	5,384	67%	8,052	8%
Households	849	1%	2,584	3%	2,159	2%	81,327	94%	86,919	83%
Other	-1,266	-21%	370	6%	224	4%	6,838	111%	6,166	6%
Total	650	0	4,254	0	3,038	0	96,395	0	104,337	100%
Water	110	0%	452	2%	358	1%	24,194	96%	25,114	24%
Electricity	2,010	12%	2,084	13%	1,175	7%	11,358	68%	16,627	16%
Property rates	-93	-1%	339	5%	209	3%	6,299	93%	6,754	6%
Other	-1,376	-2%	1,378	2%	1,295	2%	54,545	98%	55,842	54%
Total	651	1%	4,253	4%	3,037	3%	96,396	92%	104,337	100%

Total outstanding debtors for the quarter under review amounted to R104 million, of which R93 million or 92 per cent is owed for more than 90 days. The municipality had reported an improvement in reduction of their outstanding debts by almost 50 per cent when compared to the previous quarter. These indicates that the credit control and debts management is been implemented at some level to improve the municipal revenue. Since the beginning of the financial year the municipality has implemented the water restriction and cut-off services to the long outstanding consumers.

Moses Kotane Local Municipality

Supporting table 3.1.1(d): Debtor Age Analysis by customer group as at 31 December 2012 (R'000)

Moses Kotane	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	335	4%	332	4%	329	4%	7,065	88%	8,061	8%
Business	6,323	9%	5,717	9%	2,776	4%	52,310	78%	67,126	64%
Households	4,472	9%	4,948	10%	4,130	8%	35,840	73%	49,390	47%
Other	208	27%	24	3%	33	4%	518	66%	783	1%
Total	11,338	0	11,021	0	7,268	0	95,733	0	125,360	120%
Water	7,293	15%	7,007	14%	4,587	9%	30,758	62%	49,645	48%
Electricity	-	-	-	-	-	-	-	-	-	0%
Property rates	3,166	5%	3,198	5%	1,890	3%	50,617	86%	58,871	56%
Other	879	5%	816	5%	790	5%	14,359	85%	16,844	16%
Total	11,338	9%	11,021	9%	7,267	6%	95,734	76%	125,360	100%

Total outstanding debtors for the quarter under review amounted to R125 million, of which R96 million or 76 per cent is owed for more than 90 days. There was an increase of R5 million in outstanding debts when compared to the previous quarter. This is contributed by increase in outstanding debt owed by businesses and property rates sources.

Bojanala Platinum District Municipality

Supporting table 3.1.1(d): Debtor Age Analysis by customer group as at 31 December 2012 (R'000)

Bojanala Dist Mun	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government		-		-		-		-	-	0%
Business		-		-		-		-	-	0%
Households		-		-		-		-	-	0%
Other		-		-	653	100%		0%	653	1%
Total	0	0	0	0	653	0	0	0	653	100%
Water		-		-		-		-	-	0%
Electricity		-		-		-		-	-	0%
Property rates		-		-		-		-	-	0%
Other		-		-	653	100%		0%	653	1%
Total	0	0%	0	0%	653	100%	0	0%	653	100%

The district municipality reported R653 thousand which is owed by SARS.

3.1.1.6 CREDITORS

Table 2.1(f) below shows outstanding creditors per municipality and table 2.1(f) 1 show outstanding creditors per type as at 31 December 2012.

Table 2.1(f) : Creditors Age Analysis as at 31 December 2012 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Moretele	4,176	6	-	-	-	-	65,453	94	69,629	43
Madibeng	23,517	37	6,944	11	1,214	2	32,374	51	64,049	39
Rustenburg	1,260	16	2,234	29	349	4	3,969	51	7,812	5
Kgelleng Rivier	3,997	22	2,819	16	6,302	35	4,969	27	18,087	11
Moses Kotane	52	2	35	1	1	0	2,686	97	2,774	2
Bojanala Platinum	299	-	-	-	-	-	-	-	299	18%
Total	33,301	20	12,032	7	7,866	5	109,451	67	162,650	100

The total outstanding creditors to date for the whole district amounted to R162 million, of which R109 million or 67 per cent are outstanding for more than 90 days. There was a decrease of R17 million on outstanding creditors when compared to the previous quarter. The municipalities which contributed to the decrease are Madibeng, Rustenburg and Moses Kotane municipalities.

Supporting Table 2.1(f)1: Outstanding Creditors as at 31 December 2012

District overview	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
R'000	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	23,633	68	6,390	18	4,546 00000	13 15051	-	-	34,569	21
Bulk Water	5,806	5	1,369	1	927	1	100,394	93	108,496	67
PAYE Deductions	-	-	-	-	-	-	-	-	-	-
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	1,457	10	3,525	-	1,831	12	8,368	55	15,181	9
Auditor-General	1,323	59	676	30	240	11	0	0	2,239	1
Other	1,082	50	72	3	322	-	689	-	2,165	1
Total	33,301	20	12,032	7	7,866	5	109,451	67	162,650	100

Most creditors owed by municipalities in the district are debt on utilities, specifically R108 million or 67 per cent is owed to the water boards for bulk water purchases and R35 million or 21 per cent is owed to Eskom on bulk electricity purchases. Auditor general is owed R2 million or 1 per cent, whereas trade creditors and “other” creditors are owed R15 million or 9 per cent and R2 million or 1 per cent respectively.

Moretele Local Municipality

Outstanding Creditors as at 31 December 2012

Moretele	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
R'000	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	-	-	-	-	-	-	-	-	-	0%
Bulk Water	3,406	5	-	-	-	-	65,453	95%	68,859	99%
PAYE Deductions	-	-	-	-	-	-	-	-	-	0%
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	0%
Pension/Retirement	-	-	-	-	-	-	-	-	-	0%
Loans Retirement	-	-	-	-	-	-	-	-	-	0%
Trade Creditors	-	-	-	-	-	-	-	-	-	0%
Auditor-General	-	-	-	-	-	-	-	-	-	0%
Other	770	100	-	-	-	-	-	-	770	1%
Total	4,176	6%	0	0%	0	0%	65,453	94%	69,629	100%

Total outstanding creditor's for the municipality amount to R70 million of which R65 million or 94 per cent is owed on bulk water purchases for more than 90 days. The municipality had cash flow constraints in the past and the agreement has been reached with Tshwane water to forego interest if a monthly installment is paid.

Madibeng Local Municipality

Outstanding Creditors as at 31 December 2012

Madibeng R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	21,754	83%	4,442	17%	18	0	-	-	26,214	41%
Bulk Water	1,757	5%	997	3%	568	2%	32,374	91%	35,696	56%
PAYE Deductions	-	-	-	-	-	-	-	-	-	0%
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	0%
Pension/Retirement	-	-	-	-	-	-	-	-	-	0%
Loans Retirement	-	-	-	-	-	-	-	-	-	0%
Trade Creditors	6	0%	830	57%	628	43%	0	0%	1,464	2%
Auditor-General	-	-	675	100%	-	-	0	0%	675	1%
Other	-	-	-	-	-	-	-	-	-	0%
Total	23,517	37%	6,944	11%	1,214	2%	32,374	51%	64,049	100%

Total outstanding creditor's for the municipality amount to R64 million, of which R32 million or 51 per cent are creditors owed on 90 days. Most of the outstanding creditors are owed on bulk water purchases at R36 million or 56 per cent followed by bulk electricity purchases at R26 million or 41 per cent. Of the R36 million owed for bulk water, R32 million or 91 per cent is for over 90 days. This is contributed by municipality's water account with Sandspruit (which falls under Tshwane water) where there is an agreement with the municipality to pay R1.5 million per month until the account is being settled whereby interest would not be raised if the municipality will not default.

Rustenburg Local Municipality

Outstanding Creditors as at 31 December 2012

Rustenburg R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	-	-	-	-	-	-	-	-	-	0%
Bulk Water	-	-	-	-	-	-	-	-	-	0%
PAYE Deductions	-	-	-	-	-	-	-	-	-	0%
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	0%
Pension/Retirement	-	-	-	-	-	-	-	-	-	0%
Loans Retirement	-	-	-	-	-	-	-	-	-	0%
Trade Creditors	1,260	16%	2,234	29%	349	4%	3,969	51%	7,812	100%
Auditor-General	-	-	-	-	-	-	-	-	-	0%
Other	-	-	-	-	-	-	-	-	-	0%
Total	1,260	16%	2,234	29%	349	4%	3,969	51%	7,812	100%

Rustenburg municipality has improved in paying their outstanding creditors as compared to the last quarter, where there is a decrease of R8 million when compared to the previous quarter. Total outstanding creditors amounted to R8 million of which R4 million or 51 per cent is owed for more than 90 days.

Kgetleng Rivier Local Municipality

Outstanding Creditors as at 31 December 2012

Kgetleng Rivier R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	1,879	22%	1,948	23%	4,528	54%		0%	8,355	46%
Bulk Water	643	16%	372	9%	359	9%	2,567	65%	3,941	22%
PAYE Deductions	-	-	-	-	-	-	-	-	-	0%
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	0%
Pension/Retirement	-	-	-	-	-	-	-	-	-	0%
Loans Retirement	-	-	-	-	-	-	-	-	-	0%
Trade Creditors	139	4%	426	14%	853	27%	1,713	55%	3,131	17%
Auditor-General	1,323	85%	1	0%	240	15%	-	0%	1,564	9%
Other	13	1%	72	7%	322	29%	689	63%	1,096	6%
Total	3,997	22%	2,819	16%	6,302	35%	4,969	27%	18,087	100%

Total outstanding creditors amounted to R18 million, of which R5 million or 27 per cent is owed for more than 90 days. Most of the creditors outstanding are owed on bulk electricity at (R8 million or 46 per cent), bulk water purchases at (R4 million or 22 per cent) and trade creditors at (R3 million or 17 per cent).

Moses Kotane Local Municipality

Outstanding Creditors as at 31 December 2012

Moses Kotane R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	-	-	-	-	-	-	-	-	-	0%
Bulk Water	-	-	-	-	-	-	-	-	-	0%
PAYE Deductions	-	-	-	-	-	-	-	-	-	0%
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	0%
Pension/Retirement	-	-	-	-	-	-	-	-	-	0%
Loans Retirement	-	-	-	-	-	-	-	-	-	0%
Trade Creditors	52	2%	35	1%	1	0%	2,686	97%	2,774	15%
Auditor-General	-	-	-	-	-	-	-	-	-	0%
Other	-	-	-	-	-	-	-	-	-	0%
Total	52	2%	35	1%	1	0%	2,686	97%	2,774	100%

Total amount of creditors outstanding amounted to R2, 8 million, of which R2, 7 million or 97 per cent are owed for more than 90 days. There was material decrease of R3, 6 million in outstanding creditors when compared to the previous quarter. Previously the transport section within the municipality played a role in delaying submissions of invoices for petrol usage by municipal vehicles to expenditure section for payment. Currently the practice is that the invoices be submitted to the expenditure section on weekly basis.

3.1.1.7 CASH FLOW

The way in which a municipality generates and manages its cash flows determines the extent to which it can provide the required level of services and meet its commitments. Table 2.1(g) below reflects the sources and application of cash by municipalities in the district over the period under review.

Table 2.1(g) : Cash Flow Position as at 31 December 2012 (R'000)

Municipality	Opening Balance	Receipts				Payments						Closing Balance
		Property Rates	Service Charges	Interest Earned Investments	Other Receipts	Employee Related Cost	Bulk Purchases	Contracted Services	Interest Paid	Repayment of Borrowing	Other	
Mordale	59,624	123	21	10	-23,067	3,350	3,120	2,023	-	-	16,150	12,068
Madibeng	32,842	8,589	31,100	1,429	135,833	21,807	6,797	6,557	-	-	161,789	12,853
Rustenburg	1,252,653	13,830	113,599	4,309	87,375	31,051	96,751	9,699	993	-	90,981	1,242,291
Kgetleng River	2,103	230	2,810	-	11,630	3,197	300	206	-	-	1,958	11,112
Moses Kotane	250,423	1,334	1,503	823	50,482	9,884	3,316	2,686	3,731.00	-	26,588	258,350
Bojanala Platinum District	85,973	-	-	-	1,291	10,395	-	7,437	-	-	2,977	66,455
Total	1,683,618	24,116	149,033	6,571	263,544	79,684	110,284	28,618	4,724	-	300,443	1,603,129

Source : IYM Summary Reports Received from the Municipalities

According to the cash flow statements submitted, all municipalities in the Bojanala Platinum district opened and closed their books with positive balances. Most receipts were received from “Other” at R264 million followed by service charges at R149 million. Property rates and interest earned on investments accounted for R24 million and R7 million of total receipts. “Other” payment, followed by Bulk purchases of water and electricity and employee related costs constituted most payments at R300 million, R110 million and R80 million respectively.

3.2 NGAKA MODIRI MOLEMA DISTRICT

3.2.1 BUDGETS

3.2.1.1 OPERATING REVENUE

Table 2.2(a) shows actual revenue collected as at 31 December 2012 by the municipalities in the Ngaka Modiri Molema District against the budgeted revenue.

