MATATIELE

LOCAL MUNICIPALITY

2021/2022 MONTHLY SECTION 71 REPORT

MONTH ENDED 31 JULY 2021

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GLOSSARY

Annual Budget – Prescribed in section 16 of the MFMA - the formal means by which a Municipality approve official budget for the next three years.

Adjustment Budget – Prescribed in section 28 of the MFMA – the formal means by which a Municipality may revise its annual budget during the year.

Allocations (Transfers – see DORA) – Money received from Provincial or National Government.

Budget Related Policy(ies) – Policies of a Municipality affecting or affected by the budget, examples include Tariff Policy, Rates Policy, Credit Control and Debt Collection Policies.

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet and must be included in the asset register.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality. Payments do not always coincide with budgeted expenditure timings - for example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government (see Allocations / Transfers).

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services and to compensate loss of RSC levies.

Fruitless and Wasteful Expenditure – Expenditure that was made in vain and would/should have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations dated April 2009.

MFMA – The Municipal Finance Management Act – Act No. 56 of 2003. The principle piece of legislation relating to municipal financial management. mSCOA – Municipal Standard Chart of Accounts.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Operating Expenditure –The day-to-day expenses of the Municipality such as salaries and wages.

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the Rand.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budgeted estimates.
Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.
Unauthorised Expenditure – Generally, spending without, or in excess of, an Approved Budget.
Virement – A transfer of funds within a vote.
Virement Policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.
Vote – One of the main segments into which a budget is divided. In Garden Route District, this means the different GFS classification the budget is divided.

LEGISTLATIVE FRAMEWORK

This report has been prepared in terms of the following enabling legislation:

The municipal Finance Management Act No. 56 of 2003
Section 71: Monthly budget Statements

Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations

PART 1-IN-YEAR REPORT

Section 1-Resolutions

These are the resolutions being presented to Council in the monthly report on the implementation of budget and financial state of affairs of the municipality as required in terms of section 71 of the Municipal Finance Management Act 56 of 2003 and the Municipal Budget and Reporting Regulations

Regulation 28 of the Municipal Budget and Reporting Regulations states:

"The monthly budget statement of a municipality must be in the format specified in the Schedule C and include all required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act."

Recommendations:

- That, Council takes note of the monthly budget statement and supporting documentation for the month 31st July 2021.
- That, the submission of section 71 reports and to Provincial and National Treasuries 10 days after the end of each month be noted by Council.

Section 2-Executive summary

2.1 Introduction

The aim if the Financial Monitoring Report (FMR) is to provide a monthly update and report on the municipality's consolidated performance in terms of the budget, indicate any material variances from Service delivery and Budget Implementation Plan (SDBIP) and provide any remedial action or corrective steps to be taken.

2.2 Consolidated Performance (Revenue & Expenditure)

Revenue by source

The total revenue received for the month ended 31st July 2021 amounted **to R 165,323,384 which** represents **29%** of the total annual approved budget figure of **R573,218,160** (including grants). The majority of the revenue recognised this month of **R4,880,663** related to electricity sales for the month.

Operating Expenditure by type

Operating expenditure for the month ended 31st July 2021 amounted to **R 33,431,420** which represents **8%** of total approved operating expenditure budget figure of **R430,345,896**, of this expenditure the majority relates to Council and employee related cost and payment of monthly contracted services.

Capital Expenditure

The approved annual capital budget for the financial year amounts to **R192,872,520**. Capital expenditure incurred for the month ended 31stJuly 2021 amounted to **R13,614,723.** This represents **7%** of the approved capital expenditure budget. Capital expenditure incurred to date represents **7%** of the total capital expenditure budget.

2.3 Material variances from the SDBIP

Variances and deficiencies are identified in terms of the SDBIP. These are reported on and monitored by the Performance Management Unit, situated in the Office of the Municipal Manager, as applicable.

2.4 Remedial or corrective steps

HODs and unit managers are sent monthly income and expenditure reports to monitor expenditure and revenue performance of each department, ensure spending is within budget and is aligned to the IDP's Strategic Goals.

