COJ: GOVERNANCE TECHNICAL CLUSTER	**2025-05-**
COJ: GOVERNANCE SUB-MAYORAL	**2025-05-**
COJ: EMT	**2025-05-**
COJ: MAYORAL COMMITTEE	**2025-05-**
GROUP ACCOUNTING	

CITY OF JOHANNESBURG

GROUP FINANCE

SECTION 71 REPORT

PERIOD ENDED 31 MARCH 2025

T.R.m

T-R-B

CITY OF JOHANNESBURG MFMA IN-YEAR FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2025

1. STRATEGIC THRUST

- Good Governance
- Financial Sustainability

2. OBJECTIVE

The Accounting Officer is required, in terms of the Municipal Finance Management Act, 2003 (the MFMA (Act No. 56 of 2003)) Section 71, and the Municipal Budget and Reporting Regulations (MBRR) Government Gazette 32141 of 17 April 2009, to submit to the mayor of a municipality a report in a prescribed format to review the performance of the budget compared to actual results monthly.

This report sets out the progress on the financial performance of the City of Johannesburg against the budget for the period ended 31 March 2025, in compliance with Section 71 of the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA).

3. SUMMARY

The attached in-year report (Annexure A) provides a high-level summary of Consolidated Monthly budget statement period ending 31 March 2025 in the prescribed format. Material variances will be briefly referred to in this report. Reasons for variances are provided for material variances that are below 5% for revenue and above 5% for expenditure.

The actual year-to-date revenue variance is -2%, R1.1 billion under performance [March 2024: 1%]. The actual operating expenditure is above budget by less than 1%, R101 million [March 2024: 2%]. The net result is an operating surplus of R1.8 billion against a year-to-date (YTD) budgeted surplus of R3 billion.

The Capital budget for the 2024/25 financial year amounts to R7.7 billion after the approval of the adjusted budget at Council. The total actual expenditure (excluding commitments) to date amounts to R3.2 billion (41%) of the adjusted budget.

TRym

The total opening and closing investment balances including cash for the month of March 2025 were R3.5 billion and R5.6 billion respectively. This shows an increase of R2 billion during the month as indicated in the table below:

Mar-25	OPENING R	CLOSING R
Operational Call Deposits	399,209,896.94	2,092,208,170.43
Operational Term Deposits	-	-
Standard Bank Primary Account Balance	1,771,842,170.12	790,080,854.19
Absa Primary Account Balance	8,233,942.03	133,764,009.14
TOTAL UNENCUMBERED	**2,179,286,009.09**	**3,016,053,033.76**
Contingency Reserve Fund	1,177,076.28	401,177,076.28
Unfunded Liability Fund	2,030,000.00	2,030,000.00
COID	279,500,000.00	279,500,000.00
Capital Grants	-	-
Capital Replacement Reserve	35,063,454.89	538,266,534.74
Non-Sweeping Bank Accounts	1,039,830,139.41	1,336,427,065.13
TOTAL ENCUMBERED	**1,357,600,670.58**	**2,557,400,676.15**
TOTAL INVESTMENTS	**3,536,886,679.68**	**5,573,453,709.91**

Table 1: Cash Balances as at 31 March 2025; Source – Bank Statements

Mar-25	OPENING R	CLOSING R
Cash and Cash Equivalents	535,830,022.00	935,679,562.38
Interest Rate swaps	-6,434,566.00	-23,347,436.74
Tradable Instruments Portfolio	368,637,807.00	310,578,585.00
TOTAL SINKING FUND INVESTMENTS	**898,033,263.00**	**1,222,910,710.64**

Table 1a: Sinking Fund Balance as at 31 March 2025 including Accrued Interest: Source –Sinking Fund AFS and Bank Statements

- Total unencumbered balances increased by R837 million during the month, which was primarily driven by the increase in the operational call deposits portfolio. Total encumbered balances increased by R1.2 billion during this same period, with the highest increase being in the contingency reserve and capital replacement reserve portfolios.
- The Sinking Fund balances closed R325 million higher at R1.2 billion, with an increase of R400 million in the cash and cash equivalents portfolio. The tradable instruments decreased with an amount of R58 million. These movements are attributable to contributions amounting to R320 million and market movements. The interest rate swaps reflect a negative movement of R17 million during the month of March.
- A contribution of R500 million and R260 million was injected into the Fund during July 2023 and April 2024, respectively. Additional contributions for the collective amount of R480m was injected into the fund during September 2024, October 2024, and March 2025.