Table 2.2(a) : Operating Revenue as at 31 December 2012 (R'000)

Municipality	Original Budget	Total 1st Quarter	Total 2nd Quarter	Year to Date	%Collected	Detail			
						Property Rates	Service Charges	Grants	Other
Ratlou	75,858	34,773	19,576	54,349	72	-	-	18,848	728
Tswaing	132,612	42,822	13,545	56,367	43	2,266	7,794	-	3,484
Mafikeng	480,398	164,522	68,001	232,523	48	26,350	28,299	2,930	10,422
Ditsobolla	334,286	90,641	57,305	147,946	44	18,912	36,750	-	1,644
Ramotshere Moiloa	218,269	59,159	9,428	68,587	31	2,923	5,387	-	1,118
Ngaka Modiri Molema Dist	437,670	173,197	115,694	288,891	66	-	-	112,624	3,071
Total	1,679,093	565,114	283,549	848,663	51	50,452	78,229	134,401	20,466

The total year to date revenue generated by municipalities in the district amounted to R848 million or 51 per cent against the budgeted revenue of R1, 7 billion. The total revenue for the quarter under review amounts to R284 million and most revenue was received from grants at R134 million, followed by service charges at R78 million. Property rates revenue accounts for R50 million, whereas “Other” accounts for only R20 million of total revenue generated.

Ratlou Local Municipality

Ratlou municipality generated year to date revenue amounting to R54, 3 million or 72 per cent against the budgeted amount of R75, 8 million. The total revenue for the quarter under review amounts to R20 million and most of the revenue was received from grants at R18, 8 million, followed by “Other” at R728thousand.

Tswaing Local Municipality

The municipality generated year to date revenue amounting to R56, 3 million or 43 per cent against the total budget of R132,6 million. The total revenue for the quarter under review amounts to R56 million and most of the revenue was received from service charges at R8 million, followed by revenue generated on “other” at R3, 4 million and property rates at R2, 2 million.

Mafikeng Local Municipality

Mafikeng municipality generated year to date revenue amounting to R232, 5 million or 48 per cent against the budgeted amount of R480 million. For the quarter under review, total revenue amounts to R68 million and most of the revenue was generated was from service charges at R28 million, followed by revenue received from property rates and grants at R26 million and R3 million respectively.

Ditsobotla Local Municipality

Ditsobotla municipality generated year to date revenue amounting to R148million or 44per cent against the budgeted amount of R334 million. The total revenue for the quarter under review amounts to R57 million and most of the revenue was generated on service charges at R37 million, followed by revenue received from property rates and “other” at R19 million and R1, 6 million respectively.

Ramotshere Moiloa Local Municipality

Ramotshere municipality generated year to date revenue amounting to R68, 5million or 31 per cent against the budgeted amount of R218 million. Ramotshere is the lowest performing compared to other municipalities within the district. The total revenue for the quarter under review amounts to R9 million and most of the revenue was received from service charges at R5, 3 million, whereas property rates and “other” constituted R2, 9 million and R1, 1 million respectively.

Ngaka Modiri Molema District

Ngaka Modiri Molema municipality generated year to date revenue amounting to R288, 8 million or 66 per cent against the budgeted amount of R437, 6 million. The total revenue for the quarter under review amounts to R116 million and most revenue was received from grants at R112, 6 million, whereas “Other” revenue accounted for R3 million of total revenue received.

3.2.1.2 OPERATING EXPENDITURE

Table 2.2(b) below shows the total expenditure incurred by the municipalities in district as at 31 December 2012.

Table 2.2(b) : Operating Expenditure as at 31 December 2012(R'000)

Municipality	Original Budget	Total 1st Quarter	Total 2nd Quarter	Year to Date	% Spent	Detail			
						Employee Related Costs	Contracted Services	Bulk Purchases	Other
Ratlou	68,887	16,902	24,420	41,322	60	11,677	1,722	3,512	7,476
Tswaing	129,958	46,396	30,380	76,776	59	14,952	18	6,209	9,201
Mafikeng	480,961	67,883	134,744	202,627	42	48,853	3,992	9,916	67,416
Ditsobotla	334,286	56,531	49,474	106,005	32	26,856	1,931	12,601	8,086
Ramotshere Moiloa	219,368	43,443	20,933	64,376	29	9,939	1,138	4,064	5,792
Ngaka Modiri Molema Dist	356,705	91,988	108,876	200,864	56	51,037	2,389	-	55,451
Total	1,590,165	323,143	368,828	691,971	44	163,314	11,190	36,302	153,421

The total year to date expenditure incurred by the municipalities in the district amounts to R691 million or 44 per cent of the total expenditure budget of R1, 6billion. The total expenditure for the quarter under review amounts to R368 million and most of the expenditure was incurred on employee related cost at R163 million, followed by expenditure incurred on “Other” at R153 million. Bulk purchases and contracted services accounted for R36 million and R11 million of total expenditure incurred.

Ratlou Local Municipality

Total year to date expenditure incurred by the municipality during the quarter under review amounted to R41, 3 million or 60 per cent against the total budgeted expenditure of R68, 8 million. The total expenditure for the quarter under review amounts to R24, 4 million and most of the expenditure was incurred on employee related cost at R11, 7 million, followed by expenditure incurred on “Other”, bulk purchases and contracted services at R7, 5 million, R3, 5 million and R1, 7 million respectively.

Tswaing Local Municipality

The total year to date expenditure incurred by the municipality amounts to R76, 7 million or 59 per cent against the total budgeted expenditure of R129, 9 million. The total expenditure for the quarter under review amounts to R30, 3 million and most spending was incurred on employee related cost at R14, 9 million, followed by spending on “Other” at R9, 2 million. Bulk purchases and contracted services accounted for R6, 2 million and R18 thousand respectively.

Mafikeng Local Municipality

The total expenditure incurred by the municipality to date amounts to R202, 6 million or 42 per cent against the total budgeted expenditure of R480, 8 million. The total expenditure for the quarter under review amounts to R134, 7 million and most of the spending was incurred on “Other” at R67 million, followed by spending on employee related costs at R49 million. Bulk purchases and contracted services accounted for R10million and R4 million respectively.

Ditsobotla Local Municipality

The total year to date expenditure incurred by the municipality during the quarter under review amounted to R106million or 32 per cent against total budgeted expenditure of R334 million. The total expenditure for the quarter under review amounts to R49 million and most of the expenditure was incurred on employee related costs at R27 million, followed by spending on bulk purchases at R13 million. “Other” expenditure and contracted services accounted for R8 million and R2 million of total expenditure incurred. The low spending level is attributed to lack of reporting caused by the challenges experienced with the financial system.

Ramotshere Moiloa Local Municipality

The total year to date expenditure incurred by the municipality during the quarter under review amounts to R64, 3 million or 29 per cent against total budgeted expenditure of R219 million. The total expenditure for the quarter under review amounts to R21 million and most of the expenditure was incurred on employee related cost at R10 million, followed by spending on “Other” at R6million. Spending on bulk purchases and contracted services accounted for R4 million and R1, 1 million of total spending respectively.

Ngaka Modiri Molema District

The total year to date expenditure incurred by the district municipality amounts to R200, 8 million or 56 per cent of total budgeted expenditure of R356, 7 million. The total expenditure for the quarter under review amounts to R109 million and most spending was incurred on “Other” at R55 million, followed by spending on employee related cost at R51 million. Contracted services accounted for R2, 3 million of total spending.

3.2.1.3 CAPITAL EXPENDITURE

Table 2.2(c) shows capital spending by municipalities in the district as at 31 December 2012.

Table 2.2(c) : Capital Expenditure as at 31 December 2012 (R'000)

Municipality	Original Budget	Total 1st Quarter	Total 2nd Quarter	Year to Date	% Spent	Detail				
						Water	Electricity	Housing	Roads & Pavement	Other
Ratlou	28,894	5,181	6,693	11,874	41	-	-	-	-	6,693
Tswaing	53,536	4,338	4,070	8,408	16	-	-	-	-	4,070
Matikeng	48,473	0	3,549	3,549	7	-	-	-	3,549	-
Ditsobotla	75,694	3,737	5,095	8,832	12	-	4	-	5,049	42
Ramotshere Moiloa	139,181	18,208	257	18,465	13	-	-	-	94	163
Ngaka Modiri Molema Dist	384,149	79,186	133,562	212,748	55	5,268	-	-	7,260	121,034
Total	729,927	110,650	153,227	263,877	36	5,268	4	-	15,953	132,002

To date, municipalities in the district have spent R263, 8 million or 36per cent of the totalcapital budget amounting to R729, 9million. The average district spending is very low when compared to the expected 50 per cent spending average.The total expenditure for the quarter under review amounts to R153 million and most spending by municipalities in the district was incurred on “Other” expenditure at R132 million, followed by spending on roads projects, water and electricity at R15, 9 million, R5, 3million and R4thousand respectively.

Ratlou Local Municipality

The total year to date expenditure incurred by the municipality amounts to R11, 8 million or 41 per cent, against the budgeted capital expenditure of R28, 8 million. The total expenditure for the quarter under review amounts to R6, 7 million and the spending was incurred only on “Other”. The under spending is attributed to the slow procurement processes and the municipality intends to review the same in order to improve on the spending level by starting to spend at the beginning of the financial year.

Tswaing Local Municipality

The total year to date expenditure incurred by the municipality amounts to only R8, 4 million or 16 per cent, against the budgeted capital expenditure of R53, 5 million. The total expenditure for the quarter under review amounts to R4 million and the entire amount was spent on “Other” expenditure. Misunderstanding that existed between the consultants and contractors, during the second quarter, hampered with progress of implementation of projects, hence the low spending level.

Mafikeng Local Municipality

No spending was reported during the first quarter. The second quarter and year to date spending amounted to R3, 5 million or 7 per cent of against the budgeted capital expenditure of R48, 4 million. The entire spending was incurred on roads & pavement.

Ditsobotla Local Municipality

The total year to date expenditure incurred by the municipality amounts to R8, 8million or only 12 per cent, against the budgeted capital expenditure of R75, 6 million. The total expenditure for the quarter under review amounts to R5, 049 million and spending was incurred on roads at R5 million, followed by spending on “Other” and electricity at R42 thousand and R4 thousand respectively.

Ramotshere Moiloa Local Municipality

The total year to date expenditure incurred by the municipality amounts to R18, 4 million or 13 per cent, against the budgeted capital expenditure of R139 million. The total expenditure for the quarter under review amounts to an insignificant R257 thousand and most spending was incurred on roads and pavements at R94thousand and “Other” at R94thousand.

Ngaka Modiri Molema District

The total year to date expenditure incurred by the municipality amounts to R212, 7 million or 55 per cent, against the budgeted capital expenditure of R384 million. The total expenditure for the quarter under review amounts to R134 million and most spending was incurred on “Other” at R121 million, followed by spending on roads and pavements accounted for R7, 3 million of and water at R5, 3 million of total expenditure.

3.2.1.4 CAPITAL FUNDING

Table 2.1(d) below provides details about the sources of capital funding for the second quarter ending 31 December 2012.

Table 2.2(d) : Capital Funding as at 31 December 2012 (R'000)

Municipality	Original Budget	Total 1st Quarter	Total 2nd Quarter	Year to Date	% Spent	Detail			
						External Loans	Internal contributions	Grants	Other
Ratlou	28,894	5,181	6,693	11,874	41	-	-	5,735	958
Tswaing	53,536	4,338	4,070	8,408	16	-	-	4,070	-
Mafikeng	48,473	-	3,549	3,549	7	-	-	3,549	-
Ditsobotla	75,694	3,737	5,095	8,832	12	-	54	5,040	-
Ramotshere Moiloa	139,181	18,208	257	18,465	13	7	19	72	160
Ngaka Modiri Molema Dist	384,149	79,186	133,562	212,748	55	-	-	112,709	20,853
Total	729,927	110,650	153,227	263,877	36	7	73	131,176	21,971

The total year to date capital funding for the district amounts to R263, 8 million or 36 per cent of the total capital budget of R729, 9 million. For the quarter under review, the total funding was R153 million and most funding was received from grants at R133 million, whereas “other”, internal contributions and external loans accounted for R22 million, R73 thousand and R7 thousand respectively.

3.2.1.5 DEBTORS

Table 2.2(e) below shows outstanding debtors within Ngaka Modiri Molema district as at 31 December 2012 while table 2.1(e) (1) show debtors per customer type.

Table 2.2 (e): Debtor Age Analysis as at 31 December 2012 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61- 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Ratlou	80,000	1.134	54	1	58	1	6,860	97	7,052	1
Tswaing	4,511	3	3,523	2	2,771	2	165,253	94	176,058	21
Mafikeng	18,798	3	18,461	3	15,292	3	504,599	91	557,150	65
Ditsobotla	0	0	0	0	0	0	0	0	0	0
Ramotshere Moiloa	5,111	5	4,627	4	4,107	4	98,206	88	112,051	13
Ngaka Modiri Molema Dist	-		-		-		-		-	-
Total: Ngaka District	28,500	3	26,665	3	22,228	3	774,918	91	852,311	100

Source : IYM Summary Reports Received from the Municipalities

Total debtors outstanding in the Ngaka Modiri Molema district amounted to R852 million, of which R775 million or 91 per cent is owed for more than 90 days. Mafikeng is the most owed municipality in the district, followed by Tswaing local municipality, with outstanding debtors amounting to R557 million or 65 per cent and R176 million or 21 per cent respectively.

Supporting table 2.2(e)2:Debtor Age Analysis by customer group as at 31 December 2012 (R'000)

Ngaka Modiri Molema	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	6,211	3%	6,346	3%	5,115	2%	223,398	93%	241,070	28%
Business	5,716	4%	7,296	5%	5,233	3%	132,305	88%	150,550	18%
Households	15,118	4%	11,964	3%	11,031	3%	387,701	91%	425,814	50%
Other	1,454	4%	1,059	3%	849	2%	31,514	90%	34,876	4%
Total	28,499	3%	26,665	3%	22,228	3%	774,918	91%	852,310	100%
Water	8,513	5%	9,093	5%	6,789	4%	163,138	87%	187,533	22%
Electricity	4,769	5%	3,951	4%	3,072	3%	78,002	87%	89,794	11%
Property rates	7,182	3%	6,324	3%	5,517	2%	224,968	92%	243,991	29%
Other	8,036	2%	7,297	2%	6,850	2%	308,809	93%	330,992	39%
Total	28,500	3%	26,665	3%	22,228	3%	774,917	91%	852,310	100%

Most of the outstanding debt is owed by households at R426 million or 50 per cent, followed by Government at R241 million or 28, whereas businesses and “other” accounted for R151 million or 18 per cent and R35 million or 4 per cent respectively.

