CITY OF JOHANNESBURG

GROUP FINANCE

SECTION 71 REPORT

PERIOD ENDED 28 FEBRUARY 2025

CITY OF JOHANNESBURG MFMA IN-YEAR FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 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 28 February 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 28 February 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 4%, R1.9 billion over performance [Feb 2024: - 4%]. The actual operating expenditure is above budget by 1%, R375 million [Feb 2024: 1%]. The net result is an operating surplus of R592 million against a year-to-date (YTD) budgeted deficit of R904 million.

The Capital budget for the 2024/25 financial year amounts to R7.4 billion after the approval of the medium-term budget in Council. The total actual expenditure (excluding commitments) to date amounts to R2.6 billion (35%) of the medium-term budget.

The total opening and closing investment balances including cash for the month of February 2025 were R1.7 billion and R3.5 billion respectively. This shows an increase of R1.8 billion during the month as indicated in the table below:

Feb-25	OPENING R	CLOSING R
Operational Call Deposits	48,227,236.81	399,209,896.94
Operational Term Deposits	-	-
Standard Bank Primary Account Balance	365,134,778.95	1,771,842,170.12
Absa Primary Account Balance	8,358,057.05	8,233,942.03
TOTAL UNENCUMBERED	421,720,072.81	2,179,286,009.09
Contingency Reserve Fund	1,177,076.28	1,177,076.28
Unfunded Liability Fund	2,030,000.00	2,030,000.00
COID	279,600,000.00	279,600,000.00
Capital Grants	-	-
Capital Replacement Reserve	35,063,454.89	35,063,454.89
Non-Sweeping Bank Accounts	996,591,622.20	1,039,830,139.41
TOTAL ENCUMBERED	1,313,362,153.37	1,357,600,670.58
TOTAL INVESTMENTS	1,735,082,225.99	3,536,886,679.67

Table 1: Cash Balances as at 28 February 2025; Source – Bank Statements

Feb-25	OPENING R	CLOSING R
Cash and Cash Equivalents	532,442,758.00	535,830,022.00
Interest Rate swaps	-18,505,316.00	-6,434,566.00
Tradable Instruments Portfolio	379,801,687.00	368,637,807.00
TOTAL SINKING FUND INVESTMENTS	893,739,129.00	898,033,263.00

Table 1a: Sinking Fund Balance as at 28 February 2025 Including Accrued Interest: Source –Sinking Fund AFS and Bank Statements

- Total unencumbered balances increased by R1.8 billion during the month, which was primarily driven by the increase in the primary bank account. Total encumbered balances increased by R44 million during this same period, with the highest increase being in the non-sweeping portfolio. The combined movement resulted in the overall total balance increase of R1.8 billion.
- The Sinking Fund balances closed R4.3 million higher at R898 million, with an increase of R3.4million in the cash and cash equivalents portfolio. The tradable instruments decreased with an amount of R11.1 million. These movements are in respect of market movements. The interest rate swaps reflect a positive movement of R12 million during the month of February.
- Total contributions in 2020/21 and 2021/22 were R250 million and R312 million respectively. 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 R160 million was injected into the fund during September 2024 and October 2024.

Cash movements analysis;

Inflows for the month of February 2025 amounted to R9.5 billion versus outflows of R7.7 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 R1.8 billion as depicted below.

Feb-25	
Description	**R**
Cash Collections	4,016,051,900,27
Revenue cash collections paid into Primary and Ordinary bank accounts	85,057,875,95
Direct Payments into MOE Revenue accounts	9,179,346,45
Prepaid Collections	199,447,933,47
Other Income (Interest Received, Vat Refund, Licensing Fees)	390,029,804,77
Operating Grants and Subsidies	257,137,000,00
Short-term Loan	2,800,000,000,00
Positive Sweepings and Non-Sweeping Movements	1,783,148,611,99
Total Cash Inflows	9,540,122,372.90
Outflows	
Description	**R**
Operational and Capital Expenditure and Treasury Transactions*	-7,305,920,908.89
Negative Sweepings and Non-Sweeping Movements	-432,397,010.33
Total Cash Outflows	-7,738,317,919,22
Net Movement	1,801,804,453.68

Summary Table 1.1 Cash Movements as at 28 February 2025

Cash outflows were less than the inflows resulting in a positive movement on the overall cash balances. The inflows for the month of February include cash collection: R4 billion, receipts paid directly into MOE bank accounts: R9.2 million; service charges related receipts paid into the Ordinary and Primary bank accounts: R85 million, Prepaid collections of R199 million, other income: R390 million and operating grants and subsidies amounting to R257 million and a short-term loan of R2.8 billion.