T.R.M

Cash movements analysis:

Inflows for the month of March 2025 amounted to R10.1 billion versus outflows of R8.1 billion (inclusive of payments for bulk purchases of electricity and water, as well as salaries city-wide). The resulting net movement was an increase of R2 billion as depicted below.

Mar-25	
Description	**R**
Cash Collections	4,188,168,251.28
Revenue cash collections paid into Primary and Ordinary bank accounts	42,769,546.80
Direct Payments into MOE Revenue accounts	8,847,555.66
Prepaid Collections	217,508,519.46
Other Income (Interest Received, Vat Refund, Licensing Fees)	327,049,811.78
Operating Grants and Subsidies	4,451,728,241.30
Positive Sweepings and Non-Sweeping Movements	872,205,880.85
Total Cash Inflows	10,108,277,807.13
Outflows	
Description	**R**
Operational and Capital Expenditure and Treasury Transactions*	-7,392,513,700.84
Negative Sweepings and Non-Sweeping Movements	-679,197,076.06
Total Cash Outflows	-8,071,710,776.90
Net Movement	2,036,567,030.23

Summary Table 1.1 Cash Movements as at 31 March 2025

Cash outflows were less than the inflows resulting in a positive movement on the overall cash balances. The inflows for the month of March include cash collection: R4.2 billion, receipts paid directly into MOE bank accounts: R8.8 million; cash collection paid into the Ordinary and Primary bank accounts: R42.8 million, Prepaid collections of R218 million, other income: R327 million and operating grants and subsidies amounting to R4.4 billion.

Financial Year 2024/25 Grant funding:

The table below indicates the level of grant funding received year to date up to 31 March 2025.

TRYM

Grant Name	YTD Adjusted Forecast per National Treasury Schedule R	YTD Actual per Adjusted National Treasury Schedule R	Variance R
Operational			
Equitable Share Grant	7,237,542,000	7,237,542,000	-
Fuel Levy Grant	4,127,608,000	4,127,608,000	-
Total Operational Grants	**11,365,150,000**	**11,365,150,000**	-
Conditional			
Urban Settlements Development Grant	1,919,693,000	1,919,693,000	-
Neighbourhood Development Partnership Grant	114,695,000	114,695,000	-
Infrastructure Skills Develoment Grant	6,500,000	6,500,000	-
Programme and Project Preparation Support Grant	65,234,000	65,234,000	-
Informal Settlements Upgrading Grant	739,714,000	739,714,000	-
Public Transport Network Grant	727,471,000	727,471,000	-
Expanded Public Works Programme	4,967,000	4,967,000	-
Electricity Demand-Side Management	7,000,000	7,000,000	-
Financial Management Grant	1,000,000	1,000,000	-
Total Conditional Grants	3,586,274,000	3,586,274,000	-
Total Local Government Grants	14,951,424,000	14,951,424,000	-

Table 4.1 – Source: National Treasury and Bank Statements

As indicated in the previous month, the USDG and PTNG tranches were delayed by National Treasury with underspending cited for being the cause. The delay in disbursements amounted to R1.1 billion. The outcome of the discussions resulted in the disbursements being received in March 2025.

The final tranche of the Fuel Levy Grant was received in March 2025; although the fund was received, the accounting entries will only be done the following month, which is April 2025. The grant is apportioned in the Income Statement monthly through journals as can be seen in the C4- Monthly Budget Statement – Finance Performance.

Financial Year 2024/25 Conditional Grants Performance
The table below depicts the year-to-date expenditure as at 31 March 2025 against Financial Year 2024/25 allocations.

FY2024/25				
Conditional Grant Name	YTD Allocations received R	Expenditure R	Unspent R	% Expenditure against YTD Allocations received
USDG	1,919,693,000.00	1,088,908,749.06	830,784,250.94	57%
NDPG	114,695,000.00	71,233,765.00	43,461,235.00	62%
ISDG	6,500,000.00	4,813,986.00	1,686,014.00	74%
PPPSG	65,234,000.00	11,579,789.04	53,654,210.96	18%
ISUPG	739,714,000.00	382,908,171.01	356,805,828.99	52%
PTNG	727,471,000.00	257,480,000.00	469,991,000.00	35%
EPWP	4,967,000.00	3,725,244.00	1,241,756.00	75%
EEDSM	7,000,000.00	4,418,221.00	2,581,779.00	63%
FMG	1,000,000.00	750,033.00	249,967.00	75%
Totals	3,586,274,000.00	1,825,817,958.11	1,760,456,041.89	51%

TR JM

Funding Activities:

Short-term funding facilities are utilised to assist with liquidity management within the financial year.