Ratlou Local Municipality

Supporting table 3.1.1(d):Debtor Age Analysis by customer group as at 31 December 2012 (R'000)

Ratlou	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	23	10%	16	7%	20	9%	167	74%	226	3%
Business	55	1%	37	1%	37	1%	6,613	98%	6,742	96%
Households	-	-	-	-	-	-	-	-	-	0%
Other	1	1%	1	1%	1	1%	80	96%	83	1%
Total	79	1%	54	1%	58	1%	6,860	97%	7,051	100%
Water	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-
Property rates	-	-	0	0%	0	0%	5,505	100%	5,505	78%
Other	80	5%	54	3%	58	4%	1,354	88%	1,546	22%
Total	80	1%	54	1%	58	1%	6,859	97%	7,051	100%

Total outstanding debtors amounted to R7 million, of which R6, 8 million or 97 per cent is owed for more than 90 days. Most of the debt is owed by businesses at R6, 7 million or 96 per cent and on property rates services by R5, 5 million or 78 per cent.

Tswaing Local Municipality

Supporting table 3.1.1(d):Debtor Age Analysis by customer group as 31 December 2012 (R'000)

Tswaing	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	677	3%	529	2%	416	2%	24,788	94%	26,410	15%
Business	902	3%	705	2%	554	2%	33,050	94%	35,211	20%
Households	2,481	3%	1,938	2%	1,524	2%	90,889	94%	96,832	55%
Other	451	3%	352	2%	277	2%	16,525	94%	17,605	10%
Total	4,511	3%	3,524	2%	2,771	2%	165,252	94%	176,058	100%
Water	709	1%	443	1%	397	1%	46,253	97%	47,802	27%
Electricity	1,958	7%	1,406	5%	813	3%	23,989	85%	28,166	16%
Property rates	702	3%	625	3%	539	2%	22,897	92%	24,763	14%
Other	1,142	2%	1,049	1%	1,022	1%	72,114	96%	75,327	43%
Total	4,511	3%	3,523	2%	2,771	2%	165,253	94%	176,058	100%

The total outstanding debtors amounted to R176 million of which R165 million or 94 per cent is owed for more than 90 days. There was an increase of R10 million in outstanding debts when compared to the previous quarter. Data capture which was appointed by the municipality in updating the correct debt information for consumers did not perform satisfactorily and there was reluctance in paying from the consumers as they were disputing their accounts. Most of the debt is owed by households at R97 million or 55 per cent, whereas businesses, “other” debtors and government accounted for R35 million or 20 per cent, R26 million or 15 per cent and R18 million or 10 per cent respectively.

Mafikeng Local Municipality

Supporting table 3.1.1(d):Debtor Age Analysis by customer group as at 31 December 2012 (R'000)

Mafikeng	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	5,343	3%	5,670	3%	4,533	2%	192,828	93%	208,374	37%
Business	4,261	6%	4,223	6%	2,577	4%	57,363	84%	68,424	12%
Households	8,686	3%	8,162	3%	7,881	3%	242,562	91%	267,291	48%
Other	508	4%	405	3%	301	2%	11,847	91%	13,061	2%
Total	18,798	3%	18,460	3%	15,292	3%	504,600	91%	557,150	100%
Water	6,935	6%	7,863	7%	5,694	5%	100,190	83%	120,682	22%
Electricity	-	-	-	-	-	-	-	-	-	-
Property rates	5,407	3%	4,727	2%	4,116	2%	175,943	93%	190,193	34%
Other	6,456	3%	5,871	2%	5,482	2%	228,466	93%	246,275	44%
Total	18,798	3%	18,461	3%	15,292	3%	504,599	91%	557,150	100%

The total outstanding debtors amounted to R557 million of which R504 million or 91 per cent is owed for more than 90 days. It is noted with concern that the debtors’ book of the municipality is increasing and this has been a continuous trend with no improvement since previous quarters.

Ramotshere Moiloa Local Municipality

Supporting table 3.1.1(d):Debtor Age Analysis by customer group as at 31 December 2012 (R'000)

Ramotshere	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	168	3%	131	2%	146	2%	5,615	93%	6,060	5%
Business	498	1%	2,331	6%	2,065	5%	35,279	88%	40,173	36%
Households	3,951	6%	1,864	3%	1,626	3%	54,250	88%	61,691	55%
Other	494	12%	301	7%	270	7%	3,062	74%	4,127	4%
Total	5,111	5%	4,627	4%	4,107	4%	98,206	88%	112,051	100%
Water	869	5%	787	4%	698	4%	16,695	88%	19,049	100%
Electricity	2,811	5%	2,545	4%	2,259	4%	54,013	88%	61,628	324%
Property rates	1,073	5%	972	4%	862	4%	20,623	88%	23,530	124%
Other	358	5%	323	4%	288	4%	6,875	88%	7,844	41%
Total	5,111	5%	4,627	4%	4,107	4%	98,206	88%	112,051	100%

Total outstanding debtors amounted to R112 million, of which R98 million or 88 per cent is owed for more than 90 days. Households accounted for most outstanding debts at R62 million or 55 per cent followed by businesses at R40 million or 36 per cent.

3.2.1.6 CREDITORS

Table 2.2(f) below shows outstanding creditors per municipality and table 2.1(f) 1 show outstanding creditors per type.

Table2.2 (f) : Creditors Age Analysis as at 31 December 2012 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Ratlou	742	30	45	2	233	9	1,489	59	2,509	2
Tswaing	7,123	18	15,608	39	9,927	25	7,559	19	40,217	32
Mafikeng	10,462	16	6,173	10	5,479	9	42,132	66	64,246	52
Ditsobotla	-	-	-	-	-	-	-	-	-	-
Ramotshere	-	-	-	-	-	-	-	-	-	-
Ngaka Modiri Molema	17,264	100	0	0	-	-	-	-	17,264	14
Total	35,591	29	21,826	18	15,639	13	51,180	41	124,236	100

The total outstanding creditors for the district amounted to R124 million; of which R51 million or 41 per cent is outstanding for more than 90 days. This might be an indication that most municipalities are battling to make payments as and when they are due.

Supporting table 2.2(f)2: Outsantanding Creditors as at 31 December 2012

District overview R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	3,500	31	7,958	28	-	-	-	-	11,458	9
Bulk Water	4,503	8	6	-	5,479	-	42,132	-	58,287	48
PAYE Deductions	2,393	100	-	-	-	-	-	-	2,393	2
VAT(Output less Input)	11,663	100	-	-	-	-	-	-	11,663	10
Pension/Retirement	3,034	93	0	-	-	-	-	-	3,272	3
Loans Repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	4,952	18	7,179	26	9,884	35	6,006	21	28,021	23
Auditor-General	1,733	52	12	4%	43	15%	1,553	46	3,341	3
Other	1,021	34	266	1	233	1	1,489	49	3,009	2
Total	32,799	27%	21,826	18%	15,639	13%	51,180	42%	121,444	100%

Most of the outstanding creditors are owed on bulk water at R58 million or 48 per cent, followed by Trade creditors at R28 million or 23 per cent. “There is no improvement on outstanding creditors as compared to the previous quarter.

Ratlou Local Municipality

Outsantanding Creditors as at 31 December 2012

Ratlou R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	-	-	-	-	-	-	-	-	-	-
Bulk Water	-	-	-	-	-	-	-	-	-	-
PAYE Deductions	-	-	-	-	-	-	-	-	-	-
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Retirement	-	-	-	-	-	-	-	-	-	-
Trade Creditors	111	98%	2	2%	0	0%	0	0%	113	5%
Auditor-General	-	-	-	-	-	-	-	-	-	0%
Other	631	26%	43	38%	233	10%	1,489	62%	2,396	95%
Total	742	30%	45	2%	233	9%	1,489	59%	2,509	100%

Total outstanding creditors amounted to R2 million, of which R1 million or 59 per cent are outstanding creditors for more than 90 days. The highest outstanding creditors are on “other” creditors at R2 million or 95 per cent.

Tswaing Local Municipality

Outstanding Creditors as at 31 December 2012

Tswaing R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	3,500	31%	7,958	69%	0	0%	-	-	11,458	28%
Bulk Water	69	100%	-	-	-	-	-	-	69	0%
PAYE Deductions	391	100%	-	-	-	-	-	-	391	1%
VAT(Output less Input)	147	100%	-	-	-	-	-	-	147	0%
Pension/Retirement	795	77%	238	23%	-	-	-	-	1,033	3%
Loans Repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	98	0%	7,177	31%	9,884	43%	6,006	0%	23,165	58%
Auditor-General	1,733	52%	12	0%	43	1%	1,553	7%	3,341	8%
Other	390	64%	223	36%	0	0%	-	0%	613	2%
Total	7,123	18%	15,608	39%	9,927	25%	7,559	19%	40,217	100%

Total outstanding creditors amounted to R40 million, of which R7 million of total creditors. Most of the creditors owed are on trade creditors at R23 million or 58 per cent followed by bulk electricity at R11 million or 28 per cent.

Mafikeng Local Municipality

Outstanding Creditors as at 31 December 2012

Mafikeng R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	-	-	-	-	-	-	-	-	-	-
Bulk Water	4,434	8%	6,173	54%	5,479	9%	42,132	72%	58,218	91%
PAYE Deductions	-	0%	-	-	-	-	-	-	-	0%
VAT(Output less Input)	1,843	100%	-	-	-	-	-	-	1,843	3%
Pension/Retirement	721	100%	-	-	-	-	-	-	721	1%
Loans Repayments	2,792	100%	-	-	-	-	-	-	2,792	4%
Trade Creditors	672	100%	0	0%	0	0%	0	0%	672	1%
Auditor-General	-	-	-	-	-	-	-	-	-	0%
Other	-	-	-	-	-	-	-	-	-	-
Total	10,462	16%	6,173	10%	5,479	9%	42,132	66%	64,246	100%

Total outstanding creditors amounted to R64 million, of which R42 million or 66 per cent is owed for more than 90 days. A huge amount of outstanding creditors are owed on bulk water services at R58 million or 91 per cent where it indicates that the municipality is not adhering in paying outstanding creditors within 30 days. There were disputes with Botshelo water in terms of the charges to the municipality and they are currently being resolved while the municipality is paying their current account.

Ngaka Modiri Molema Local Municipality

Outstanding Creditors as at 31 December 2012										
Ngaka Modiri Molema R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	-	-	-	-	-	-	-	-	-	0%
Bulk Water	-	-	-	-	-	-	-	-	-	0%
PAYE Deductions	2,002	100%	-	-	-	-	-	-	2,002	12%
VAT(Output less Input)	9,673	100%	-	-	-	-	-	-	9,673	56%
Pension/Retirement	1,518	100%	-	-	-	-	-	-	1,518	9%
Loans Repayments	-	-	-	-	-	-	-	-	-	0%
Trade Creditors	4,071	100%	-	-	-	-	-	-	4,071	24%
Auditor-General	-	-	-	-	-	-	-	-	-	-
Other	-	-	0	0%	-	-	-	-	-	0%
Total	17,264	100%	0	0%	0	0%	0	0%	17,264	100%

Total outstanding creditors amounted to R17 million and they are only current creditors.

3.2.1.7 CASH FLOW

The way in which a municipality generates and manages its cash flows determines the extent to which it can provide the required level of services and meet its commitments. Table 2.2(g) below reflects the sources and application of cash by municipalities in the district over the period under review.

Table 2.2(g) : Cash Flow Position as at 31 December 2012 (R'000)

Municipality	Opening Balance	Receipts				Payments						Closing Balance
		Property Rates	Service Charges	Interest Earned Investments	Other Receipts	Employee Related Cost	Bulk Purchases	Contracted Services	Interest Paid	Repayment of Borrowing	Other	
Ratoku	6,578	-	-	-	28,310	2,894	-	1,476	-	-	17,005	13,513
Tswaing	-6,783	776	3,864	-	69	5,185	210	-	-	-	628	-8,087
Matikong	160,331	13,029	6,028	353	-9,831	14,401	-	1,737	1,111	-	49,050	103,611
Dikobola	0	0	0	-	0	0	0	0	-	-	0	0
Ramothshabaane	0	0	0	4	0	0	0	0	-	-	0	4
Ngaka Modiri Molema Dist	23,433	-	-	60,000	54,303	14,989	-	3,827	-	-	101,189	17,731
Total	183,559	13,805	9,892	60,357	72,851	37,469	210	7,040	1,111	-	167,872	126,762

Source : IYM Summary Reports Received from the Municipalities

All municipalities in the district opened and closed their books with positive balances, with exception of Tswaing local municipality which opened its books with a negative balance of R7 million and also closed with a negative balance of R8 million. This was also reported in the previous quarter and municipality does not show any improvement in the cash flow status. Most receipts for the whole district were realized on "Other" at R72 million, followed by interest earned on investments at R60 million. The table indicates that municipalities are not collecting enough on their revenue owed to them especially on basic services, whereas the payments made exceeds receipts received. Most payments are on "other" (other material, capital payment) at R168 million followed by Employee related costs at R37 million of total payment.

