CITY OF JOHANNESBURG

GROUP FINANCE

SECTION 71 REPORT

PERIOD ENDED 31 JANUARY 2022

CITY OF JOHANNESBURG MFMA IN-YEAR FINANCIAL REPORT FOR THE PERIOD ENDED 31 January 2022

1. STRATEGIC THRUST

The Multi-Party Government (MPG) identified seven (7) Mayoral priorities, that the SDBIP aims to achieve. Amongst other priorities, the priority relevant to GF is "A well-run City''.

This essentially means that

- Joburg must become a centre of clean, honest government that puts residents first, spends money wisely and is a pleasure to deal with.
- We must improve customer service and providing customers with services that meet their individual needs and circumstances must be prioritised.

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 January 2022, 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 January 2022 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 -5%, R1.8 billion under performance [January 2020: 3%], the actual operating expenditure is under budget by 3%, R1.3 billion [January 2020: -5%]. The net result is an operating deficit of R13.7 million against a year-to-date (YTD) budgeted deficit of R570 million.

The approved Capital budget for the 2021/22 financial year amounts to R8.2 billion. The total actual expenditure (excluding commitments) to date amounts to R2 billion (25%) of the approved budget.

The total opening and closing investment balances including cash for the month of January 2022 were R3.9 billion and R3.5 billion respectively. This shows a decrease of R434 million during the month as indicated in Table 1 below.

Jan-22	OPENING	CLOSING
Operational Call Deposits	38 951 947	40 726 791
Operational Term Deposits	-	-
Standard Bank Primary Account Balance	709 647 268	723 377 816
Absa Primary Account Balance	411 253 219	3 017 802
TOTAL UNENCUMBERED	**1 159 852 434**	**767 122 409**
Contingency Reserve Fund	136 177 076	136 177 076
Unfunded Liability Fund	2 030 000	2 030 000
COID	200 300 000	200 300 000
Capital Grants	-	
Capital Replacement Reserve	16 541 251	16 594 636
Non-Sweeping Bank Accounts	2 424 660 231	2 383 794 166
TOTAL ENCUMBERED	**2 779 708 558**	**2 738 895 878**
TOTAL INVESTMENTS	**3 939 560 992**	**3 506 018 288**

Table 1: Cash Balances as at 31 January 2022; Source – Bank Statements

Jan-22	OPENING	CLOSING
Cash and Cash Equivalents	1 854 729 952	1 860 007 594
Tradable Instruments Portfolio	1 091 425 726	1 091 931 277
TOTAL SINKING FUND INVESTMENTS	**2 946 155 678**	**2 951 938 872**

Table 1a: Sinking Fund Balance as at 31 January 2022: Source –Sinking Fund AFS and Bank Statements

- Total unencumbered balances decreased by R393 million during the month, which was primarily driven by a decrease in the primary accounts as a result of overall outflows for the month being more than inflows from operations.

- Total encumbered balances decreased by R41 million during this same period, with the most decrease being in the non-sweeping's portfolio. The combined movement resulted in the overall total balance decrease of R434 million. Non-sweeping's portfolio includes accounts held for specific purposes e.g. developers' contributions.

- The Sinking Fund balances closed R5.7 million higher at R3 billion, with an increase in both the cash and cash equivalents and tradable instruments portfolios.

- In addition, contributions into the Fund were stopped around May 2018. The reason for this was that the Fund was being investigated by GFIS and they wanted minimal movements within the Fund accounts as this could've obscured the context of certain transactions which needed to be investigated. The pause in contributions was for a total period of 2 years. When it started being visible that the funding position of the fund was being severely compromised because of the pause in contributions, contributions were resumed in 2020/21.

- Total contributions to the Sinking Fund in 2020/21 were R250 million. Contributions in the current year have reached R312 million so far, with at least one more contribution due in the current year. The Fund remains adequately funded for the next three years; however, it must be noted that the City will not be able to miss any contributions going forward if the City wishes to maintain the positive funding status.

Cash movements analysis:

Inflows for the month of January amounted to R4, 463 billion versus outflows of R4, 897 billion. The resulting net movement was a decrease of R434 million made up as depicted in Table 1.1.

Jan-22	
Description	**R '000**
Cash Collections	3 275 578,65
Revenue cash collections paid into Primary and Ordinary bank accounts	146 810,31
Direct Payments into MOE Revenue accounts	10 178,72
Prepaid Collections	132 320,40
Operating Grants and Subsidies	31 362,00
Other Income (Interest Received, Vat Refund, Licensing Fees)	611 872,08
Positive Sweepings and Non-Sweeping Movements	255 076,51
Total Cash Inflows	4 463 198,67
Outflows	
Description	**R '000**
Operational and Capital Expenditure and Treasury Transactions*	-4 290 885,12
Negative Sweepings and Non-Sweeping Movements	-605 856,26
Total Cash Outflows	-4 896 741,38
Net Movement	-433 542,70

Summary Table 1.1 Cash Movements as at 31 January 2022

- Treasury transactions include loan repayments and finance charges as per the Redemption Schedule.