Section 3

IN-YEAR BUDGET STATEMENT TABLES

3.1 Monthly budget statements

3.1.1 Table C1 Monthly Budget Statement Summary

EC441 Matatiele - Table C1 Monthly Budget Statement Summary - M01 July

Description	2020/21	Budget Year 2021/22							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	48 575	54 088	–	34 133	34 133	4 587	29 826	657%	54 088
Service charges	68 589	70 532	–	4 881	4 881	5 878	(997)	-17%	70 532
Investment revenue	8 825	14 660	–	433	433	1 221	(788)	-65%	14 660
Transfers and subsidies	306 535	267 313	–	107 844	107 844	22 278	85 566	384%	267 313
Other own revenue	21 037	21 163	–	1 511	1 511	1 764	(253)	-14%	21 163
Total Revenue (excluding capital transfers and contributions)	451 561	427 747	–	148 802	148 802	35 646	113 156	317%	427 747
Employee costs	117 736	132 261	–	9 352	9 352	11 022	(1 670)	-15%	132 261
Remuneration of Councillors	19 974	21 690	–	1 690	1 690	1 807	(117)	-6%	21 690
Depreciation & asset impairment	36 355	36 300	–	–	–	2 942	(2 942)	-100%	36 300
Finance charges	1	–	–	–	–	–	–		–
Inventory consumed and bulk purchases	53 958	57 379	–	12 615	12 615	4 782	7 833	164%	57 379
Transfers and subsidies	–	–	–	–	–	–	–		–
Other expenditure	152 537	183 716	–	9 775	9 775	15 310	(5 535)	-36%	183 716
Total Expenditure	380 562	430 346	–	33 431	33 431	35 862	(2 431)	-7%	430 346
Surplus/(Deficit)	70 999	(2 599)	–	115 370	115 370	(217)	115 587	-53274%	(2 599)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	92 914	145 471	–	16 522	16 522	12 123	4 399	36%	145 471
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in kind - all)	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	163 914	142 872	–	131 892	131 892	11 906	119 986	1008%	142 872
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	163 914	142 872	–	131 892	131 892	11 906	119 986	1008%	142 872
Capital expenditure & funds sources									
Capital expenditure	147 483	192 873	–	13 615	13 615	16 073	(2 458)	-15%	192 873
Capital transfers recognised	77 272	142 872	–	13 436	13 436	11 906	1 530	13%	142 872
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	70 211	50 000	–	179	179	4 167	(3 988)	-96%	50 000
Total sources of capital funds	147 483	192 873	–	13 615	13 615	16 073	(2 458)	-15%	192 873
Financial position									
Total current assets	385 999	264 567	–		508 071				264 567
Total non current assets	1 205 036	1 152 888	–		1 218 851				1 152 888
Total current liabilities	131 395	(62 284)	–		135 590				(62 284)
Total non current liabilities	32 753	(29 578)	–		32 753				(29 578)
Community wealth/Equity	1 592 235	1 509 297	–		1 558 379				1 509 297
Cash flows									
Net cash from (used) operating	500 927	140 857	–	122 380	122 380	11 748	(110 642)	-943%	140 857
Net cash from (used) investing	(161 457)	(192 872)	–	(13 704)	(13 704)	(16 073)	(2 369)	15%	(192 872)
Net cash from (used) financing	110	–	–	–	–	–	–		–
Cash/cash equivalents at the month/year end	491 878	120 293	–	–	133 088	173 974	(159 113)	-91%	172 395
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	39 139	12 086	2 983	1 323	10 280	3 089	13 041	121 082	214 414
Creditors Age Analysis									
Total Creditors	–	–	–	–	–	–	–	–	–

3.1.2 Table C2: Monthly Budget Statement –Financial Performance (Standard Classification)

EC441 Matatiele - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M01 July

Description	Ref	2020/21	Budget Year 2021/22							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue - Functional										
Governance and administration		370 083	341 497	–	143 457	143 457	28 458	114 999	404%	341 497
Executive and council		–	–	–	–	–	–	–		–
Finance and administration		370 003	341 497	–	143 457	143 457	28 458	114 999	404%	341 497
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		3 228	13 841	–	282	282	1 153	(871)	-76%	13 841
Community and social services		3 703	7 602	–	76	76	633	(557)	-88%	7 602
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		4 517	6 239	–	206	206	520	(314)	-60%	6 239
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		60 843	52 183	–	19	19	4 349	(4 329)	-100%	52 183
Planning and development		358	202	–	8	8	17	(9)	-54%	202
Road transport		60 486	51 981	–	11	11	4 332	(4 320)	-100%	51 981
Environmental protection		–	–	–	–	–	–	–		–
Trading services		105 489	165 697	–	21 565	21 565	13 808	7 757	56%	165 697
Energy sources		91 008	150 099	–	20 567	20 567	12 508	8 058	64%	150 099
Water management		–	–	–	–	–	–	–		–
Waste water management		–	–	–	–	–	–	–		–
Waste management		14 401	15 598	–	999	999	1 300	(301)	-23%	15 598
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Functional	2	544 476	573 218	–	165 323	165 323	47 768	117 555	246%	573 218
Expenditure - Functional										
Governance and administration		199 611	254 309	–	12 850	12 850	21 192	(8 343)	-39%	254 309
Executive and council		24 444	28 860	–	3 505	3 505	2 405	1 100	46%	28 860
Finance and administration		171 880	221 705	–	8 975	8 975	18 475	(9 501)	-51%	221 705
Internal audit		3 287	3 744	–	371	371	312	59	19%	3 744
Community and public safety		32 395	42 778	–	2 797	2 797	3 565	(768)	-22%	42 778
Community and social services		13 637	20 523	–	1 459	1 459	1 710	(251)	-15%	20 523
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		18 757	22 255	–	1 338	1 338	1 855	(517)	-28%	22 255
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		61 641	49 016	–	1 877	1 877	4 085	(2 208)	-54%	49 016
Planning and development		17 517	21 954	–	630	630	1 830	(1 199)	-66%	21 954
Road transport		44 124	27 062	–	1 246	1 246	2 255	(1 009)	-45%	27 062
Environmental protection		–	–	–	–	–	–	–		–
Trading services		86 916	84 242	–	15 908	15 908	7 028	8 888	127%	84 242
Energy sources		56 870	60 140	–	14 109	14 109	5 012	9 097	182%	60 140
Water management		–	–	–	–	–	–	–		–
Waste water management		–	–	–	–	–	–	–		–
Waste management		30 046	24 102	–	1 799	1 799	2 008	(209)	-10%	24 102
Other		–	–	–	–	–	–	–		–
Total Expenditure - Functional	3	380 562	430 346	–	33 431	33 431	35 862	(2 431)	-7%	430 346
Surplus/ (Deficit) for the year		163 914	142 872	–	131 892	131 892	11 906	119 986	1008%	142 872

This table reflects the operating budget (Financial Performance) in standard classification, the main functions are Governance and Administration, Community and Public Safety, Economic and Environmental Services and Trading services.