3.3. DR. RUTH MOMPATI DISTRICT

3.3.1 BUDGETS

3.3.1.1 OPERATING REVENUE

Table 2.3(a) shows actual revenue collected as at 31 December 2012 by municipalities in the Dr Ruth Mompoti District against the budgeted revenue.

Table 2.3(a) : Operating Revenue at 31 December 2012 (R'000)

Municipality	Original Budget	Total 1st Quarter	Total 2nd Quarter	Year to Date	% Collected	Detail			
						Property Rates	Service Charges	Grants	Other
Naledi	215,050	84,093	59,007	143,100	67	-18	30,203	22,724	6,099
Mamusa	125,522	36,830	29,514	66,344	53	-	694	26,616	2,203
Greater Taung	129,618	36,926	11,467	48,393	37	291	1,539	9,550	87
Molopo/Kagisano	119,231	35,610	23,879	59,489	50	73	-	1,655	21,151
Lekwa-Teemane	201,858	43,449	39,801	83,250	41	2,216	22,938	9,434	5,213
Dr. Ruth Mompoti District	611,675	99,897	106,771	206,668	34	-	-	57,958	48,812
Total	1,402,954	336,805	270,438	607,243	43	2,561	55,374	127,937	83,565

The total year to date operating revenue generated by municipalities in the district amounts to R607, 2 million or 43 per cent, against the budgeted revenue of R1, 4 billion. The total revenue for the quarter under review amounts to R270, 4 million and most of the revenue was received from grants at R127, 9 million, followed by revenue generated on “Other”, service charges and property rates at R83, 5 million, R55, 3 million and R2, 5 million respectively.

Naledi Local Municipality

Total year to date revenue generated by the municipality amounts to R143, 1 million or 67per cent against the budgeted revenue of R215 million. The total revenue for the quarter under review amounts to R59 million and most of the revenue was generated onservice charges and received from grants at R30, 2 million and R22, 7 million respectively.

Mamusa Local Municipality

Total year to date revenue generated by the municipality amounts to R66 million or 53 per cent against the budgeted revenue of R125, 5 million.The total revenue for the quarter under review amounts to R30 million and most revenue was received from grants at R26, 6 million, followed by “Other” revenue at R2, 2 million and service charges accounted for R694 thousand.

Greater Taung Local Municipality

Greater Taung municipality generated revenue amounting to R48 million or 37 per cent against the budgeted amount of R129, 6 million. The total revenue for the quarter under review amounts to R11, 4 million and most revenue received was from grants at R9, 5million, followed by revenue generated on service charges, property rates and “other” at R1, 5 million and R291thousand and R87 thousand respectively.

Molopo/Kagisano Local Municipality

Total year to date revenue generated by the municipality amounts to R59, 4 million or 50 per cent against budgeted amount of R119 million. The total revenue for the quarter under review amounts to R23, 8 million and most revenue was received from “Other” revenue at R21 million, whereas grants and property rates constituted R1, 6 million and R73 thousand respectively.

Lekwa-Teemane Local Municipality

Revenue generated for year to date by the municipality amounts to R83, 2 million or 41 per cent against the budgeted amount of R201, 8 million. The total revenue for the quarter under review amounts to R39, 8 million and most of the revenue generated was on service charges at R22, 9 million, followed by revenue received from grants at R9, 4 million. Revenue generated from “Other” and property rates account for R5, 2 million and R2, 2 million of the total revenue respectively.

Dr Ruth Mompati Local Municipality

Total year to date revenue received by the municipality amounts to R206, 6 million or 34 per cent against the budgeted amount of R611, 6 million. The total revenue for the quarter under review amounts to R106, 7 million and is constituted of grants at R57, 9 million and “other” revenue at R48, 8 million.

3.3.1.2 OPERATING EXPENDITURE

Table 2.3(b) below shows the total expenditure incurred by the municipalities in district as at 31 December 2012.

Table 2.3(b) : Operating Expenditure as at 31 December 2012 (R'000)

Municipality	Original Budget	Total 1st Quarter	Total 2nd Quarter	Year to Date	% Spent	Detail			
						Employee Related Costs	Contracted Services	Bulk Purchases	Other
Naledi	226,348	52,711	59,087	111,798	49	23,018	6,447	17,238	12,384
Mamusa	109,621	13,606	55,014	68,620	63	21,455	6,002	16,050	11,507
Greater Taung	118,123	21,628	24,541	46,169	39	13,404	3,999	535	6,603
Molopo/Kagisano	66,450	14,200	17,074	31,274	47	7,384	-	-	9,690
Lekwa-Teemane	198,155	33,042	40,520	73,562	37	13,269	1,041	13,883	12,327
Dr. Ruth Mompoti District	153,083	41,946	90,336	132,282	86	22,995	23,737	10,260	33,344
Total	871,780	177,133	286,573	463,706	65	101,526	41,226	57,966	85,854

The total year to date expenditure incurred by the municipalities in the district amounts to R463, 7 million or 65 per cent of the total operating expenditure budget of R871, 7 million. The total expenditure for the quarter under review amounts to R286, 5 million and employee related costs constituted most expenditure at R101, 5 million, followed by “other” expenditure at R85, 8 million, whereas bulk purchases and contracted services accounted for R57, 9 million and R41, 2 million of total operating expenditure.

Naledi Local Municipality

Total year to date operating expenditure amounted to R111, 7 million or 49 per cent, against operating budget of R226 million. The total expenditure for the quarter under review amounts to R59 million and most spending was incurred on employee related costs at R23 million, followed by spending on bulk purchases, “Other” and contracted services at R17 million, R12 million and R6 million respectively.

Mamusa Local Municipality

Total year to date operating expenditure amounts to R68, 6 million or 63 per cent, against operating budget of R109, 6 million. The total expenditure for the quarter under review amounts to R55 million and most of spending was incurred on employee related cost at R21 million, followed by spending on bulk purchases, “Other” expenditure and contracted services at R16 million, R11 million and R6 million respectively.

Greater Taung Local Municipality

The total year to date operating expenditure amounts to R46 million or 39 per cent of total operating expenditure budget of R118 million. The total expenditure for the quarter under review amounts to R24, 5 million and most spending was incurred on employee related costs at R13, 4 million, followed by expenditure on “Other” at R6, 6 million. Contracted services and bulk purchases accounted for R4million and R535thousand of total spending respectively.

Molopo/Kagisano Local Municipality

The total year to date operating expenditure amounts to R31 million or 47 per cent, against the budgeted expenditure of R66 million. The total revenue for the quarter under revenue amounts to R31, 2 million and most spending was incurred on “Other” expenditure at R9, 7 million, followed by spending on employee related cost at R7, 3 million.

Lekwa-Teemane Local Municipality

The total year to date operating expenditure amounts to R73, 5 million or 37 per cent, against the budgeted expenditure of R198 million. For the quarter under review, expenditure amounted to R40, 5 million and most spending was incurred on bulk purchases at R13, 8 million, followed by spending on employee related cost, “Other” and contracted servicesat R13, 2million , R12, 3 million and R1 million respectively.

Dr Ruth Mompati District Municipality

Total operating expenditure to date amounted to R132 million or 86 per cent, against the budgeted expenditure of R153 million. For the quarter under review, expenditure amounted to R90, 3 million and most expenditure was incurred on “Other” at R33, 3 million, followed by spending on contracted services,employee related costs and bulk purchases at R23, 7 million, R22, 9 million and R10, 2 million respectively.

3.3.1.3 CAPITAL EXPENDITURE

Table 2.3(c) below shows capital spending by municipalities in the district as at 31 December 2012.

Table 2.3(c) : Capital Expenditure as at 31 December 2012 (R'000)

Municipality	Original Budget	Total 1st Quarter	Total 2nd Quarter	Year to Date	% Spent	Detail				
						Water	Electricity	Housing	Roads & Pavement	Other
Naledi	31,288	1,854	1,997	3,851	12	-	15	2	929	1,051
Mamusa	15,901	-	-	-	0	-	-	-	-	-
Greater Taung	61,840	1,007	773	1,780	3	-	287	-	26	460
Molopo-Kagisano	48,281	8,739	2,189	10,928	23	-	-	-	-	2,189
Lekwa-Teemane	15,537	1,931	4,954	6,885	44	-	4,848	-	-	106
Dr. Ruth Mompoti District	370,916	71,399	102,975	174,374	47	102,797	-	-	-	178
Total	543,763	84,930	112,888	197,818	36	102,797	5,150	2	954	3,984

The municipalities in the district have, to date, spent R197, 8 million or 36per cent of the total capital budget amounting to R543, 7million. The average district spending is way below the 50 per cent spending that was expected for the period under review.

The total expenditure for the quarter under review amounted to R112, 8 million and most spending by municipalities in the district was incurred on water infrastructure at R102, 7 million, followed by spending on electricity infrastructure at R5, 1 million. Spending on “other”, and roads and pavement amounted to R3, 9 million and R954 thousand respectively.

Naledi Local Municipality

Total spending incurred by the municipality to date amounted to only R3, 8 million or 12 percent, against capital budget of R31 million. The total expenditure for the quarter under review amounts to R2 million and the most spending was on ‘other’ at R1 million.

According to the SDBIP, trucks amounting to R2 million were supposed to have been purchased but this could not materialize due to the high price quoted by the sole bidder. So the tender has been re-advertised. Furthermore, non appointment of a PMU manager and Director Technical also contributed to the low spending level. The situation is expected to improve with the newly appointed PMU manager.

Mamusa Local Municipality

The municipality was experiencing challenges with its financial system and as a result could not submit capital acquisition returns, however the municipality has indicated that the problem will

be addressed on a specified period and will then submit the required section 71 returns. The municipality has, unfortunately, failed to honour this commitment.

Greater Taung Local Municipality

Total year to date spending incurred by the municipality amounted to R1, 7 million or only 3 per cent, against the budgeted capital expenditure of R61, 8 million. The total expenditure for the period under review amounts to R773 thousand and this mostly spent on electricity infrastructure and “other” at R287 thousand and R460 thousand respectively.

Molopo/Kagisano Local Municipality

Total year to date spending incurred by the municipality amounts to R10, 9 million or 23 per cent, against the budgeted capital expenditure of R48 million. The total expenditure for the period under review amounts to R2, 189 million and the whole amount was committed to “Other” expenditure. Inadequate planning on the part of the municipality has resulted in the late implementation of some projects. In some instances, names of projects were incorrectly registered, for example Thusong Hall instead of Thusong Centre.

Lekwa-Teemane local municipality

The total year to date expenditure incurred by the municipality amounts to R6, 8 million or 44 per cent, against the budgeted expenditure of R15,5 million. Spending was incurred on electricity infrastructure at R4, 8 million and on “other” at R178 thousand.

Dr Ruth Mompati Municipality

Total spending incurred by the municipality to date amounted to R174 million or 47 per cent of the total budgeted capital expenditure of R370, 9 million. The total expenditure for the quarter under review amounts to R102, 9 million and the expenditure was incurred on water infrastructure and “Other” at R102, 7 million and R178 thousand respectively.

3.3.1.4 CAPITAL FUNDING

Table 2.3(d) below provides details about the sources of capital funding for the second quarter ending 31 December 2012.

Table 2.3(d) : Capital Funding as at 31 December 2012 (R'000)

Municipality	Original Budget	Total 1st Quarter	Total 2nd Quarter	Year to Date	% Spent	Detail			
						External Loans	Internal contributions	Grants	Other
Naledi	31,288	1,854	1,997	3,851	12	-	1,068	929	-
Mamusa	15,901	-	-	-	-	-	-	-	-
Greater Taung	61,840	1,005	773	1,778	3	-	-	-	773
Molopo/Kagisano	48,281	8,739	2,189	10,928	23	-	326	1,671	192
Lekwa-Teemane	15,537	2,215	6,839	9,054	58	-	1,991	4,848	-
Dr. Ruth Mompoti District	370,916	71,399	102,975	174,374	47	-	-	102,975	-
Total	543,763	85,212	114,773	199,985	37	0	3,385	110,423	965.35

The total year to date capital funding for the district amounted to R200 million or 37per cent of the total capital budget. The total funding for the quarter under review amounts to R115 million and the funding was from grants at R110, 4 million and “other” at R965 thousand.

3.3.1.5 DEBTORS

Table 2.3(e) below shows total amount of debtors in the Dr. Ruth Mompoti District and table 2.3(e) 3 shows outstanding debtors by customer group.

Table 2.3(e) : Debtor Age Analysis as at 31 December 2012 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61- 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Naledi	26,845	13	9,803	5	9,126	4	165,230	78	211,004	43
Mamusa	-	-	-	-	-	-	-	-	-	-
Greater Taung	658	3	591	2	495	2	24,396	93	26,140	5
Molopo/Kagisano	38	100	0	-	0	-	-	-	38	0
Lekwa-Teemane	8,152	4	10,331	5	7,811	3	201,080	88	227,374	46
Dr. Ruth Mompoti District	30	0	10,354	-	-	-	20,213	66	30,597	6
Total: Dr Ruth	35,723	7	31,079	6	17,432	4	410,919	83	495,153	100

Source : IYM Summary Reports Received from the Municipalities

Supporting table 2.3(e) details outstanding debtors for the district per revenue source and by customer group. Lekwa Teemane municipality is the most owed municipality in the district, with outstanding debtors amounting to R222 million or 46 per cent, of which R201 million or 83 per cent is owed for more than 90 days. It is followed by Naledi municipality with total outstanding to R211 million or 43 per cent.