Financial Year 2024/25 Grant funding:

The table below indicates the level of grant funding received year to date up to 28 February 2025.

Grant Name	YTD Forecast per National Treasury Schedule	YTD Actual per Adjusted National Treasury Schedule	[illegible]
Operational			
Equitable Share Grant	5,678,701,000	5,406,342,000	-272,359,000
Fuel Levy Grant	2,751,738,000	2,751,738,000	-
Total Operational Grants	8,430,439,000	8,158,080,000	-272,359,000
Conditional			
Urban Settlements Development Grant	1,953,667,000	1,172,200,000	-781,467,000
Neighbourhood Development Partnership Grant	82,499,000	82,499,000	-
Infrastructure Skills Develorment Grant	6,000,000	6,000,000	-
Programme and Project Preparation Support Grant	31,387,000	31,387,000	-
Informal Settlements Upgrading Grant	739,714,000	739,714,000	-
Public Transport Network Grant	919,731,000	300,000,000	-619,731,000
Expanded Public Works Programme	4,947,000	4,947,000	-
Electricity Demand-Side Management	7,000,000	7,000,000	-
Financial Management Grant	1,000,000	1,000,000	-
Total Conditional Grants	3,745,945,000	2,344,747,000	-1,401,198,000
Total Local Government Grants	12,176,384,000	10,502,827,000	-1,673,557,000

Table 4.1 – Source: National Treasury and Bank Statements

A revised amount (R236 million lower) for the first Public Transport Network Grant (PTNG) tranche, was transferred. Adjustment of the allocation was due to non-compliance with the PTNG Framework on the newly procured AFC system and the massive underperformance on passenger numbers. The 2nd PTNG tranche due in November, was transferred on the 09th of December 2024 for an amount of R150 million. This tranche was reduced by R77 million. The cumulative reduction for both tranches received is R313 million.

The USDG and PTNG tranches were delayed by National Treasury with underspending cited for being the cause. The delay in disbursements amounts to R1.1 billion. The outcome of the discussions resulted in the disbursements coming through in March 2025.

Furthermore, R256 million was received for the Informal Settlements Upgrading Grant.

Financial Year 2024/25 Conditional Grants Performance

The table below depicts the year-to-date expenditure as at 28 February 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	1,172,200,000.00	955,183,222.76	217,016,777.24	81%
NDPG	82,499,000.00	62,801,788.00	19,697,212.00	76%
ISDG	6,000,000.00	4,813,986.10	1,186,013.90	80%
PPPSG	31,387,000.00	10,914,511.89	20,472,488.11	35%
ISUPG	739,714,000.00	330,807,800.26	408,906,199.74	45%
PTNG	300,000,000.00	211,270,000.00	88,730,000.00	70%
EPWP	4,947,000.00	3,311,328.00	1,635,672.00	67%
EEDSM	7,000,000.00	4,418,221.00	2,581,779.00	63%
FMG	1,000,000.00	666,696.00	333,304.00	67%
Totals	2,344,747,000.00	1,584,187,554.01	760,559,445.99	68%

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 28 February 2025 for all MOEs.

As depicted in the sweeping statements for the month ended 28 February 2025, City Power, JDA, Joshco, Metrobus, Propcom Portfolio, JHB Roads and MTC remain overdrawn.