3.1.3 Table C3: Monthly Budget Statement –Financial Performance (revenue and expenditure by municipal vote)

EC441 Matatiele - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M01 July

Vote Description	Ref	2020/21	Budget Year							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue by Vote	1									
Vote 1 - Executive and council		–	–	–	–	–	–	–		–
Vote 2 - Finance and Admin		369 782	341 022	–	143 452	143 452	28 418	115 034	404.8%	341 022
Vote 3 - Corporate		221	475	–	4	4	40	(35)	-88.9%	475
Vote 4 - Development and Planning		358	202	–	8	8	17	(9)	-54.0%	202
Vote 5 - Community		22 621	29 439	–	1 281	1 281	2 453	(1 172)	-47.8%	29 439
Vote 6 - Infrastructure		151 494	202 080	–	20 578	20 578	16 840	3 738	22.2%	202 080
Vote 7 - Internal Audit		–	–	–	–	–	–	–		–
Vote 8 -		–	–	–	–	–	–	–		–
Vote 9 -		–	–	–	–	–	–	–		–
Vote 10 -		–	–	–	–	–	–	–		–
Vote 11 -		–	–	–	–	–	–	–		–
Vote 12 -		–	–	–	–	–	–	–		–
Vote 13 -		–	–	–	–	–	–	–		–
Vote 14 -		–	–	–	–	–	–	–		–
Vote 15 -		–	–	–	–	–	–	–		–
Total Revenue by Vote	2	544 476	573 218	–	165 323	165 323	47 768	117 555	246.1%	573 218
Expenditure by Vote	1									
Vote 1 - Executive and council		24 444	28 860	–	3 505	3 505	2 405	1 100	45.7%	28 860
Vote 2 - Finance and Admin		109 188	153 257	–	4 477	4 477	12 771	(8 295)	-64.9%	153 257
Vote 3 - Corporate		64 564	68 449	–	4 496	4 496	5 704	(1 208)	-21.1%	68 449
Vote 4 - Development and Planning		15 645	21 954	–	630	630	1 830	(1 199)	-65.5%	21 954
Vote 5 - Community		62 440	66 880	–	4 597	4 597	5 573	(977)	-17.5%	66 880
Vote 6 - Infrastructure		100 994	87 202	–	15 355	15 355	7 267	8 088	111.3%	87 202
Vote 7 - Internal Audit		3 287	3 744	–	371	371	312	59	18.8%	3 744
Vote 8 -		–	–	–	–	–	–	–		–
Vote 9 -		–	–	–	–	–	–	–		–
Vote 10 -		–	–	–	–	–	–	–		–
Vote 11 -		–	–	–	–	–	–	–		–
Vote 12 -		–	–	–	–	–	–	–		–
Vote 13 -		–	–	–	–	–	–	–		–
Vote 14 -		–	–	–	–	–	–	–		–
Vote 15 -		–	–	–	–	–	–	–		–
Total Expenditure by Vote	2	380 562	430 346	–	33 431	33 431	35 862	(2 431)	-6.8%	430 346
Surplus/ (Deficit) for the year	2	163 914	142 872	–	131 892	131 892	11 906	119 986	1007.8%	142 872

References

Reporting per municipal vote provides details on the spread of spending over the various function of council. Revenue is mainly budgeted under the Executive and Council function and therefore the majority of the revenue will be reflected under this function.