Supporting table 2.3 (e):Debtor Age Analysis by customer group as at 31 December 2012 (R'000)

Dr Ruth District	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	1,368	5	2,237	8	2,085	7	23,479	80	29,169	6
Business	7,037	10	8,649	12	8,383	12	46,587	66	70,656	14
Households	27,248	7	9,639	3	6,764	2	320,437	88	364,088	74
Other	69	0	10,555	34	201	1	20,415	65	31,240	6
Total	35,722	7	31,080	6	17,433	4	410,918	83	495,153	100
Water	3,729	3	6,036	5	5,780	5	105,662	87	121,207	24
Electricity	10,052	14	6,501	9	4,478	6	50,876	71	71,907	15
Property rates	16,302	21	2,274	3	1,789	2	56,955	74	77,320	16
Other	5,640	3	16,268	7	5,385	2	197,426	88	224,719	45
Total	35,723	7	31,079	6	17,432	4	410,919	83	495,153	100

Most of the outstanding debt is owed by Households at R364 million or 74 per cent, followed by businesses at R71 million or 14 per cent. Outstanding debts on government and “Other” debtors are accounted at R29 million or 6 per cent and R31 million or 6 per cent respectively.

Naledi Local municipality

Supporting table 3.1.1(d):Debtor Age Analysis by customer group as at 31 December 2012 (R'000)

Naledi	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	1,123	6%	926	5%	807	4%	16,870	86%	19,726	9%
Business	4,288	9%	3,323	7%	3,088	6%	39,102	79%	49,801	24%
Households	21,434	15%	5,554	4%	5,231	4%	109,258	77%	141,477	67%
Other	-	-	-	-	-	-	-	-	-	-
Total	26,845	13%	9,803	5%	9,126	4%	165,230	78%	211,004	100%
Water	1,546	3%	2,349	4%	3,947	8%	44,363	85%	52,205	25%
Electricity	7,077	15%	4,049	8%	2,400	5%	34,750	72%	48,276	23%
Property rates	15,759	34%	1,411	3%	1,196	3%	28,352	61%	46,718	22%
Other	2,463	4%	1,994	3%	1,583	2%	57,765	91%	63,805	30%
Total	26,845	13%	9,803	5%	9,126	4%	165,230	78%	211,004	100%

Total outstanding debtors amounted to R211 million of which R165 million or 78 per cent is owed for more than 90 days. There is a nominal decrease of debts as compared to the previous quarter by R4 million. Most debt is owed by households at R141 million or 67 per cent, followed by businesses at R50 million or 24 per cent whereas government departments accounted for only R20 million or 9 per cent of the total outstanding debt.

Greater Taung Local Municipality

Supporting table 3.1.1(d):Debtor Age Analysis by customer group as at 31 December 2012 (R'000)

Greater Taung	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	119	2%	123	2%	90	2%	5,421	94%	5,753	22%
Business	86	4%	75	3%	44	2%	2,233	92%	2,438	9%
Households	452	3%	394	2%	361	2%	16,742	93%	17,949	69%
Other	-	-	-	-	-	-	-	-	-	-
Total	657	3%	592	2%	495	2%	24,396	93%	26,140	100%
Water	46	5%	36	4%	21	2%	843	89%	946	4%
Electricity	86	8%	85	8%	27	3%	816	80%	1,014	4%
Property rates	250	2%	219	2%	215	2%	10,555	94%	11,239	43%
Other	276	2%	251	2%	232	2%	12,182	94%	12,941	50%
Total	658	3%	591	2%	495	2%	24,396	93%	26,140	100%

Total outstanding debtors amounted to R26 million, of which R24 million or 93 per cent is owed for more than 90 days. Most of the debt is owed by households at R18 million or 69 per cent, followed by debt owed by government departments and businesses at R6 million or 22 per cent and R2 million or 9 per cent respectively. On outstanding debts by source the municipality is owed mostly on "other debts" at R13 million or 50 per cent followed by property rates at R11 million or 43 per cent. The other debts are sanitation, refuse removal, rental of municipal buildings and transfer of funds from the district municipality as the municipality paid the service providers on their behalf.

Lekwa-Teemane Local municipality

Supporting table 3.1.1(d):Debtor Age Analysis by customer group as at 31 December 2012 (R'000)

Lekwa Teemane	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	126	3%	1,188	32%	1,188	32%	1,188	32%	3,690	2%
Business	2,640	14%	5,251	29%	5,251	29%	5,252	29%	18,394	8%
Households	5,358	3%	3,691	2%	1,172	1%	194,437	95%	204,658	90%
Other	28	4%	201	32%	201	32%	202	32%	632	0%
Total	8,152	4%	10,331	5%	7,812	3%	201,079	88%	227,374	100%
Water	2,137	3%	3,651	5%	1,812	3%	60,456	89%	68,056	30%
Electricity	2,889	13%	2,367	10%	2,051	9%	15,310	68%	22,617	10%
Property rates	282	1%	644	3%	378	2%	18,048	93%	19,352	9%
Other	2,844	2%	3,669	3%	3,570	3%	107,266	91%	117,349	52%
Total	8,152	4%	10,331	5%	7,811	3%	201,080	88%	227,374	100%

Total debtors outstanding for the quarter under review had substantially increased to an amount of R82 million as compared to the previous quarter. The underperformance of service provider that was appointed for debt collection resulted in the termination of contract and this had an impact to increase the outstanding debtors. The total outstanding and amounted to R227 million of which R201 million or 88 per cent was owed for more than 90 days

Dr. Ruth Mompoti District Municipality

Supporting table 3.1.1(d): Debtor Age Analysis by customer group as at 31 December 2012 (R'000)

Dr Ruth Dist Mun	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	-	-	-	-	-	-	-	-	-	-
Business	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-
Other	30	0%	10,354	34%	-	-	20,213	66%	30,597	100%
Total	30	0%	10,354	34%	-	-	20,213	66%	30,597	100%
Water	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-
Property rates	-	-	-	-	-	-	-	-	-	-
Other	30	0%	10,354	34%	-	-	20,213	66%	30,597	100%
Total	30	0%	10,354	34%	-	-	20,213	66%	30,597	100%

Total outstanding debtors amounted to R31 million, of which R20 million or 66 per cent is owed for more than 90 days. The reported outstanding debts are for the Department of water affairs on the functions carried out by the district on behalf of the relevant department.

3.3.1.6 CREDITORS

Table 2.3 (f) below shows outstanding creditors in the district area and table 2.3(f) 3 shows outstanding creditors by type.

Table 2.3(f) : Creditors Age Analysis as at 31 December 2012 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Naledi	8,612	8	9,540	9	5,944	6	83,561	78	107,657	87
Mamusa	-	-	-	-	-	-	-	-	-	-
Greater Taung	299	100	0	0	0	-	-	-	299	0
Molopo-Kagisano	276	100	-	-	-	-	-	-	276	0
Lekwa-Teemane	5,107	3	5,295	4	5,227	4	132,976	89	148,605	120
Dr. Ruth Mompoti	51,386	87	6,840	12	0	0	866	1	59,092	48
Total	65,680	21	21,675	7	11,171	4	217,403	69	315,929	100

Total outstanding creditors for the whole district amounted to R 316 million, of which R217 million or 69 per cent is outstanding for more than 90 days. This is an indication that some municipalities are under financial distress and as a result fail to honour or make payments as and when they are due.

Supporting table 2.3(f)3: Outstanding Creditors as at 31 December 2012 R'000

District overview	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
R'000	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	10,093	-	11,372	16	6,789	9	43,385	61	71,639	23
Bulk Water	2,552	2	9,445	7	2,497	2	128,969	90	143,463	45
PAYE Deductions	1,446	16	545	6	645	7	6,229	70	8,865	3
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	871	100	-	-	-	-	-	-	871	0
Loans Repayments	-	-	-	-	-	-	23,000	100	23,000	7
Trade Creditors	49,380	100	-	-	-	0%	-	-	49,380	16
Auditor-General	0	0	0	0	636	5	11,617	95	12,253	4
Other	1,338	21	313	5	604	9	4,203	65	6,458	2
Total	65,680	21	21,675	7	11,171	4	217,403	69	315,929	100

Most of the outstanding creditors are owed on utilities, i.e. bulk water and electricity at R143 million or 45 per cent and R72 million or 23 per cent respectively. Although some municipalities in the district have entered into payment agreement with Eskom and the Water Boards, these payment agreements are not honoured due to cash flow problems.

Naledi Local Municipality

Outstanding Creditors as at 31 December 2012 R'000

Naledi	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
R'000	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	7,093	15%	8,184	17%	3,669	8%	28,469	60%	47,415	44%
Bulk Water	900	2%	953	2%	845	2%	41,803	94%	44,501	41%
PAYE Deductions	0	0%	253	5%	353	7%	4,771	89%	5,377	5%
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	0%
Pension/Retirement	-	-	-	-	-	-	-	-	-	0%
Loans Repayments	-	-	-	-	-	-	-	-	-	0%
Trade Creditors	-	-	-	-	-	-	-	-	-	0%
Auditor-General	0	0%	0	0%	636	-	6,287	91%	6,923	6%
Other	619	18%	150	7%	441	13%	2,231	65%	3,441	3%
Total	8,612	8%	9,540	9%	5,944	6%	83,561	78%	107,657	100%

Total outstanding creditors amounted R108 million, with bulk electricity at (R47 million or 44 per cent), followed by bulk water (R45 million or 41 per cent). The municipality has not been paying Department of Water Affairs as the resolution was suppose to be taken between the municipality and the district on who is suppose to pay the water bulk services. Auditors General is owed on 90 days at R7 million or 91 per cent.

Greater TaungLocal Municipality

Outstanding Creditors as at 31 December 2012 R'000

Greater Taung R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	-	-	-	-	-	-	-	-	-	-
Bulk Water	-	-	-	-	-	-	-	-	-	-
PAYE Deductions	-	-	-	-	-	-	-	-	-	-
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	-	-	-	-	-	-	-	-	-	0%
Auditor-General	-	-	-	-	-	-	-	-	-	-
Other	299	100%	-	-	-	-	-	-	299	100%
Total	299	100%	0	0%	0	-	-	-	299	100%

Total amount of creditors outstanding amounted to R299 thousand and are current creditors i.e. owed for 0-30 days.

Kagisano-Molopo Local Municipality

Outstanding Creditors as at 31 December 2012 R'000

Molopo-Kagisano R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	-	-	-	-	-	-	-	-	-	-
Bulk Water	-	-	-	-	-	-	-	-	-	-
PAYE Deductions	258	100%	-	-	-	-	-	-	258	0
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	18	100%	-	-	-	-	-	-	18	0%
Loans Repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	-	-	-	-	-	-	-	-	-	0%
Auditor-General	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	0%
Total	276	100%	-	-	-	-	-	-	276	100%

The municipality also had adhered in paying the outstanding creditors on time as the total outstanding creditors amounted to R276 thousand are all current creditors, owed 0-30 days.

Lekwa-Teemane Local Municipality

Outstanding Creditors as at 31 December 2012 R'000

Lekwa Teemane R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	3,000	12%	3,188	13%	3,120	13%	14,916	62%	24,224	16%
Bulk Water	1,652	2%	1,652	2%	1,652	2%	87,166	95%	92,122	62%
PAYE Deductions	292	13%	292	13%	292	13%	1,458	62%	2,334	2%
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	-	-	-	-	-	-	-	-	-	-
Loans Repayments	-	-	-	-	-	-	23,000	100%	23,000	15%
Trade Creditors	-	-	-	-	-	-	-	-	-	0%
Auditor-General	-	-	-	-	-	-	5,330	100%	5,330	4%
Other	163	10%	163	10%	163	10%	1,106	69%	1,595	1%
Total	5,107	3%	5,295	4%	5,227	4%	132,976	89%	148,605	100%

Total outstanding creditors amounted to R148 million, of which R133 million or 89 per cent is owed for more than 90 days. The municipality is currently under financial distress due to lack of implementation of credit control and debt collection policy and as a result cannot make payment as and when they are due.

Dr. Ruth Mompoti District Municipality

Outstanding Creditors as at 31 December 2012 R'000

Dr Ruth DM R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	-	-	-	-	-	-	-	-	-	0%
Bulk Water	-	-	6,840	-	-	-	-	-	6,840	0
PAYE Deductions	896	100%	-	-	-	-	-	-	896	2%
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	853	100%	-	-	-	-	-	-	853	1%
Loans Repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	49,380	100%	-	-	-	-	-	-	49,380	84%
Auditor-General	0	-	-	-	-	-	-	-	0	0%
Other	257	23%	-	-	-	-	866	1	1,123	2%
Total	51,386	87.0%	6,840	12%	0	0%	866	1%	59,092	100%

Total outstanding creditors amounted to R59 million, of which R51 million or 87 per cent are current creditors.

3.3.1.7 CASH FLOW

Table 2.3(f) below shows cash flow position of municipalities in the Dr. Ruth Mompoti District.

Table 2.3(g) : Cash Flow Position as at 31 December 2012 (R'000)

Municipality	Opening Balance	Receipts				Payments						Closing Balance
		Property Rates	Service Charges	Interest Earned Investments	Other Receipts	Employee Related Cost	Bulk Purchases	Contracted Services	Interest Paid	Repayment of Borrowing	Other	
Naledi	36,243	882	6,648	50	2,901	8,607	4,960	2,181	717	-	4,941	25,318
Mamusa	-	-	-	-	-	-	-	-	-	-	-	-
Greater Taung	22,994	99	431	27	15,198	4,822	192	2,036	-	-	9,001	22,698
Molapo/Kagiso	9,441	11	-	24	31,259	1,204	-	107	-	-	5,939	33,485
Lekwa-Teemane	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Ruth Mompoti District	61,376	0	-	143	47,850	5,088	6,840	4,825	-	-	41,542	51,074
Total	130,054	992	7,079	194	97,208	19,721	11,992	9,149	717	-	61,423	132,575

Source : IYM Summary Reports Received from the Municipalities

The municipalities in the district submitted their cash flow statements during the quarter under review, with exception of Mamusa and Lekwa- Teemane local municipalities. Lekwa Teemane municipality cash flow was not submitted where trial balance and bank reconciliation were update late. Most receipts were realized on "other" receipts at R97 million, followed by service charges at R7 million. Property rates and interest earned on Investments accounted for R992 thousand and R194 thousand of total receipts earned respectively. 'Other payments are the highest on out flow cash flow followed by employee related costs at R20 million.