EXTERNAL FUNDING FY2024/25		
Banks	Available Facility R	Utilized Facility R
STD Bank	-	-
DBSA	3,000,000,000.00	2,800,000,000.00
Total	3,000,000,000.00	2,800,000,000.00

Table 5: External Facilities; Source – CoJ Treasury

Profit And Cost Centres Movements Analysis:

According to the City's business model, key cash generators are City Power, Joburg Water, Pikitup and Rates & Taxes. Cash generators or profit centres fund overall City operations including City cost centres like the Community Development Department. Table 3 below depicts movements and balances on sweeping and non-sweeping bank accounts for the month ended 31 March 2025 for all MOEs.

As depicted in the over-generalizations for the month ended 31 March 2025, City Power, JDA, Joshco, Metrobus, Propcom Portfolio, JHB Roads and MTC remain overdrawn.

TR:m

Entity	End of February Balance R	Monthly Inflows R	Monthly Outflows R	Net Movement R	End of March Balance R
City Power	**-15,250,445,180.24**	1,751,268,406.23	-1,949,531,073.28	-198,262,667.05	**-15,448,707,847.29**
Joburg Water	3,005,200,593.44	1,310,440,882.75	-1,025,694,314.69	284,746,568.06	3,289,947,161.50
Pikitup	1,144,194,092.70	488,578,810.39	-351,604,206.98	136,974,603.41	1,281,168,696.11
Parks Zoo	941,547,981.28	12,973,278.08	-125,962,516.35	-112,989,238.27	828,558,743.01
Fresh Produce	438,818,487.33	7,707,015.55	-118,643,755.91	-110,936,740.36	327,881,746.97
JDA	**-1,181,565,596.23**	14,413,262.19	-150,963,989.88	-136,550,727.69	**-1,318,116,323.92**
Joshco	**-1,574,519,089.03**	8,561,301.86	-104,136,134.42	-95,574,832.56	**-1,670,093,921.59**
Metro Bus	**-495,724,822.90**	56,264,965.15	-45,428,308.84	10,836,656.31	**-484,888,166.59**
Propcom	409,608,626.21	61,579,314.88	-16,149,272.23	45,430,042.65	455,038,668.86
Propcom Portfolio	**-183,165,004.15**	5,553,896.89	-3,778,847.46	1,775,049.43	**-181,389,954.72**
Roads	**418,136,607.12**	**316,883,849.19**	**-994,465,750.13**	**-677,581,900.94**	**-259,445,293.82**
MTC	**-958,856,421.55**	298,612,881.02	-96,915,413.80	201,697,467.22	**-757,158,954.33**
JTC	72,210,053.72	25,888,232.44	-6,254,149.85	19,634,082.59	91,844,136.31
Core	16,751,446,351.91	9,440,446,411.52	-6,773,077,744.09	2,667,368,667.43	19,418,815,019.33
Total Sweepings and Balances	**3,536,886,679.63**			**2,036,567,030.23**	**5,573,453,709.89**

Table 3: Sweeping movements including Intercompany Transactions: Source: Sweeping and Bank Statements

Inflows for the month of March versus outflows resulted in a positive net movement of R2 billion.

The table below indicates that revenue generated by these entities were slightly higher than the expenditure cash outflows. This led to the positive movement for the month.