3.1.4 Table C4: Monthly Budget Statement –Financial Performance (revenue by source and expenditure by type)

EC441 Matatiele - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July

Vote Description	Ref	2020/21	Budget Year 2021/22							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Source										
Property rates		48 575	54 088	–	34 133	34 133	4 507	29 626	657%	54 088
Service charges - electricity revenue		57 058	55 007	–	3 910	3 910	4 584	(673)	-15%	55 007
Service charges - water revenue		–	–	–	–	–	–	–		–
Service charges - sanitation revenue		–	–	–	–	–	–	–		–
Service charges - refuse revenue		11 531	15 526	–	970	970	1 294	(324)	-25%	15 526
Rental of facilities and equipment		2 051	1 245	–	87	87	104	(16)	-16%	1 245
Interest earned - external investments		8 625	14 650	–	433	433	1 221	(788)	-65%	14 650
Interest earned - outstanding debtors		13 357	11 799	–	1 104	1 104	983	120	12%	11 799
Dividends received		–	–	–	–	–	–	–		–
Fines, penalties and forfeits		762	2 094	–	4	4	174	(171)	-98%	2 094
Licences and permits		3 787	4 525	–	204	204	377	(174)	-46%	4 525
Agency services		–	–	–	–	–	–	–		–
Transfers and subsidies		306 535	267 313	–	107 844	107 844	22 276	85 568	384%	267 313
Other revenue		873	1 501	–	113	113	125	(13)	-10%	1 501
Gains		206	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		451 561	427 747	–	148 802	148 802	35 646	113 156	317%	427 747
Expenditure By Type										
Employee related costs		117 738	132 261	–	9 352	9 352	11 022	(1 670)	-15%	132 261
Remuneration of councillors		19 974	21 690	–	1 690	1 690	1 807	(117)	-6%	21 690
Debt impairment		25 504	7 000	–	–	–	583	(583)	-100%	7 000
Depreciation & asset impairment		36 355	35 300	–	–	–	2 942	(2 942)	-100%	35 300
Finance charges		1	–	–	–	–	–	–		–
Bulk purchases - electricity		48 196	50 000	–	12 466	12 466	4 167	8 299	199%	50 000
Inventory consumed		5 762	7 379	–	149	149	615	(466)	-76%	7 379
Contracted services		93 075	105 630	–	5 930	5 930	8 803	(2 873)	-33%	105 630
Transfers and subsidies		–	–	–	–	–	–	–		–
Other expenditure		33 958	71 086	–	3 845	3 845	5 924	(2 079)	-35%	71 086
Losses		–	–	–	–	–	–	–		–
Total Expenditure		380 562	430 346	–	33 431	33 431	35 862	(2 431)	-7%	430 346
Surplus/(Deficit)		70 999	(2 599)	–	115 370	115 370	(217)	115 587	(1)	(2 599)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		92 914	145 471	–	16 522	16 522	12 123	4 399	0	145 471
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		163 914	142 872	–	131 892	131 892	11 906			142 872
Taxation		–	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		163 914	142 872	–	131 892	131 892	11 906			142 872
Attributable to minorities		–	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		163 914	142 872	–	131 892	131 892	11 906			142 872
Share of surplus/ (deficit) of associate		–	–	–	–	–	–			–
Surplus/ (Deficit) for the year		163 914	142 872	–	131 892	131 892	11 906			142 872

Revenue by Source

Revenue by source explains the types of income budgeted for and the performance of these individually.

Property Rates

Property rates revenue is the major part of the municipal own revenue and represents 13% of the total own revenue budget.
The municipality bills both annual and monthly rates at the beginning of the financial year i.e. July. The total property rates billed amounted to R 34,133,444, income received from property rates for the month of July 2021 amounted to R209,546.

Services Charges

Revenue from service charges includes electricity sales and revenue from waste removal. The total income from services charges amounted to R 4,880,663 for the month ended 31st July 2021.

Interest earned on Investments

Reflects the interest in respect funds not immediately needed in the operations of the municipality, these short-term investments made with financial institutions include conditional grants. Interest on investments for the month ended 31st July 2021 amounted to R 432,868.

Interest on Outstanding Debtors

Interest on overdue accounts for the month ended 31st July 2021 amounted to R 1,103,579 the majority of the debtors are the government departments.

Fines, penalties and Forfeits

Revenue from fines, penalties and forfeits has an annual budget of R 2,093,700 for the month ended 31st July 2021 an amount revenue of R 3,740 has been recognised for this category.

Licences and permits

The budget for licences and permits amounts to R4,524,696 for the 2021/22 budget year. For the month ended 31st July 2021 an amount of R 203,538 was recognised and represents 4% of the total revenue budget for this category.

Transfers and Subsidies-Operational

The transfers recognised represents the allocations as promulgated in the National and Provincial Division of Revenue Acts respectively. A total amount of R 107,8 million was received for the month ended 31st July 2021, this includes the 1st instalments for equitable share, Municipal infrastructure grant, Integrated National electrification programme and Expanded public works programme.

Other Revenue

Other revenue consists mostly skills development refund, sale of tender documents, insurance refund and other revenue. Other revenue amounted to R112,518 for the month ended 31st July 2021.

Operating Expenditure by type

Employee related costs/ Remuneration of Councillors

Remuneration related expenditure for the month ended 31st July 2021 amounted
R 11,042,045 of the expenditure R 1,690,053 relates to Remuneration of Councillors and
R 9,351,992 to Managers and staff, that represents 7% of the budgeted amount for this category.

Debt Impairment /Depreciation and Asset impairment

Currently the municipality accounts for Debt impairment at the end of the financial year, no expenditure is reflected for the month for this category.

The municipality in in a process of utilising the financial system (Munsoft) for the fixed asset register to allow for depreciation to be reported on a, monthly basis.
No depreciation was recorded for the month of July 2021.

Bulk Purchases

Expenditure relating to bulk electricity purchases amounts to R 12,465,768 for the month.

Other Materials

Other material consists of inventory purchases for material and supplies and amounted to
R 148,873 for the month ended 31st July 2021.

Contracted Services

Expenditure under this category consists of repairs and maintenance of municipal fleet, repairs and maintenance of buildings and facilities, debt collection contract, waste removal, grass cutting, accounting and auditing contracts and all municipal and financial systems utilised by the municipality. The contracted services for the month ended 31st July 2021 amounted to R 5,929,632.