3.4. DR. KENNETH KAUNDA DISTRICT

3.4.1 BUDGETS

3.4.1.1 OPERATING REVENUE

Table 2.4(a) shows actual revenue collected as at 31 December 2012 by municipalities in the Dr Kenneth Kaunda District against the budgeted revenue.

Table 2.4(a) : Operating Revenue as at 31 December 2012 (R'000)

Municipality	Original Budget	Total 1st Quarter	Total 2nd Quarter	Year to Date	%Collected	Detail			
						Property Rates	Service Charges	Grants	Other
Ventersdorp	107,581	50,025	39,287	89,312	83	-224	10,664	27,576	1,271
Tlokwe	959,133	279,327	219,931	499,258	52	25,063	145,142	40,386	9,340
Matlosana	1,793,179	491,918	419,965	911,883	51	48,241	214,690	108,397	48,637
Maquassi Hills	261,618	73,740	62,974	136,714	52	5,338	26,158	24,943	6,535
Dr. Kenneth Kaunda	173,018	68,436	54,736	123,172	71	-	-	51,797	2,939
Total	3,294,529	963,446	796,892	1,760,338	53	78,418	396,653	253,099	68,723

The total year to date revenue generated for the district amounts to R1, 7 billion or 53 per cent of the total budget of R3,2 billion. The total collection for the quarter under review amounts to R797 million and service charges represents the highest collection with an amount of R397 million, followed by grants, property rates and “other” at R253 million, R78 million and R69 million respectively.

Ventersdorp Local Municipality

Total year to date revenue generated for the municipality amounts to R89 million or 83 per cent of the total budget of R108 million. The total revenue generated for the quarter under review amounts to R39 million, and most of the revenue received was from grants at R28 million, followed by revenue generated on service charges at R11 million.

Tlokwe Local Municipality

Total year to date revenue generated for the municipality during the period under review amounted to R499 million or 52 per cent against the budgeted amount of R959 million. The total collection for the quarter under review amounts to R219 million, most of the revenue was generated from services charges at R145 million, whereas grants and property rates accounted for R40 million and R25 million respectively. Revenue generated on “Other” amounted to R9 million.

City of Matlosana Local Municipality

The total year to date revenue generated for the municipality during the period under review amounted to R911 million or 51 per cent against the budgeted amount of R1, 7 billion. The total collection for the quarter under review amounts to R419 million and revenue was received from service charges at R214 million, followed by Grants at R108 million, while property rates and “other” both stand at R48 million.

Maquassi Hills Local Municipality

Total year to date revenue generated for the municipality during the period under review amounted to R136 million or 52 per cent of the total budget of R261 million. The total collection for the quarter under review amounts to R62 million the most revenue received from service charges and grants amounting to R26 million and R24 million respectively. The “other” revenue and property rates accounted for R7 million and R5 million respectively.

Dr Kenneth Kaunda

Total year to date revenue generated for the municipality during the period under review amounted to R123 million or 71 per cent of the total budget of R173 million. The total collection for the quarter under review amounts to R54 million, grants constitute majority of the collection with an amount of R51 million followed by “other” at R3 million...

3.4.1.2 OPERATING EXPENDITURE

Table 2.4(b) below shows the total expenditure incurred by the municipalities in district as at 31 December 2012.

Table 2.4(b) : Operating Expenditure as at 31 December 2012(R'000)

Municipality	Original Budget	Total 1st Quarter	Total 2nd Quarter	Year to Date	%Spent	Detail			
						Employee Related Costs	Contracted Services	Bulk Purchases	Other
Ventersdorp	115,145	14,991	26,341	41,332	36	8,648	1,095	8,356	8,242
Tlokwe	879,485	229,556	196,217	425,773	48	60,223	19,404	60,272	56,318
Matlosana	1,790,938	281,911	401,851	683,762	38	104,395	15,080	169,182	113,193
Maquassi Hills	239,350	34,959	51,599	86,558	36	15,422	2,207	14,216	19,756
Dr. Kenneth Kaunda	348,690	41,760	40,706	82,466	24	13,724	334	-	26,648
Total	3,373,608	603,177	716,715	1,319,892	53	202,412	38,120	252,026	224,157

The total year to date expenditure incurred by the municipalities in the district amounts to R 1,3 billion or 53 per cent of the total budget of R3,3 billion. The total expenditure for the quarter under review amounts to R716 million and most spending was on Bulk Purchases at R252 million, followed by “Other”, Employee related costs and contracted services at R224 million, R202 million and R38 million respectively.

Ventersdorp Local Municipality

The total year to date expenditure incurred by the municipality amounts to R41 million or 36 per cent of the total budgeted expenditure of R115 million. The total expenditure for the quarter under review amounts to R26 million and most spending was incurred on employee related costs at R8,6 million, followed by bulk purchases, “other” and contracted services at R8,3 million, R8,2 million and R1 million respectively.

Tlokwe Local Municipality

The total year to date expenditure incurred by the municipality amounts to R425, 7 million or 48 per cent of the total budgeted expenditure of R879 million. The total expenditure for the quarter under review amounts to R196 million, with employee related costs and bulk purchases constituting most of the expenditure at R60 million each, followed by “other” and contracted services at R56 million and R19 million respectively.

Matlosana Local Municipality

The total year to date expenditure incurred by the municipality amounts to R683, 7 million or 38 per cent of the total budgeted expenditure of R 1.7 million. The total expenditure for the quarter under review amounts to R401 million and most expenditure was on bulk purchases at R169 million, followed by “other”, employee related costs and contracted services at R113 million and R104 million and R15 million respectively.

Maquassi Hills Local Municipality

The total year to date expenditure reported by the municipality amounts to R86, 5 million or 36 per cent of the total budgeted expenditure of R239 million. The total expenditure for the quarter under review amounts to R51,5 million and most expenditure was incurred on “other” at R20 million , followed by employee related costs, bulk purchases and contracted services at R15 million, R14 million and R2 million respectively.

Dr Kenneth Kaunda District Municipality

The total year to date expenditure reported by the municipality amounts to R82 million or 24 per cent of the total budgeted expenditure of R348, 6 million. The total expenditure for the quarter under review amounts to R40 million and “other” at R26 million constitute most expenditure while employee related costs and contracted services stand at R14 million and R334 thousand respectively.

3.4.1.3 CAPITAL EXPENDITURE

Table 2.4(c) shows capital spending by municipalities in the district as at 31 December 2012.

Table 2.4(c) : Capital Expenditure as at 31 December 2012 (R'000)

Municipality	Original Budget	Total 1st Quarter	Total 2nd Quarter	Year to Date	% Spent	Detail				
						Water	Electricity	Housing	Roads & Pavement	Other
Ventersdorp	51,911	5,665	10,563	16,228	31	527	962	-	9,073	-
Tlokwe	157,673	13,103	24,573	37,676	24	28	387	1,315	15,042	7,802
Matlosana	152,246	11,565	32,346	43,911	29	5,686	4,354	-	19,782	2,525
Maquassi Hills	61,278	9,613	16,608	26,221	43	-	-	-	15,997	611
Dr. Kenneth Kaunda	13,189	399	485	884	7	-	-	-	-	485
Total	436,297	40,345	84,575	124,920	29	6,241	5,703	1,315	59,894	11,423

Total year to date capital expenditure incurred by the municipalities in the district amounts to R124,9 million or 29 per cent of the total budget of R436 million. The total expenditure for the quarter under review amounts to R84,5 million with most of the expenditure lying under Roads & Pavements at R59,8 million followed by “other”, water infrastructure and electricity infrastructure at R11,4 million, R6,2 million and R5,7 million respectively. Tlokwe municipality is the only municipality that has reported expenditure on housing at R1, 3 million...

Ventersdorp Local Municipality

The total year to date spending incurred by the municipality amounts to R16 million or 31 per cent against the capital budget of R51, 9 million. The total expenditure for the period under review amounts to R10, 5 million and most of the municipality’s expenditure is on roads and pavements at R9 million followed by electricity infrastructure at R962 thousand and water infrastructure at R527 thousand respectively. Late appointment of contractors by the municipality is the main reason that results in under spending capital projects and the spending is linked to the 2011/12 roll-over amount of R13 million

Tlokwe Local Municipality

The total year to date spending incurred by the municipality amounts to R37, 6 million or 24 per cent against the capital budget of R157, 6 million. The total expenditure for the quarter under review amounts to R24, 5 million, most spending was incurred on roads and pavements at R15 million, followed by spending on “other” and housing at R7 million and R1, 3 million respectively. Low level of spending is caused by termination of contractors that renders poor services or workmanship.

Matlosana Local Municipality

Total year to date spending incurred by the municipality to date amounted to R43, 9 million or 29 per cent of the capital budget of R152 million. The total expenditure for the quarter under review amounts to R32,3 million, most of the expenditure was incurred on road & pavement at R19,7 million, followed by spending on water infrastructure, electricity infrastructure and “Other” expenditure at R5,6 million, R4, 3 million and R2,5 respectively. The current capital spending relates to the 2011/12 roll-over funds and it at 95 per cent level. The municipality needs to device some means of implementing the roll-over projects and new projects concurrently. Contractors for the 2012/13 financial year have not been appointed yet.

Maquassi Hills Local Municipality

Total year to date spending incurred by the municipality to date amounted to R26, 2 million or 43 per cent of the capital budget of R61 million. The total expenditure for the quarter under review amounts to R16,6 million, most of the expenditure was incurred on roads and pavement at R15, 9 million, followed by spending on “other” at R611 thousand.

Dr Kenneth Kaunda District Municipality

Total year to date spending incurred by the municipality to date amounts to a meager R884 thousand or only 7 per cent of the total budget of R13, 1 million. The total expenditure for the quarter under review amounts to R485 thousand and the spending were incurred on “other”. Key personnel have not been appointed yet to spearhead the identified projects and this causes delays and under spending.

3.4.1.4 CAPITAL FUNDING

Table 2.4(d) below provides details about the sources of capital funding for the second quarter ending 31 December 2012.

Table 2.4(d) : Capital Funding as at 31 December 2012 (R'000)

Municipality	Original Budget	Total 1st Quarter	Total 2nd Quarter	Year to Date	% Spent	Detail			
						External Loans	Internal contributions	Grants	Other
Ventersdorp	51,911	5,665	10,563	16,228	31	-	-	10,563	-
Tlokwe	157,673	13,102	24,573	37,675	24	1,384	11,840	11,350	-
Matlosana	152,246	11,565	32,346	43,911	29	-	8,313	24,033	-
Maquassi Hills	61,278	9,613	16,608	26,221	43	-	14	16,595	-
Dr. Kenneth Kaunda	13,189	399	485	884	7	-	485	-	-
Total	436,297	40,344	84,575	124,919	29	1,384	20,652	62,540	-

The total year to date capital funding for the district amounts to R124 million or 29 per cent against the total capital budget of R436 million. The total capital funding for the period under review amounted to R84, 5 million, most funding was received from grants at R62, 5 million, whereas internal contributions and external loans accounted for R20, 6 million and R1, 3 million of the total funding towards capital projects. The internal contribution of Matlosana is own revenue sourced from the equitable share and was 'ring fenced' for capital projects.

3.4.1.5 DEBTORS

Table 2.4(e) below shows outstanding debtors within Dr Kenneth Kaunda district at the 31 December 2012 while table 2.4(e) (4) show debtors per customer type.

Table 2.4(e) : Debtor Age Analysis as at 31 December 2012 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61- 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Ventersdorp	8,083	19	3,323	8	1,550	4	29,172	69	42,128	3
Tlokwe	53,907	32	5,662	3	6,435	4	103,973	61	169,977	12
Matlosana	87,804	9	44,850	5	26,674	3	792,331	83	951,659	65
Maquassi Hills	13,683	4	9,761	3	8,841	3	273,597	89	305,882	21
Dr. Kenneth Kaunda	0	0	-	-	25,00000	-	1,762	99	1,787	0
Total: Dr Kenneth Kaunda	163,477	11	63,596	4	43,525	3	1,200,835	82	1,471,433	100

Source : IYM Summary Reports Received from the Municipalities

Outstanding debtors amount to R1, 4 billion for the whole district. City of Matlosana is the most owed municipality when compared to other municipalities in the district, with outstanding debtors amounting to R951 million or 65 per cent. Maquassi Hills is the second most owed municipality in the district with outstanding debtors amounting to R306 million as at end of the quarter under review. Of the total outstanding debtors in the district R1, 2 million or 82 per cent is owed for more than 90 days. Recovery of some of these debtors might be outstanding.