- Other income includes licensing fees amounting to R127 million, VAT Refund of R373 million and interest received for R19 million.

- The decline in the cash movement from December 2021 to January 2022 was as a result of a shortfall in revenue cash collections and no grant receipts in the month of January compared to December. During December the City received grants amounting to R3 billion compared to R31 million in January, although the inflows are per the National Treasury Schedule. Also, the expenditure during December was higher, as the CoJ had to settle obligations as per the Loan Redemption Schedule.

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 January 2022 for all MOEs.

As depicted in the sweeping statements for the month ended 31 January 2022, City Power, JDA, Metrobus, Joshco and Propcom Portfolio were overdrawn.

Entity	End of December Balance	Monthly Inflows	Monthly Outflows	Net Movement	End of January Balance
City Power	**-6 781 789 295,01**	1 449 427 801,65	-1 398 688 146,47	50 739 655,18	**-6 731 049 639,83**
Joburg Water	519 863 341,96	739 894 511,17	-928 734 858,49	-188 840 347,32	331 022 994,64
Pikitup	306 742 112,46	216 718 609,78	-244 520 675,33	-27 802 065,55	278 940 046,91
Parks Zoo	767 680 671,69	108 389 069,84	-93 785 435,06	14 603 634,78	782 284 306,47
Fresh Produce	376 315 874,62	34 262 532,79	-28 056 246,92	6 206 285,87	382 522 160,49
JDA	**-858 441 548,79**	46 469 087,29	-27 107 300,01	19 361 787,28	**-839 079 761,51**
Joshco	**-999 871 939,52**	65 710 526,31	-74 586 107,55	-8 875 581,24	**-1 008 747 520,76**
Metro Bus	**-176 124 073,70**	2 574 094,29	-36 562 988,16	-33 988 893,87	**-210 112 967,57**
Propcom	187 245 245,41	63 969 140,56	-27 356 476,68	36 612 663,88	223 857 909,29
Propcom Portfolio	**-236 020 888,99**	11 489 016,36	-	11 489 016,36	**-224 531 872,63**
Roads	69 707 125,15	251 770 861,98	-178 161 716,40	73 609 145,58	143 316 270,73
MTC	748 211 176,46	10 718 176,60	-355 179 617,94	-344 461 441,34	403 749 735,12
Core	10 016 043 191,86	4 230 901 457,58	-4 273 098 021,54	-42 196 563,96	9 973 846 627,89
Total Sweepings and Balances	**3 939 560 992,59**	**7 232 294 885,20**	**-7 665 837 591,55**	**-433 542 704,35**	**3 506 018 288,24**

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

Over the last few years, there have been operational challenges in a number of municipal owned entities that have resulted in their sweeping balances having negative closing balances on a monthly basis (overdrawn accounts). However, because the City runs a cross subsidisation model, with all bank accounts sweeping into the primary bank account at the end of each day, those entities with negative balances are covered by those (including Core) that have positive balances. On an overall basis the City still maintains a positive cash balance. However, the operational challenges that result in the negative balances need to be addressed and these include but are not limited to:

- City Power historic operational challenges on high levels of non-technical losses i.e., bulk purchases of electricity not translating to billed revenue and therefore cash in the bank. City Power has put forward several proposals to address the overdraft including various turn around strategies and the proposal to convert the overdraft to equity. The City as the shareholder is still to approve the proposals including whether to provide additional funding required for some of the turnaround interventions.

- Delays in payment of claims by other entities and departments for work done by JPC, JDA, Joshco. Work done by the entity will already have been paid for to the supplier however delays in reimbursements by other departments and entities result in the overdrawn balances.
- Metrobus is in overdraft due to a historical bus financing model, where the City advanced a loan to Metrobus for the purchase of buses while the entity does not generate surpluses from which to repay the loan. There have also been some proposals made to the City as the shareholder on how to remedy this situation by possibly converting the loan to equity. The proposal is still under consideration by Group Treasury.