Other Expenditure

Other expenditure reflects all other expenses not specifically mentioned and consists of the following:

- Skills development levy
- Remuneration of ward committee
- Telephone expenses
- Fuel and Oil
- Travel and subsistence expenses.

Other expenditure amounted to R 3,845,099 for the month ended 31st July 2021.

3.1.5 Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding)

EC441 Matatiele - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M01 July

Vote Description	Ref	2020/21	Budget Year 2021/22							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Multi-Year expenditure appropriation	2									
Vote 1 - Executive and council		-	-	-	-	-	-	-		-
Vote 2 - Finance and Admin		-	-	-	-	-	-	-		-
Vote 3 - Corporate		-	-	-	-	-	-	-		-
Vote 4 - Development and Planning		-	-	-	-	-	-	-		-
Vote 5 - Community		-	-	-	-	-	-	-		-
Vote 6 - Infrastructure		-	-	-	-	-	-	-		-
Vote 7 - Internal Audit		-	-	-	-	-	-	-		-
Vote 8 -		-	-	-	-	-	-	-		-
Vote 9 -		-	-	-	-	-	-	-		-
Vote 10 -		-	-	-	-	-	-	-		-
Vote 11 -		-	-	-	-	-	-	-		-
Vote 12 -		-	-	-	-	-	-	-		-
Vote 13 -		-	-	-	-	-	-	-		-
Vote 14 -		-	-	-	-	-	-	-		-
Vote 15 -		-	-	-	-	-	-	-		-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-		-
Single Year expenditure appropriation	2									
Vote 1 - Executive and council		-	90	-	-	-	8	(8)	-100%	90
Vote 2 - Finance and Admin		4 135	756	-	-	-	63	(63)	-100%	756
Vote 3 - Corporate		2 340	6 710	-	-	-	559	(559)	-100%	6 710
Vote 4 - Development and Planning		488	218	-	-	-	18	(18)	-100%	218
Vote 5 - Community		985	4 962	-	-	-	414	(414)	-100%	4 962
Vote 6 - Infrastructure		139 535	180 138	-	13 615	13 615	15 011	(1 397)	-9%	180 138
Vote 7 - Internal Audit		-	-	-	-	-	-	-		-
Vote 8 -		-	-	-	-	-	-	-		-
Vote 9 -		-	-	-	-	-	-	-		-
Vote 10 -		-	-	-	-	-	-	-		-
Vote 11 -		-	-	-	-	-	-	-		-
Vote 12 -		-	-	-	-	-	-	-		-
Vote 13 -		-	-	-	-	-	-	-		-
Vote 14 -		-	-	-	-	-	-	-		-
Vote 15 -		-	-	-	-	-	-	-		-
Total Capital single-year expenditure	4	147 483	192 873	-	13 615	13 615	16 073	(2 458)	-15%	192 873
Total Capital Expenditure		147 483	192 873	-	13 615	13 615	16 073	(2 458)	-15%	192 873

The approved annual capital budget for the financial year amounts to **R 192,872,520.**

Capital expenditure incurred for the month ended 31st July 2021 amounted to **R 13,615,000.** This represents **7%** of the approved capital expenditure budget. Capital expenditure incurred to date represents **7%** of the total capital expenditure budget.

3.1.6 C6 Monthly Budget Statement –Financial Position

EC441 Matatiele - Table C6 Monthly Budget Statement - Financial Position - M01 July

Description	Ref	2020/21	Budget Year 2021/22			
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS						
Current assets						
Cash		11 285	669	–	(22 855)	669
Call investment deposits		213 127	140 275	–	333 328	140 275
Consumer debtors		74 950	33 127	–	110 531	33 127
Other debtors		84 100	88 896	–	85 040	88 896
Current portion of long-term receivables		–	–	–	–	–
Inventory		2 137	1 600	–	2 027	1 600
Total current assets		385 599	264 567	–	508 071	264 567
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	–	–
Investment property		2 327	2 327	–	2 327	2 327
Investments in Associate		–	–	–	–	–
Property, plant and equipment		1 202 394	1 148 451	–	1 216 009	1 148 451
Biological		–	–	–	–	–
Intangible		315	590	–	315	590
Other non-current assets		–	1 500	–	–	1 500
Total non current assets		1 205 036	1 152 868	–	1 218 651	1 152 868
TOTAL ASSETS		1 590 635	1 417 435	–	1 726 722	1 417 435
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		1 497	(345)	–	1 497	(345)
Trade and other payables		114 580	(49 940)	–	118 775	(49 940)
Provisions		15 318	(11 998)	–	15 318	(11 998)
Total current liabilities		131 395	(62 284)	–	135 590	(62 284)
Non current liabilities						
Borrowing		–	–	–	–	–
Provisions		32 753	(29 578)	–	32 753	(29 578)
Total non current liabilities		32 753	(29 578)	–	32 753	(29 578)
TOTAL LIABILITIES		164 148	(91 861)	–	168 343	(91 861)
NET ASSETS	2	1 426 487	1 509 297	–	1 558 379	1 509 297
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		1 049 793	1 739 743	–	1 105 919	1 739 743
Reserves		452 460	(230 446)	–	452 460	(230 446)
TOTAL COMMUNITY WEALTH/EQUITY	2	1 502 253	1 509 297	–	1 558 379	1 509 297