Entity	End of January Balance R	Monthly Inflows R	Monthly Outflows R	Net Movement R	End of February Balance R
City Power	-16,690,187,807.70	2,300,218,069.33	-1,955,476,391.81	344,742,677.52	-16,250,446,100.24
Joburg Water	2,363,997,327.08	1,300,371,346.63	-659,168,080.27	641,203,266.36	3,006,200,693.44
Pikitup	1,242,539,418.82	23,464,552.26	-121,809,878.38	-98,345,326.12	1,144,194,092.70
Parks Zoo	957,978,298.96	202,865,658.10	-219,195,975.79	-16,330,317.68	941,647,981.28
Fresh Produce	507,177,363.53	7,224,554.00	-75,583,430.20	-68,358,876.20	436,810,487.33
JDA	-1,257,537,796.52	151,992,731.58	-76,720,531.29	75,272,200.29	-1,181,565,596.23
Joshco	-1,642,626,614.94	116,228,140.36	-48,120,614.45	68,107,525.91	-1,574,519,089.03
Metro Bus	-591,362,818.20	109,511,059.79	-23,873,964.49	85,637,995.30	-495,724,822.90
Propcom	405,648,656.90	35,517,302.05	-31,557,412.74	3,959,969.31	409,608,626.21
Propcom Portfolio	-172,525,714.02	15,033,823.87	-25,673,114.00	-10,639,290.13	-183,165,004.15
Roads	-40,610,473.94	594,508,318.65	-135,861,237.59	458,747,081.06	418,136,607.12
MTC	-960,788,404.26	63,437,530.83	-61,504,548.12	1,932,982.71	-958,856,421.55
JTC	83,136,211.85	3,055,187.84	-13,981,345.97	-10,926,158.13	72,210,053.72
Core	16,425,345,628.42	7,844,091,116.89	-7,517,990,392.40	326,100,723.49	16,751,446,351.91
Total Sweepings and Balances	1,736,082,226.94			1,801,904,463.68	3,536,986,679.67

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

Inflows for the month of February versus outflows resulted in a positive net movement of R1.8 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	YTD R
City Power	-1,560,064,132.28	-1,659,732,703.35	-1,039,205,962.74	734,674,860.73	-1,232,112,101.96	2,127,240,633.28	-969,670,443.18	344,742,677.52	-3,855,026,971.97
Joburg Water	-801,808,465.73	39,977,219.80	121,839,834.38	23,660,521.70	-733,941,968.07	670,104,067.04	293,487,927.89	641,203,266.36	194,462,713.47
Pikitup	-281,726,857.00	100,695,734.95	-6,084,777.74	-170,357,941.06	21,870,598.56	335,789,322.24	93,270,429.92	-98,345,326.12	15,087,183.76
Parks Zoo	-127,654,054.76	-91,900,700.09	45,272,660.88	129,736,247.92	-123,222,967.49	123,248,701.20	-81,842,862.63	-16,330,317.68	-148,693,292.05
Fresh Produce	-32,088,760.77	169,005,216.19	-21,330,933.31	63,806,608.56	8,183,522.39	61,237,486.35	-46,790,742.63	-68,358,876.20	122,667,580.58
JDA	-117,030,456.16	-121,941,729.05	-18,436,878.14	-17,418,089.40	-4,395,471.29	23,768,112.89	-43,216,666.86	75,272,200.29	-222,786,976.77
Joshco	-18,225,767.62	-286,482,352.76	-28,121,627.68	-18,427,875.52	75,076,526.94	-16,200,066.79	-46,161,977.22	68,107,525.91	-265,425,014.72
Metro Bus	37,858,805.18	-190,672,458.98	-34,180,606.96	74,186,739.53	-42,423,914.95	77,329,506.26	-30,030,142.56	85,637,995.30	-30,294,907.18
Propcom	-32,283,301.61	-4,819,207.80	-30,072,314.28	55,144,118.83	19,692,515.95	147,487,459.67	-50,488,904.34	3,959,969.31	117,920,335.69
Propcom Portfolio	3,193,205.93	-42,285,742.68	17,821,783.20	9,108,793.93	-73,343,897.58	16,318,016.42	-6,649,198.67	-10,639,290.13	-86,676,330.38
Roads	-120,269,041.58	-220,798,179.81	-12,006,269.68	40,947,636.12	228,898,911.02	-187,242,683.46	64,471,789.17	458,747,081.06	241,876,223.86
MTC	-136,061,653.19	-486,628,204.42	38,490,840.89	-50,409,127.64	-44,647,086.95	143,901,021.67	-20,282,651.90	1,932,982.71	-561,692,778.93
JTC	-5,275,102.41	-11,215,713.47	23,978,830.06	-9,109,446.34	-8,349,077.38	26,302,980.01	-3,281,615.59	-10,926,158.13	4,113,403.76

Table 3.1(a): Sweeping movements analysis

The above table reflects the ME net movements for the month of July 2024-February 2025.