	YTD Net Movement									
Entity	July 2024 R	Aug 2024 R	Sept 2024 R	Oct 2024 R	Nov 2024 R	Dec 2024 R	Jan 2025 R	Feb 2025 R	Mar 2025 R	YTD R
City Power	-1,560,964,132.28	-1,659,732,703.35	-1,639,205,962.74	734,674,860.73	-1,232,112,101.96	2,127,240,833.29	-969,670,443.18	344,742,677.52	-198,262,667.05	-4,053,289,639.02
Joburg Water	-861,866,455.73	39,977,219.80	121,839,034.38	23,580,521.70	-733,941,968.07	670,184,067.04	293,487,027.99	641,203,266.36	284,746,568.06	479,209,281.53
Pikitup	-261,726,857.00	100,695,734.95	-6,084,777.74	-170,357,941.06	21,876,598.56	335,759,322.24	93,270,429.92	-98,345,326.12	136,974,603.41	152,061,787.16
Parks Zoo	-127,554,054.76	-91,900,700.09	45,272,660.88	123,736,247.92	-123,222,967.49	123,248,701.20	-81,842,862.53	-16,330,317.68	-112,989,238.27	-261,582,530.82
Fresh Produce	-32,088,790.77	168,005,216.19	-21,335,933.31	53,805,688.56	8,183,522.39	61,237,496.35	-46,790,742.63	-68,358,876.20	-110,936,740.36	11,720,840.22
JDA	-117,030,455.15	-121,941,729.05	-18,485,878.14	-17,418,089.46	-4,395,471.29	23,758,112.89	-43,215,666.86	75,972,200.29	-136,550,727.69	-359,307,704.46
Joshco	-18,225,767.62	-286,482,352.76	-23,121,627.66	-18,427,875.52	75,076,526.94	-16,200,066.79	-46,151,977.22	68,107,525.91	-95,574,832.56	-361,000,447.28
Metro Bus	37,858,895.18	-198,672,458.98	-34,180,606.96	74,185,739.53	-42,423,914.95	77,329,506.26	-30,030,142.56	85,637,995.30	10,836,656.31	-19,458,330.87
Propcom	-32,283,301.61	-4,819,207.86	-30,672,314.26	65,144,118.83	19,592,515.95	147,487,459.67	-50,488,904.34	3,959,969.31	45,430,042.65	163,350,378.34
Propcom Portfolio	3,133,205.93	-42,285,742.58	17,621,783.20	9,168,793.93	-73,343,897.58	16,318,015.42	-6,649,198.57	-10,639,290.13	1,775,049.43	-84,901,280.95
Roads	-120,253,041.58	-220,798,179.81	-12,896,288.66	40,947,636.12	228,898,911.02	-187,242,683.46	54,471,789.17	458,747,081.06	-677,581,900.94	-435,706,677.08
MTC	-136,061,553.19	-485,526,204.42	38,499,840.89	-50,409,127.64	-44,647,085.95	143,901,021.67	-29,282,651.00	1,932,982.71	201,697,467.22	-359,895,309.71
JTC	-5,275,192.41	-11,215,713.47	23,978,630.06	-6,109,446.34	-8,349,977.38	25,302,960.01	-3,291,615.59	-10,926,158.13	19,634,082.59	23,747,569.34

Table 3.1(a): Sweeping movements analysis.

The above table reflects the MEs net movements for the month of July 2024-March 2025.

T.M

February 2025 Billing & March 2025 Collections: YTD Billing & Collections

	Billing	Collections (Note 1)	%	Total Billing	Total Collections	%
	Feb 2025	Mar 2025		YTD: Jun'24 to Feb'25	YTD: Jul'24 to Mar'25	
	R 000's	R 000's		R 000's	R 000's	
Rates	1 531 549	1 358 377	88.7%	13 597 408	11 912 539	87.6%
Electricity	1 899 093	1 890 980	99.6%	18 811 393	17 900 682	95.2%
Water	1 707 812	1 292 575	75.7%	15 881 081	11 736 230	73.9%
Refuse	290 353	222 843	76.7%	2 687 568	1 981 427	73.7%
TOTAL	**5 428 807**	**4 764 775**	**87.8%**	**50 977 450**	**43 530 878**	**85.4%**

Note 1: Receipts are generally allocated to services in proportion to the total debt outstanding on an account.

The city billed R5.4 billion in February 2025 with R4.8 billion collected in March 2025 resulting in a monthly collection rate of 87.8%. The year-to-date billing as at 28 February 2025 is R50.1 billion with R43.5 billion collected as at 31 March 2025 resulting in a year-to-date collection rate of 85.4%.

Reconciliation between Treasury banking and RSSC collections

The table reflects the difference between the cash collections as reported by Treasury and RSSC.

Description	Mar 2025	YTD
	R 000's	R 000's
Balance as reported by Treasury	4 457 294	40 913 178
Deposits reflected by Treasury in previous month	77 710	576 470
Refunds, Deposits and Sundry Revenue	-52 371	-366 326
Water: Industrial Effluent and Cross-Boundary Sales	48 533	301 430
Difference in electricity and water prepaid sales	920	-27 688
E-Joburg	81 078	674 367
Non-Cash Items:		
Staff Accounts	8 500	81 765
Departmental Settlements	143 111	1 377 682
Total Revenue as per Revenue Collection Report	**4 764 775**	**43 530 878**

March 2025 deposits of R77.7 million are mainly as a result of the monthly timing differences that occur due to electronic payments received at the end of the month and reflected on the

ECm

Treasury Bank Statement for that month. These deposits are uploaded to the accounts and will only reflect in the following month on the debtor accounts.