References

3.1.7 C7 Monthly Budget Statement –Cash Flow

EC441 Matatiele - Table C7 Monthly Budget Statement - Cash Flow - M01 July

Description	Ref	2020/21	Budget Year 2021/22							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		17 483	45 975	–	1 194	1 194	3 831	(2 637)	-69%	45 975
Service charges		54 759	60 729	–	3 224	3 224	5 061	(1 836)	-36%	60 729
Other revenue		33 631	9 365	–	(269)	(269)	780	(1 050)	-135%	9 365
Transfers and Subsidies - Operational		309 451	267 313	–	107 867	107 867	22 276	85 591	384%	267 313
Transfers and Subsidies - Capital		92 926	145 471	–	35 348	35 348	12 123	23 225	192%	145 471
Interest		8 578	–	–	–	–	–	–		–
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(16 811)	(397 996)	–	(24 985)	(24 985)	(32 333)	(7 348)	23%	(397 996)
Finance charges		–	–	–	–	–	–	–		–
Transfers and Grants		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		500 027	140 857	–	122 380	122 380	11 738	(110 642)	-943%	140 857
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–		–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		(161 457)	(192 872)	–	(13 704)	(13 704)	(16 073)	(2 369)	15%	(192 872)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(161 457)	(192 872)	–	(13 704)	(13 704)	(16 073)	(2 369)	15%	(192 872)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		110	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) FINANCING ACTIVITIES		110	–	–	–	–	–	–		–
NET INCREASE/ (DECREASE) IN CASH HELD		338 680	(52 016)	–	108 676	108 676	(4 335)			(52 016)
Cash/cash equivalents at beginning:		153 196	178 309	–		224 412	178 309			224 412
Cash/cash equivalents at month/year end:		491 876	126 293	–		333 088	173 974			172 396

PART 2 –SUPPORTING DOCUMENTATION
SECTION 4__DEBTORS' ANALYSIS
Supporting Table SC3

EC441 Matatiele - Supporting Table SC3 Monthly Budget Statement - aged debtors - M01 July

Description	NT Code	Budget Year 2021/22											
R thousands		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	4 340	2 137	1 225	997	1 199	1 038	2 953	539	14 626	6 826		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	33 161	85	48	561	537	513	2 329	60 777	98 633	64 337		
Receivables from Non-exchange Transactions - Property Rates	1400									–	–		
Receivables from Exchange Transactions - Waste Water Management	1500	934	596	508	454	436	422	1 959	17 542	22 852	20 814		
Receivables from Exchange Transactions - Waste Management	1600								7	7	7		
Receivables from Exchange Transactions - Property Rental Debtors	1700	1 104	1 172	1 078	1 058	1 131	1 107	5 635	27 770	40 047	36 891		
Interest on Arrear Debtor Accounts	1810								–	–	–		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	1	6 044	71	232	15 977	0	124	14 397	36 847	30 737		
Other	1900									–	–		
Total By Income Source	2000	38 539	12 086	2 983	3 323	19 280	3 080	12 041	121 082	214 414	159 906	–	–
2021/22 - totals only													
Debtors Age Analysis By Customer Group		14 483	3 545	3 490	19 456	3 204	3 388	12 245	119 122	179 833	157 335		
Organs of State	2200												
Commercial	2300	33 727	2 555	1 928	1 876	2 017	1 886	7 458	65 731	116 988	78 780		
Households	2400	5 778	9 484	1 051	1 439	17 255	1 192	5 557	55 215	97 167	80 853		
Other	2500	34	47	3	8	8	6	30	135	279	193		
Total By Customer Group	2600	38 539	12 086	2 983	3 323	19 280	3 086	13 041	121 082	214 414	159 906	–	–

The total debt book for July 2021 of R 211 716 750.7 (including current of R40,434,119 which is not yet due) has decreased by R3 905 501. from the previous financial year closing balance of R 175 188 132.64. Debt is made up of the following:

Residential debt:

R 64 590 020.67

Commercial debt

R 30 906 147.22

Government debt

R 113 326 062.43

Other

R 2 894 520.38

The municipality implements the credit control and debt collection policy.

There are two areas in which the municipality is not able to collect and the debt totals to

Maluti

R 46328619.6 (including current)

Cedarville

R 3,874,298.69 (including current)

The municipality makes use of debt collectors in implementing the credit and debt collection policy. A new service provider has been appointed to start looking at debt that is older than 90 days.

SECTION 5 -CREDITORS' ANALYSIS
Supporting Table SC4

EC441 Matatiele - Supporting Table SC4 Monthly Budget Statement - aged creditors - M01 July

Description	NT Code	Budget Year 2021/22								
R thousands		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100									-
Bulk Water	0200									-
PAYE deductions	0300									-
VAT (output less input)	0400									-
Pensions / Retirement deductions	0500									-
Loan repayments	0600									-
Trade Creditors	0700									-
Auditor General	0800									-
Other	0900									-
Total By Customer Type	1000	-	-	-	-	-	-	-	-	-

The municipality paid its creditors within 30 days for the month ended 31st July 2021.