Supporting table 2.4(e)4: Debtor Age Analysis by customer group as at 31 December 2012 (R'000)

Dr Kenneth Kaunda	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	10,848	17	4,544	7	2,420	4	45,443	72	63,255	4
Business	34,674	28	7,094	6	4,751	4	75,581	62	122,100	8
Households	113,204	9	47,483	4	33,568	3	1,008,132	84	1,202,387	82
Other	4,752	6	4,473	5	2,787	3	71,679	86	83,691	6
Total	163,478	11	63,594	4	43,526	3	1,200,835	82	1,471,433	100
Water	31,746	8	16,109	4	12,369	3	314,408	84	374,632	25
Electricity	70,506	35	12,874	6	5,466	3	113,051	56	201,897	14
Property rates	17,795	11	8,063	5	4,565	3	127,996	81	158,419	11
Other	43,430	6	26,550	4	21,125	3	645,380	88	736,485	50
Total	163,477	11	63,596	4	43,525	3	1,200,835	82	1,471,433	100

Most of the outstanding debtors is owed by households at R1, 2 billion, followed by businesses at R122 million and government departments and other debtors accounted for R63 million and R84 million respectively of the total outstanding debtors. On the revenue by source, a huge amount of the outstanding debt is owed on “other” (sanitation, refuse removal, agricultural farms and sundry debt) debtors by 50 per cent, followed by debt owed on water and electricity at 25 per cent and 14 per cent respectively.

Ventersdorp Local Municipality

Supporting table 3.1.1(d): Debtor Age Analysis by customer group as at 31 December 2012 (R'000)

Ventersdorp	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	547	24%	87	4%	108	5%	1,505	67%	2,247	5%
Business	3,804	50%	200	3%	173	2%	3,410	45%	7,587	18%
Households	1,252	9%	385	3%	384	3%	12,207	86%	14,228	34%
Other	2,480	14%	2,650	15%	885	5%	12,051	67%	18,066	43%
Total	8,083	19%	3,322	8%	1,550	4%	29,173	69%	42,128	100%
Water	599	12%	181	4%	220	4%	3,980	80%	4,980	12%
Electricity	3,269	27%	661	5%	569	5%	7,725	63%	12,224	29%
Property rates	804	15%	1,967	36%	179	3%	2,580	47%	5,530	13%
Other	3,411	18%	514	3%	582	3%	14,887	77%	19,394	46%
Total	8,083	19%	3,323	8%	1,550	4%	29,172	69%	42,128	100%

Total outstanding debtors for the quarter under review amounted to R42 million, of which R29 million or 69 per cent is owed for more than 90 days. Most of the outstanding debt is owed on “other” debts at R19 million or 46 per cent and R12 million or 29 per cent is owed on electricity.

Tlokwe Local Municipality

Supporting table 3.1.1(d): Debtor Age Analysis by customer group as at 31 December 2012 (R'000)

Tlokwe	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	5,575	36%	1,215	8%	1,070	7%	7,821	50%	15,681	9%
Business	15,480	64%	447	2%	490	2%	7,630	32%	24,047	14%
Households	32,852	25%	4,001	3%	4,875	4%	88,521	68%	130,249	77%
Other	-	-	-	-	-	-	-	-	-	-
Total	53,907	32%	5,663	3%	6,435	4%	103,972	61%	169,977	100%
Water	7,083	37%	569	3%	821	4%	10,650	56%	19,123	11%
Electricity	30,388	80%	1,068	3%	953	3%	5,602	15%	38,011	22%
Property rates	3,873	15%	1,391	5%	1,330	5%	19,893	75%	26,487	16%
Other	12,563	15%	2,634	3%	3,331	4%	67,828	79%	86,356	51%
Total	53,907	32%	5,662	3%	6,435	4%	103,973	61%	169,977	100%

Total outstanding debtors for the quarter under review amounted to R170 million, of which R104 million or 61 per cent is owed for more 90 days. Most of the debt is owed on “other” at R86 million followed by debt owed on electricity and property rates at R38 million or 22 and R26 million or 16 per cent respectively. Debt owed on water accounted for R19 million or 11 per cent of the total outstanding debt.

Matlosana Local Municipality

Supporting table 3.1.1(d): Debtor Age Analysis by customer group as at 31 December 2012(R'000)

City of Matlosana	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	4,120	10%	2,800	7%	1,030	2%	34,001	81%	41,951	4%
Business	13,353	16%	5,541	7%	3,564	4%	60,621	73%	83,079	9%
Households	69,561	9%	35,839	5%	21,432	3%	666,206	84%	793,038	83%
Other	771	2%	669	2%	649	2%	31,502	94%	33,591	4%
Total	87,805	9%	44,849	5%	26,675	3%	792,330	83%	951,659	100%
Water	19,957	8%	12,168	5%	8,192	3%	201,188	83%	241,505	25%
Electricity	33,211	23%	9,663	7%	2,979	2%	95,537	68%	141,390	15%
Property rates	11,732	11%	3,881	4%	2,318	2%	85,003	83%	102,934	11%
Other	22,904	5%	19,138	4%	13,185	3%	410,603	88%	465,830	49%
Total	87,804	9%	44,850	5%	26,674	3%	792,331	83%	951,659	100%

Total outstanding debts for the quarter under review amounted to R952 million, of which R792 million or 83 per cent is outstanding for more than 90 days. The municipality had enormous increase of outstanding debts by R41 million as compared to the previous quarter. The financial ability of the consumers has decreased due to the economy decline of the area. In addition, the large number of consumers relocated without notifying the municipality and the accounts has been issued to those consumers.

Maquassi Hills Local Municipality

Supporting table 3.1.1(d): Debtor Age Analysis by customer group as at 31 December 2012 (R'000)

Maquassi Hills	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	606	18%	442	13%	212	6%	2,116	63%	3,376	1%
Business	2,037	28%	906	12%	524	7%	3,920	53%	7,387	2%
Households	9,539	4%	7,258	3%	6,877	3%	241,198	91%	264,872	87%
Other	1,501	5%	1,154	4%	1,228	4%	26,364	87%	30,247	10%
Total	13,683	4%	9,760	3%	8,841	3%	273,598	89%	305,882	100%
Water	4,107	4%	3,191	3%	3,136	3%	98,590	90%	109,024	36%
Electricity	3,638	35%	1,482	14%	965	9%	4,187	41%	10,272	3%
Property rates	1,386	6%	824	4%	738	3%	20,520	87%	23,468	8%
Other	4,552	3%	4,264	3%	4,002	2%	150,300	92%	163,118	53%
Total	13,683	4%	9,761	3%	8,841	3%	273,597	89%	305,882	100%

Total outstanding debtors for the quarter under review amounted to R306 million, of which R274 million or 89 per cent is outstanding for more than 90 days. There is an increase of R21 million in the outstanding debtors as compared to the previous quarter. This shows that the municipality is not doing enough to recover monies owed to it.

Dr Kenneth Kaunda District Municipality

Supporting table 3.1.1(d): Debtor Age Analysis by customer group as at 31 December 2012(R'000)

Dr Kenneth DM	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	-	-	-	-	-	-	-	-	-	-
Business	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	25	1%	1,762	99%	1,787	100%
Total	-	-	-	-	25	1%	1,762	99%	1,787	100%
Water	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-
Property rates	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	25	1%	1,762	99%	1,787	100%
Total	-	-	-	-	25	1%	1,762	99%	1,787	100%

Total outstanding debtors outstanding for the quarter amounted R1, 8 million, which is mostly over 90 days by R1, 8 million or 99 per cent. These outstanding debts are for Ventersdorp municipality as agreement was reach with the district to assists in paying Eskom account.

3.4.1.6 CREDITORS

Table 2.4(f) shows outstanding creditors in the District and table 2.4(f) 4 shows outstanding creditors by type.

Table 2.4(f) : Creditors Age Analysis as at 31 December 2012 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61- 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Ventersdorp	4,322	16	84	0	2,580	10	19,752	74	26,738	9
Tlokwe	69,593	101	-	-	-	-	-	-	68,934	22
City of Matlosana	90,747	53	5,734	3	33,049	19	41,440	24	170,970	55
Maquassi Hills	5,593	14	6,364	15	3,230	8	26,168	63	41,355	13
Dr. Kenneth Kaunda	3,183	81	182	5	159	4	410.00000	10.42196	3,934	1
Total	173,438	56	12,364	4	39,018	13	87,770	28	311,931	100

Total creditors owed by municipalities in the district amounted to R312 million, of which R173 million or 56 per cent is owed on current (0-30 days). City of Matlosana has the highest amount of creditors outstanding at R171 million or 55 per cent. This might be an indication that the municipal inability to collect debt owed to it, is adversely affecting its ability to pay creditors as and when they are due.

Supporting table 2.4(f)4: Outstanding Creditors as at 31 December 2012

District overview R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	78,680	47	7,937	5	34,808.00	20.68	46,929	28	168,354	54
Bulk Water	20,289	38	3,663	7	3,230	6	26,319	49	53,501	17
PAYE Deductions	2,652	100	-	-	-	-	-	-	2,652	1
VAT(Output less Input)	-662	100	-	-	-	-	-	-	-662	0
Pension/Retirement	3,737	100	-	-	-	-	-	-	3,737	1
Loans Repayments	311	9	-	-	-	-	3,347	91	3,658	-
Trade Creditors	64,268	98	358	1	241	-	526	1	65,393	21
Auditor-General	4,033	31	402	3	670	5	8,474	66	12,920	4
Other	130	5	4.00	0.17	69.00	2.90	2,175	91	2,378	1
Total	173,438	56	12,364	4	39,018	13	87,770	28	311,931	100

A huge amount of outstanding creditors in the district are owed on bulk electricity at R168 or 54 per cent, followed debt owed on trade creditors and bulk water purchases at R65 million or 21 per cent and R54 million or 17 per cent respectively. Auditor General owed R13 million and R8 million or 66 per cent of the amount owed is owed for more than 90 days.

Ventersdorp Local Municipality

Outstanding Creditors as at 31 December 2012

Ventersdorp R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	2,583	24%	0	0%	2,511	23%	5,605	52%	10,699	40%
Bulk Water	-	-	0	0%	0	0%	151	100%	151	1%
PAYE Deductions	-	-	-	-	-	-	-	-	-	0%
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	0%
Pension/Retirement	-	-	-	-	-	-	-	-	-	0%
Loans Repayments	-	-	-	-	-	-	3,347	100%	3,347	13%
Trade Creditors	-	-	-	-	-	-	-	-	-	0%
Auditor-General	1,634	16%	86	1%	0	0%	8,474	83%	10,194	38%
Other	105	4%	(2)	0%	69	3%	2,175	93%	2,347	9%
Total	4,322	16%	84	0%	2,580	10%	19,752	74%	26,738	100%

Total outstanding creditor's for the municipality amount to R27 million, of which R20 million or 74 per cent are creditors outstanding for over 90 days. Bulk electricity is the most owed at R11 million or 40 per cent. This was due to penalties that Eskom charged the municipality for exceeding the Notified Maximum Demand. Auditor General is also owed R10 million or 38 per cent of the total outstanding creditors of which R8 million or 83 per cent is owed for over 90 days.

Tlokwe Local Municipality

Outstanding Creditors as at 31 December 2012

Tlokwe R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	18,559	100%	-	-	-	-	-	-	18,559	27%
Bulk Water	780	100%	-	-	-	-	-	-	780	1%
PAYE Deductions	1,833	100%	-	-	-	-	-	-	1,833	3%
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	0%
Pension/Retirement	3,291	100%	-	-	-	-	-	-	3,291	5%
Loans Repayments	311	100%	-	-	-	-	-	-	311	0%
Trade Creditors	44,160	100%	-	-	-	-	-	-	44,160	64%
Auditor-General	659.00000	-	-	-	-	-	-	-	-	0%
Other	-	-	-	-	-	-	-	-	-	0%
Total	69,593	101%	0	0%	0	0%	0	0%	68,934	100%

Total outstanding creditors amounted to R69 million and are all current i.e. owed for 0-30 days, this shows that the municipality is in compliance with Section 65(2) (e) of the MFMA.

Matlosana Local Municipality

Outstanding Creditors as at 31 December 2012

City of Matlosana R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	55,417	41%	5,552	4%	32,297	24%	41,324	31%	134,590	79%
Bulk Water	16,097	100%	0	0%	0	0%	0	0%	16,097	9%
PAYE Deductions	-	-	-	-	-	-	-	-	-	0%
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	0%
Pension/Retirement	-	-	-	-	-	-	-	-	-	0%
Loans Repayments	-	-	-	-	-	-	-	-	-	0%
Trade Creditors	17,528	98%	176	1%	82	0%	116	1%	17,902	10%
Auditor-General	1,705	72%	6	0%	670	28%	-	0%	2,381	1%
Other	-	-	-	-	-	-	-	-	-	0%
Total	90,747	53%	5,734	3%	33,049	19%	41,440	24%	170,970	100.0%

Total outstanding creditors amounted to R171 million, of which R91 million or 53 per cent is owed for current state. Matlosana is also one of the municipalities experiencing some cash flow problems. The municipality is currently negotiating a payment agreement with Eskom and the quarter under review bulk electricity is owed R134 million or 79 per cent of the total outstanding creditors.

Maquassi Hills Local Municipality

Outstanding Creditors as at 31 December 2012

Maquassi Hills R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	2,121	47%	2,385	53%	0	0%	-	-	4,506	11%
Bulk Water	3,412	9%	3,663	10%	3,230	9%	26,168	72%	36,473	88%
PAYE Deductions	-	-	-	-	-	-	-	-	-	0%
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	0%
Pension/Retirement	-	-	-	-	-	-	-	-	-	0%
Loans Repayments	-	-	-	-	-	-	-	-	-	0%
Trade Creditors	-	-	-	-	-	-	-	-	-	0%
Auditor-General	35	10%	310	90%	0	0%	-	0%	345	1%
Other	25	81%	6	19%	0	0%	-	0%	31	0%
Total	5,593	14%	6,364	15%	3,230	8%	26,168	63%	41,355	100%

Maquassi Hills is currently experiencing serious cash flow problems and as a result is unable to pay for the bulk purchases of both electricity and water. Through the intervention of the Department of Finance, the municipality and Sedibeng Water are currently in a process of brokering a payment agreement. A similar intervention process is envisaged for the payment of the outstanding amount for bulk purchase of electricity since the municipality is also struggling to pay for the supply thereof.