January 2025 Billing & February 2025 Collections: YTD Billing & Collections

	Billing	Collections (Note 1)	%	Total Billing	Total Collections	%
	Jan 2025	Feb 2025		YTD: Jun'24 to Jan'25	YTD: Jul'24 to Feb'25	
	R 000's	R 000's		R 000's	R 000's	
Rates	1 455 094	1 365 414	93.8%	12 065 859	10 554 162	87.5%
Electricity	1 993 450	1 932 060	96.9%	16 912 300	16 009 702	94.7%
Water	1 753 887	1 305 108	74.4%	14 173 269	10 443 655	73.7%
Refuse	295 688	210 357	71.1%	2 397 215	1 758 584	73.4%
TOTAL	5 498 119	4 812 939	87.5%	45 548 643	38 766 103	85.1%
Note 1: Receipts are generally allocated to services in proportion to the total debt outstanding on an account.						

The city billed R5.5 billion in January 2025 with R4.8 billion collected in February 2025 resulting in a monthly collection rate of 85.5%, which is above the budgeted collection rate of 84.2% for the month of February 2025. The year-to-date billing as at 31 January 2025 is R45.6 billion with R38.8 billion collected as at 28 February 2025 resulting in a year-to-date collection rate of 85.1%.

Reconciliation between Treasury banking and RSSC collections

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

Description	Feb 2025	YTD
	R 000's	R 000's
Balance as reported by Treasury	4 309 737	36 455 884
Deposits reflected by Treasury in previous month	255 870	498 760
Refunds, Deposits and Sundry Revenue	-23 695	-313 955
Water: Industrial Effluent and Cross-Boundary Sales	32 177	252 897
Difference in electricity and water prepaid sales	-2 408	-28 608
E-Joburg	76 451	593 289
Non-Cash Items:		
Staff Accounts	9 201	73 265
Departmental Settlements	156 606	1 234 571
Total Revenue as per Revenue Collection Report	**4 812 939**	**38 766 103**

The February 2025 deposits of approximately R255,9 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 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		Jan 2025	Feb 2025
Budget Billing	R 000	5 454 791	6 445 004
Actual Billing	R 000	5 498 119	6 428 807
Shortfall (-) / Surplus (+) in Billing	R 000	43 328	-16 197
Budget Collection	R 000		4 662 066
Actual Revenue Collection	R 000		4 812 939
Shortfall (-) / Surplus (+) in Collections	R 000		150 873
Actual Billing vs. Budgeted Billing	%	100.8%	99.7%
Actual Collection vs. Budgeted Collection	%		103.2%
Budgeted Collection (Feb) vs Budgeted Billing (Jan)	%		85.5%
Actual Collections (Feb) vs. Actual Billing (Jan)	%		87.5%

The actual billing of R5.5 billion for January 2025 was R 43 million below the budgeted billing of R5.4 billion. The actual collection of R4.8 billion for February 2025 was R150 million below the budgeted collection of R4.7 billion. Actual collection of 87.5% is 2% above the budgeted collection of 85.5%.

4. POLICY IMPLICATION

None.

5. 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 08 mSCOA data strings was submitted to the National Treasury on the 14th of March 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	Yes	Yes
13	Joburg Fresh Produce Market	Yes	Yes
14	Joburg Tourism Company	Yes	Yes

10. KEY PERFORMANCE INDICATOR

In-year budget monitoring in compliance with the MFMA.

COJ: GOVERNANCE TECHNICAL CLUSTER	2025-04-
COJ: GOVERNANCE SUB-MAYORAL	2025-04-
COJ: EMT	2025-04-
COJ: MAYORAL COMMITTEE	2025-04-
GROUP ACCOUNTING	

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

pp Ntuthuzelo April
Acting Group Head: Group Accounting

CHARITY-ANN WURAYAYI
GROUP HEAD GROUP ACCOUNTING

SENIOR LEGAL ADVISOR
GROUP LEGAL AND CONTRACTS

05/05/2025
DATE

MALOPE RAMAGAGA
ACTING GROUP HEAD: RSSC

05 May 2025
DATE

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

12/05/2025
DATE

TEBOGO MORAKA
GROUP CHIEF FINANCIAL OFFICER

12/05/2025
DATE

COUNCILLOR MARGARET ARNOLDS
MMC GROUP FINANCE