SECTION 6- INVESTMENT POTFOLIO ANALYSIS

Conditional and Unconditional investment monitoring Information

Conditional Investments -Description	Opening Balance	Deposits	Withdrawals	Interest Earned	Closing Balance
Municipal Infrastructure Grant	10,000.00	16,364,013.75		(16,013.75)	16,374,013.75
INEP	818,331.87	19,002,869.86		(2,869.86)	19,821,201.73
Municipal Electrification Intervention	272,107.04	670.80	-	(670.80)	272,777.84
Smart Grid	54,503.14	134.40	-	(134.40)	54,637.54
Establishment Plan	193,695.52	312.28	(420.00)	(312.28)	193,587.80
Housing Development Fund	1,970,116.92	3,179.18		(3,179.18)	1,973,296.10
Dedea	599,530.35	967.46		(967.46)	600,497.81
Total Conditional Investments	**3,918,285**	**35,372,148**	**- 420**	**- 24,148**	**39,290,013**

Unconditional Investments -Description	Opening Balance	Deposits	Withdrawals	Interest Earned	Closing Balance
Call Acc STD CRR	56,884,582.18	-	-	(128,029.27)	56,884,582.18
Call Acc STD CRR	11,127,291.22	25,044.03	-	(25,044.03)	11,152,335.25
Call Acc STD CRR	21,294,186.30	106,504.11	-	(106,504.11)	21,400,690.41
Call ACC FNB Surplus Cash	6,805,395.80	-	-	(10,627.60)	6,805,395.80
Nedbank 32 Days	6,384,645.52	19,678.80	-	(19,678.80)	6,404,324.32
Nedbank relief fund	768,858.62	1,895.70	-	(1,895.70)	770,754.32
Nedbank COV -19 Solidalitry	92,995.02	229.70	-	(229.70)	93,224.72
Nedbank call Surplus	79,134,993.41	113,651,027.88	(79,200,000.00)	(217,976.27)	113,586,021.29
Nedbank Retention	26,715,591.40	65,874.00	-	(65,874.00)	26,781,465.40
Call Acc STD CRR		50,086,301.37	-	(86,301.37)	50,086,301.37
Total Unconditional	**209,208,539**	**113,804,380**	**- 79,200,000**	**- 662,161**	**293,965,095**
Total Investments					**333,255,108**

The municipality invests surplus funds in order to maximise the interest and to have cash readily available when needed and is done in line with the Cash Management and Investments policy. As at 31st July 2021 the conditional investments amounted to R39,290,013 and unconditional investments amounted to R293,965,095.

Total investments as at 31st July 2021 amounted to R333,255,108.

SECTION 7_ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

7.1 Supporting Table SC6

EC441 Matatiele - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M01 July

Description	Ref	2020/21	Budget Year 2021/22							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:										
Local Government Equitable Share		–	265,363	–	109,066	109,066	22,114	86,275	390.1%	265,363
Expanded Public Works Programme Integrated Grant			258,826		107,844	107,844	21,569	86,275	400.0%	258,826
Local Government Financial Management Grant			4,887		1,222	1,222	407			4,887
Municipal Disaster Grant			1,650				138			1,650
Municipal Infrastructure Grant			–				–			–
Provincial Government:		–	650	–	–	–	54	–		650
Human Settlement Development							–	–		
IDP								–		
Libraries, Archives and Museums			650				54			650
Library Service										
Other transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–		–
[insert description]		–	–	–	–	–	–	–		–
Other grant providers:		–	–	–	–	–	–	–		–
				–	–		–	–		–
Total Operating Transfers and Grants	5	–	266,013	–	109,066	109,066	22,168	86,275	389.2%	266,013
Capital Transfers and Grants										
National Government:		–	145,471	–	35,348	35,348	12,123	–		145,471
Municipal Infrastructure Grant (MIG)			51,971		19,000	19,000	4,331			51,971
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]			93,500		16,348	16,348	7,792			93,500
Other capital transfers [insert description]								–		
Provincial Government:		–	–	–	–	–	–	–		–
District Municipality:		–	–	–	–	–	–	–		–
Other grant providers:		–	–	–	–	–	–	–		–
Total Capital Transfers and Grants	5	–	145,471	–	35,348	35,348	12,123	–		145,471
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	–	411,484	–	144,414	144,414	34,290	86,275	251.6%	411,484

The transfers recognised represents the allocations as promulgated in the National and Provincial Division of Revenue Acts respectively. The first trenches for Equitable share , Municipal Infrastructure grant, Integrated National electrification programme and Expanded public works programme.