Dr Kenneth Kaunda District Municipality

Outstanding Creditors as at 31 December 2012

Dr Kenneth Kaunda DM R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	-	-	-	-	-	-	-	-	-	0%
Bulk Water	-	-	-	-	-	-	-	-	-	0%
PAYE Deductions	819	100%	-	-	-	-	-	-	819	21%
VAT(Output less Input)	-662	100%	-	-	-	-	-	-	-662	-17%
Pension/Retirement	446	100%	-	-	-	-	-	-	446	11%
Loans Repayments	-	-	-	-	-	-	-	-	-	0%
Trade Creditors	2,580	77%	182	5%	159	5%	410	0%	3,331	85%
Auditor-General	-	-	-	-	-	-	-	-	-	0%
Other	-	-	-	-	-	-	-	-	-	0%
Total	3,183	81%	182	5%	159	4%	410	10%	3,934	100%

Total outstanding creditors amounted R4 million, of which 81 per cent are current creditors.

3.4.1.7 CASH FLOW

The way in which a municipality generates and manages its cash flows determines the extent to which it can provide the required level of services and meet its commitments. Table 2.4(g) below reflects the sources and application of cash by municipalities in the district over the period under review.

Table 2.4(g) : Cash Flow Position as at 31 December 2012 (R'000)

Municipality	Opening Balance	Receipts				Payments						Closing Balance
		Property Rates	Service Charges	Interest Earned Investments	Other Receipts	Employee Related Cost	Bulk Purchases	Contracted Services	Interest Paid	Repayment of Borrowing	Other	
Ventersdorp	30,746	234	4,043	62	12,549	3,180	44	293	-	-	6,883	37,234
Tlokweng	182,085	8,285	48,569	235	35,066	19,782	19,339	9,370	311	-	29,934	195,504
Matlosana	154,390	12,456	53,082	31	199,951	34,621	94,138	6,274	3,394	8,078	34,826	238,589
Maquassi Hills	-	-	-	-	-	-	-	-	-	-	-	0
Dr. Kenneth Kaunda	253,795	-	-	730	4	4,769	-	23	-	-	6,426	243,311
Total	621,016	20,975	105,704	1068	247,570	62,352	113,521	15,960	3,705	8,078	78,069	714,638

Source : IYM Summary Reports Received from the Municipalities

According to the cash flow statements submitted, all municipalities in the Dr Kenneth Kaunda district opened and closed their books with positive bank balances with the exception of Maquassi Hills municipality. There is no correlation between some municipal debtors' books, disclosed creditors and their cash flows status, where Ventersdorp, Matlosana and Maquassi Hills reported a stable cash flow status and on the other hand their long outstanding creditors are not being paid.

4. INTERVENTION MEASURES

4.1 AUDIT OUTCOMES

Section 122 and 126 of the MFMA stipulates that every municipality must for each financial year prepare Annual Financial Statements and within two months after the end of the financial year submit those statements to the Auditor General for auditing. It is clear that all the municipalities within the Province are complied with section 122 and 126 of MFMA.

Auditor General issued the audit opinions for the following seventeen municipalities for the 2011/12 financial year, which left us with only six municipalities that the Auditor General is still busy with the audit. The reason for the delay in the issue of the audit report is because; five of these municipalities had outstanding annual financial statements for prior years. And these municipalities are Dr. Ruth Segomotsi Mompati, Ditsobotla Local Municipality, Kagisano Local Municipality, Mamusa Local Municipality, Molopo Local Municipality and Moretele Local Municipality.

Table below is Auditor General Audit opinions for past two years:

Auditee	2010/2011			2011/2012		
	AFS Received Date	Audit Report		AFS Received Date	Audit Report	
		Issued Date	Audit Opinion		Issued Date	Audit Opinion
Municipalities						
Bojanala Platinum District Municipality	2011/08/31	2011/11/30	Financially unqualified with findings	2012/08/31	2012/11/30	Financially unqualified with findings
Dr. Kenneth Kaunda District Municipality	2011/12/12	2012/01/30	Qualified	2012/09/30	2012/12/20	Financially unqualified with findings
Dr. Ruth Segomotsi Mompati District Municipality	2012/08/31			2012/08/31		
Ngaka Modiri Molema District Municipality	2012/01/24	2012/08/27	Disclaimer	2012/08/31	2012/11/30	Disclaimer
City of Matlosana	2011/09/12	2011/12/12	Disclaimer	2012/08/31	2012/11/30	Disclaimer
Ditsobotla Local Municipality	2012/08/31			2012/08/31		
Greater Taung Local Municipality	2011/08/31	2011/11/30	Qualified	2012/08/31	2012/11/30	Disclaimer
Kagisano Local Municipality	2012/08/31			2012/08/31		
Kgetlengrivier Local Municipality	2012/08/31	2012/12/07	Disclaimer	2012/08/31		
Lekwa-Teemane Local Municipality	2012/08/24	2012/09/30	Disclaimer	2012/08/31	2012/11/30	Disclaimer
Madibeng Local Municipality	2011/08/31	2011/11/30	Disclaimer	2012/08/31	2012/11/30	Disclaimer
Mafikeng Local Municipality	2012/04/10	2012/08/20	Disclaimer	2012/08/31	2012/11/30	Disclaimer
Mamusa Local Municipality	2012/08/31			2012/08/31		
Maquassi Hills Local Municipality	2011/08/31	2011/11/30	Disclaimer	2012/08/31	2012/11/30	Disclaimer
Molopo Local Municipality	2012/08/31					
Moretele Local Municipality	2012/08/31			2012/09/30		
Moses Kotane Local Municipality	2012/01/20	2012/04/20	Disclaimer	2012/08/31	2012/11/30	Qualified
Naledi Local Municipality	2011/09/26	2011/12/13	Disclaimer	2012/08/31	2012/11/30	Disclaimer
Ramotshere Moiloa Local Municipality	2012/04/26	2012/07/26	Disclaimer	2012/08/31	2012/11/30	Disclaimer
Ratlou Local Municipality	2011/08/31	2011/11/30	Financially unqualified with findings	2012/08/31	2012/11/30	Financially unqualified with findings
Rustenburg Local Municipality	2012/06/08	2012/09/07	Disclaimer	2012/09/30	2012/12/19	Qualified
Tlokwe City Council	2012/02/10	2012/05/08	Qualified	2012/08/31	2012/11/30	Financially unqualified with findings
Tswaing Local Municipality	2012/04/12	2012/08/27	Disclaimer	2012/08/31	2012/11/30	Disclaimer
Ventersdorp Local Municipality	2011/09/12	2011/12/12	Disclaimer	2012/08/31	2012/11/30	Disclaimer

Source AGSA

Four municipalities received **financial unqualified with findings audit opinion** - Bojanala District

Municipality, Dr Kenneth Kaunda District Municipality, Tlokwe Local Municipality and Ratlou Local Municipality.

Two municipalities received **qualified audit opinion** – Moses Kotane Local Municipality and Rustenburg Local Municipality.

Eleven municipalities received **disclaimer audit opinion** – Ventersdorp Local Municipality, Tswaing Local Municipality, Ramotshere Moiloa Local Municipality, Naledi Local Municipality, Maquassi Hills Local Municipality, Mafikeng Local Municipality, Madibeng Local Municipality, Lekwa-Teemane Local Municipality, Greater Taung Local Municipality, City of Matlosana Local Municipality and Ngaka Modiri Molema District Municipality.

The Auditor General report reflected that the audited municipalities had repeat audit qualification on the following areas of the financial statements: capital assets, current assets, liabilities, capital and reserves, other disclosure items, revenue, expenditure, unauthorized, irregular, and fruitless and wasteful expenditure. The AGSA report also reflected that overall implementation of key control in the following is still a challenge: Leadership, Financial Performance Management and Governance.

Provincial Treasury has established a project team that developed a plan that will assist identified municipalities to comply the aforementioned sections of the MFMA. During the quarter under review the plan was communicated to municipalities.

4.2 PHASE TWO IMPLEMENTATION

The objective of the phase two (2) of the programme is to provide intensive or turn-around support on financial governance areas to the identified municipalities. The strategic objectives of this phase of the project are as follows:

- To Make as much impact as possible, in terms of;
 - The number of municipalities it will cover;
 - The improved audit outcome for 2012/13 and subsequent years.
- To provide skills transfer to municipal officials to ensure sustainability of the programme.

Work Streams

The following work streams are going to be covered.

1. Focus on Fundamental Finance;
2. Framework for Operations;
3. Towards Clean Audit; and
4. Sustainability.

Focus on Fundamental Finance

The need for financial information that is accurate, available in a timely manner and useful for the running of the municipality is fundamental. The first steps in the process will be around ensuring the recording of financial transactions in the General Ledger (GL) on a daily basis and undertaking reconciliations of accounts to prove the accuracy of data. This will involve putting in place processes to obtain primary documents such as bank statements, comprehensively compiled invoices to record as creditors, cash book and such documents that are necessary to update the General Ledger. The General Ledger will need to be accepted as the principal record of financial transactions of the municipality. The intention is to ensure that all reporting is done using the information in the GL and not by making adjustments, outside of the GL, on pieces of paper.

- Update all GL records
- Post transactions into GL daily
- Reconcile all accounts (particularly Balance Sheet) at least monthly
- Reconcile Bank/Cash Book weekly.

Financial Reporting

The value of financial information to the municipality is in utilizing it to understand the financial status of its operations and taking decisions that will fit the available resources. To enable those decisions to be taken, the information needs to be communicated in a way that is not only accurate but also understandable. Whilst “in year monitoring” (IYM) reports need to be submitted to National and Provincial governments, in house reporting for use by municipalities needs to be enhanced to fit the above criteria (accurate and understandable).

- All reporting to be from the General Ledger
- Review In Year Monitoring submissions to LG Database
- Develop reporting templates for monthly reporting (S.71) to Council & Management
- Workshop contents of reports with Council & Management to enhance understanding and interpretation of reports
- Provide guidelines to Council & Management on critical “questions to ask”.

ALLOCATION OF SERVICE PROVIDERS

The sixteen appointed service providers were allocated to the identified municipalities as per table below:

Name of Municipality	Service Providers
Moretele	Altimax & Ducharme
Kgetlengrivier	PWC & Maseng Viljoen
Ditsobotla	KPMG & Dawn Advisory
Maquassihills	S M Xulu & Rakoma & Associates
Kagisano/Molopo	TMDG Consulting & MA & R Consulting
Tswaing	Sizwe Ntsaluba & Ngubane & Associates
Ventersdorp	PWC & Maseng & Viljoen
Mafikeng	Akhile & Ramabulana

WORK SCOPING BY SERVICE PROVIDERS

The Service Providers undertook work scoping during the period 19 to 30 November 2012. On 11 and 12 December 2012 the Service Providers made presentations to Provincial Treasury on scope of work done, and Provincial Treasury engaged the Service Provider on scope of work.

ESTABLISHMENT OF OVERSIGHT COMMITTEE AND SUPPORT COMMITTEE

The following committees were established to monitor phase 2 of Municipal Finance Management Improvement Plan

- Political Oversight Committee, the committee is chaired by the MEC Finance and the committee members are: Mayors, Council Speakers and Members of Mayoral Committee responsible for finance for each of the 8 identified municipalities.
- Municipal Support Technical Committee, the committee is chaired by Head of Department of Finance and the members are Chief Director and Directors responsible

for municipal support, the Municipal Managers and Chief Financial Officers for the 8 identified municipalities

All the identified municipalities were requested to sign the commitment letters.

5. MUNICIPALITIES' DEBT FOR UTILITIES

Analysis results of section 41 reports, for the period under review, reveal that the following municipalities were in arrears with Eskom and Sedibeng Water:

Movement in the third column refers to the net result from payments made, charges for current accounts and interest charges on outstanding debts. The municipalities listed are exclusively those that Provincial Treasury was instrumental in facilitating payment agreement with service providers and thus had the obligation of monitoring adherence to the terms and conditions of the contract.

Municipalities indebted to Eskom	Opening balance at the beginning of the quarter (1st October 2012)	Movement during the quarter (1st October to 31 December 2012)	Closing balance at the end of the quarter (31 December 2012)
Ventersdorp	R 5 793 030.82	R6,985,928.18	R12,778,959.00
Matlosana	R57 956 201.22	R63,055,058.78	R121,011,260.00
Naledi	R19 619 040.19	R27,459,351.81	R47,078,392.00
Municipalities indebted to Sedibeng Water	Opening balance at the beginning of the quarter (1st October 2012)	Movement during the quarter (1st October to 31 December 2012)	Closing balance at the end of the quarter (30 December 2012)
Maquassi Hills	R22 415 345.68	(R993,157.32)	R22,415,345.68

Ventersdorp Local Municipality

The municipality did not honour the previous arrangement and the debt as at 31 December 2012 has increased to R12, 7 million.

Matlosana Local Municipality

The arrangement to pay R77 million has been honoured, the current balance of R121 million includes the billings for the current three months of the quarter under review plus portion of the arrears.

Naledi Local Municipality

The municipality did not honour the previous arrangement and the debt has escalated to R47 million.

Maquassi Hills Local Municipality

According to the resolution taken on 21st December 2012 between the municipality and the service provider, the municipality has agreed to pay R8million by Friday, 15 March 2013; the outstanding balance will be paid in full by 31st March 2013. The total debt at 31 January 2013 was R28, 470million.