Revenue Performance: Actual vs. Budget

Description		Feb 2025	Mar 2025
Budget Billing	R 000	5 445 004	6 410 988
Actual Billing	R 000	5 428 807	5 444 423
Shortfall (-) / Surplus (+) in Billing	R 000	-16 197	-966 565
Budget Collection	R 000		5 995 811
Actual Revenue Collection	R 000		4 764 775
Shortfall (-) / Surplus (+) in Collections	R 000		-1 231 036
Actual Billing vs. Budgeted Billing	%	99.7%	84.9%
Actual Collection vs. Budgeted Collection	%		79.5%
Budgeted Collection (Mar) vs Budgeted Billing (Feb)	%		110.1%
Actual Collections (Mar) vs. Actual Billing (Feb)	%		87.8%

The actual billing of R5 428 807 billion for February 2025 was R 16.1 million below the budgeted billing of R5 445 004 billion. The actual collection of 4.8 billion for March 2025 was R1.2 billion below the budgeted collection of R6 billion. Actual collection of 87.8% is 22.3% below the budgeted collection of 110.1%.

4. POLICY IMPLICATION

None.

4. LEGAL AND CONSTITUTIONAL IMPLICATIONS

The city is progressively working towards full mSCOA compliance through the SAP Business Transformation Process, with its various release strategies. This report includes the schedules that represent the modules and components of SAP that can be produced using a hybrid of the SAP Budget Planning and Consolidation module and some manual interventions.

6. FINANCIAL IMPLICATIONS

None

7. COMMUNICATION IMPLICATIONS

None.

8. COMPLIANCE WITH MUNICIPAL STANDARD CHART OF ACCOUNTS (mSCOA)

The primary objective of the mSCOA regulation is to achieve uniformity across all governments (municipalities and municipal entities). All municipalities were expected to transact in line with the seven mSCOA segments from 01 July 2017.

The City does not have an mSCOA system for transacting; however, the City is still required to submit financial information to the National Treasury in terms of the seven mSCOA segments, and the project team is currently developing an interim reporting solution. The month 09 mSCOA data strings was submitted to the National Treasury on the 14th of April 2025.

9. OTHER DEPARTMENTS/BODIES CONSULTED

The Core Departments and the Municipal Owned Entities are required to provide the details as contained in this report under the approval of each Chief Financial Officer monthly.

The table below highlights the compliance of departments and entities with the Section 71 process (Trial balance upload on Reporting platform by 5th working day):

No	Entity/Department	Operational Expenditure	Capital Expenditure
1	Core (All departments)	Yes	Yes
2	City Power	Yes	Yes
3	Joburg Water	Yes	Yes
4	Pikitup	Yes	Yes
5	Joburg Roads Agency	Yes	Yes
6	Joburg Development Agency	Yes	Yes
7	Metrobus	Yes	Yes
8	Joburg City Parks and Zoo	Yes	Yes
9	Joburg Property Company	Yes	Yes
10	Metro Trading Company	Yes	Yes
11	Joburg City Theatres	Yes	Yes
12	JOSCHO	No	No
13	Joburg Fresh Produce Market	Yes	Yes
14	Joburg Tourism Company	Yes	Yes

T.N.R.M

10. KEY PERFORMANCE INDICATOR

In-year budget monitoring in compliance with the MFMA.

It is recommended that.

- That the contents of this report with the attached Annexure A be noted.

Author: Phindile Tshezi
Assistant Director: Financial Analysis
011 021 3350

CHARITY-ANN WURAYAYI
GROUP HEAD GROUP ACCOUNTING

SENIOR LEGAL ADVISOR
GROUP LEGAL AND CONTRACTS

MALOPE RAMAGAGA
ACTING GROUP HEAD: RSSC

DATE

MABANDLA SIBISI
ACTING GROUP HEAD: TREASURY AND FINANCIAL STRATEGY AND PLANNING

DATE

TEBOGO MORAKA
GROUP CHIEF FINANCIAL OFFICER

DATE

MS Arnolds

COUNCILLOR MARGARET ARNOLDS
MMC GROUP FINANCE

DATE