7.2 Supporting Table SC7

EC441 Matatiele - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M01 July

Description	Ref	2020/21	Budget Year 2021/22							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		–	265 363	–	16 453	16 453	22 114	–		265 363
Local Government Equitable Share			255 826		15 506	15 506	21 969	–		255 826
Expanded Public Works Programme Integrated Grant			4 887		783	783	407	–		4 887
Local Government Financial Management Grant			1 650		164	164	138	–		1 650
Municipal Disaster Grant			–					–		
Municipal Infrastructure Grant								–		
0								–		
0								–		
Provincial Government:		–	650	–	–	–	–	–		650
Human Settlement Development		–						–		
IDP			850					–		850
Libraries, Archives and Museums								–		
Library Service								–		
Other transfers/grants [insert description]								–		
District Municipality:		–	–	–	–	–	–	–		–
[insert description]		–	–	–	–	–	–	–		–
Other grant providers:		–	–	–	–	–	–	–		–
0				–	–	–	–	–		
Total operating expenditure of Transfers and Grants:		–	266 013	–	16 453	16 453	22 114	–		266 013
Capital expenditure of Transfers and Grants										
National Government:		–	145 471	–	13 559	13 559	12 123	–		145 471
Municipal Infrastructure Grant (MIG)			51 971		8 180	8 180	4 331	–		51 971
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]			93 500		5 379	5 379	7 792	–		93 500
0								–		–
0								–		
0								–		
Other capital transfers [insert description]								–		
Provincial Government:		–	–	–	–	–	–	–		–
0		–	–	–	–	–	–	–		–
0								–		
District Municipality:		–	–	–	–	–	–	–		–
0		–	–	–	–	–	–	–		–
Other grant providers:		–	–	–	–	–	–	–		–
0		–	–	–	–	–	–	–		–
Total capital expenditure of Transfers and Grants		–	145 471	–	13 559	13 559	12 123	–		145 471
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		–	411 484	–	30 012	30 012	34 236	–		411 484

Expenditure performance on grants amounted to R30,million for the month ended 31st July 2021.

The equitable share is used for the day to day running of the Municipality.

SECTIONS 8_EXPENDITURE ON COUNCILLOR AND EMPLOYEE RELATED COSTS

Supporting Table C8

EC441 Matatiele - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M01 July

Summary of Employee and Councillor remuneration R thousands	Ref	2020/21 Audited Outcome	Budget Year 2021/22 Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		12 087	13 681	–	1 011	1 011	1 140	(130)	-11%	13 681
Pension and UIF Contributions		741	808	–	61	61	67	(6)	-9%	808
Medical Aid Contributions		534	141	–	65	65	12	53	450%	141
Motor Vehicle Allowance		129	136	–	15	15	11	3	29%	136
Cellphone Allowance		2 279	2 391	–	199	199	199	(10)	-5%	2 391
Housing Allowances		4 204	4 532	–	350	350	378	(28)	-7%	4 532
Other benefits and allowances		–	–	–	–	–	–	–		–
Sub Total - Councillors		19 974	21 690	–	1 690	1 690	1 807	(117)	-6%	21 690
% Increase	4		8.6%							8.6%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		1 084	3 200	–	80	80	267	(187)	-70%	3 200
Pension and UIF Contributions		79	139	–	6	6	12	(6)	-50%	139
Medical Aid Contributions		–	121	–	–	–	10	(10)	-100%	121
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		–	–	–	–	–	–	–		–
Motor Vehicle Allowance		577	1 813	–	49	49	151	(102)	-67%	1 813
Cellphone Allowance		–	–	–	–	–	–	–		–
Housing Allowances		577	1 390	–	49	49	116	(67)	-58%	1 390
Other benefits and allowances		170	499	–	13	13	42	(28)	-68%	499
Payments in lieu of leave		–	–	–	–	–	–	–		–
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations	2	–	–	–	–	–	–	–		–
Sub Total - Senior Managers of Municipality		2 479	7 162	–	197	197	597	(399)	-67%	7 162
% Increase	4		188.9%							188.9%
Other Municipal Staff										
Basic Salaries and Wages		75 969	87 626	–	6 398	6 398	7 302	(904)	-12%	87 626
Pension and UIF Contributions		12 615	14 324	–	1 020	1 020	1 194	(174)	-15%	14 324
Medical Aid Contributions		5 569	5 134	–	372	372	428	(55)	-13%	5 134
Overtime		1 941	1 916	–	216	216	160	57	36%	1 916
Performance Bonus		5 961	6 332	–	269	269	528	(259)	-49%	6 332
Motor Vehicle Allowance		4 996	4 832	–	457	457	403	54	13%	4 832
Cellphone Allowance		6	6	–	1	1	1	(0)	-2%	6
Housing Allowances		–	2 531	–	–	–	211	(211)	-100%	2 531
Other benefits and allowances		4 324	2 399	–	385	385	200	185	93%	2 399
Payments in lieu of leave		3 621	–	–	3	3	–	3	#DIV/0!	–
Long service awards		167	–	–	33	33	–	33	#DIV/0!	–
Post-retirement benefit obligations	2	–	–	–	–	–	–	–		–
Sub Total - Other Municipal Staff		115 259	125 099	–	9 155	9 155	10 425	(1 270)	-12%	125 099
% Increase	4		8.5%							8.5%
Total Parent Municipality		137 712	153 951	–	11 042	11 042	12 829	(1 787)	-14%	153 951

Remuneration related expenditure for the month ended 31st July 2021 amounted to R 11, million of the expenditure R1,6 million relates to Remuneration of Councillors and R9,1 million to Managers and staff.

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

QUALITY CERTICATE

I, **Lizo Matiwane**, the Municipal Manager of Matatiele Local Municipality do hereby certify that-

The monthly budget statements (Section 71 Report) on the implementation of the budget and financial state of affairs of the municipality for the month ended 31st July 2021 has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

Print Name: Lizo Matiwane

Municipal Manager of Matatiele Local Municipality

Signature: _____

Date: 16/08/21