December 2021 Billing & January 2022 Collections; Year to Date Billing & Collections:

	Billing	Collections (Note 1)	%	Total Billing	Total Collections	%
	Dec 2021	Jan 2022		YTD: Jun'21 to Dec'21	YTD: Jul'21 to Jan'22	
	R 000's	R 000's		R 000's	R 000's	
Assessment Rates	1 230 811	1 146 268	93.1%	8 148 048	7 590 538	93.2%
Electricity	1 606 484	1 396 315	86.9%	12 325 935	11 215 083	91.0%
Water	1 340 917	924 026	68.9%	9 625 829	7 021 073	72.9%
Refuse	233 564	172 660	73.9%	1 615 333	1 218 104	75.4%
TOTAL	**4 411 776**	**3 639 269**	**82.5%**	**31 715 145**	**27 044 798**	**85.3%**
Note 1: Receipts are generally allocated to services in proportion to the total debt outstanding on an accou						

The City billed R4.4 billion in December 2021 compared to R3.6 billion collected in January 2022. The year-to-date billing as at 31 December 2021 is R31.7 billion compared to R27 billion collected as at 31 January 2022 which translates to a year-to-date performance of 85.3%.

Revenue collections performance for the first half of the year has been below the budgeted target of 90%. The under-performance is largely due to continued economic pressure on both residential and institutional customers that has made it difficult to honour payments for municipal services rendered. Under such circumstances the City would rely on attorney collections as well as disconnection of services to push customers to pay. However, during this period, the City's pretermination notice contract had reached expiry therefore limiting the City's ability to enforce disconnections. A new contract has however been in place since end of December 2021 and will be optimally utilised as part of the Revenue war room initiatives. The revenue war room involves role players across the entire revenue value chain and is aimed at ensuring optimal performance for both billing and collections. It was put in place half-way through the month of January and the output of the initiative will be seen in the coming months.

The under-performance noted in revenue collection which affects cash in the bank, is a key consideration in the projected performance to year end and will determine the final allocations in the adjustment budget.

Description	**Jan 2022**	**YTD**
	R 000's	**R 000's**
Balance as reported by Treasury	3 564 888	26 488 960
Deposits reflected by Treasury in previous month	-57 953	11 070
Refunds, Deposits and Sundry Revenue	-40 973	-344 739
Water: Industrial Effluent and Cross-Boundary Sales	22 704	129 318
Difference in electricity and water prepaid sales	616	-12 841
Non-Cash Items:		
Staff Accounts	5 007	36 079
Departmental Settlements	144 980	736 951
Total Revenue as per Revenue Collection Report	**3 639 269**	**27 044 798**

Reconciliation between Treasury banking and RSSC collections

The January deposits of approximately R58 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 RSSC Revenue Collections Report.

Revenue Performance: Actual vs. Budget

Description		Dec 2021	Jan 2022
Budget Billing	R 000	4 899 463	4 594 850
Actual Billing	R 000	4 411 776	4 202 832
Shortfall (-) / Surplus (+) in Billing	R 000	-487 687	-392 018
Budget Collection	R 000		4 165 077
Actual Revenue Collection	R 000		3 639 269
Shortfall (-) / Surplus (+) in Collections	R 000		-525 808
Actual Billing/collection vs. Budgeted Billing/collection	%	90%	91.5%
Actual Collection vs. Budgeted Collection	%		87.4%
Budgeted Collection (Jan) vs. Budgeted Billing (Dec)	%		85.0%
Actual Collections (Jan) vs. Actual Billing (Dec)	%		82.5%

The actual billing of R4.4 billion for December 2021 was R487 million below the budgeted billing of R4.9 billion mainly due to lower-than-expected volumes consumed in the month for water and electricity that was anticipated. The actual collection of R3.6 billion for January 2022 was R520 million below the budgeted collection of R4.2 billion. This collection rate performance of 82.5% for January 2022 was 2.5% below the 85% budgeted collection rate for the month.

Budgeted billing and budgeted collection numbers are determined based on seasonal performance trends tracked in previous years. Any under performance against these targets indicates a deviation from planned performance and should be rectified in the coming months to ensure the full year targets are achieved. Failure to achieve the full year revenue target would mean reduction of expenditure in the adjustment budget to align with attainable revenues based on projected performance.

Performance on billing and collections needs to be enhanced in the remaining months of the financial year to ensure the City can meet its daily operational and capital requirements funded by internally generated funding.

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 August 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 – 07 mSCOA data strings was submitted to the National Treasury on the 14th of February 2022.

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:

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

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.

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ACTING GROUP HEAD: RSSC

09/05/2022
DATE

SINOVUYO MPAKAMA
GROUP HEAD: TREASURY AND FINANCIAL STRATEGY AND PLANNING

09/05/2022
DATE

MANENZHE MANENZHE
GROUP CHIEF FINANCIAL OFFICER

09/05/2022
DATE

JULIE SUDDABY

COUNCILLOR JULIE SUDDABY
MMC GROUP FINANCE

10 May 2022
DATE

Annexure A

In-Year Report

Budget year: 2021/22

Reporting Period: Month 07

January 2022

PART 1: IN-YEAR REPORT

1.1 Mayor's Report

On 27 May 2021, Council approved the 2021/22 Medium-term Revenue and Expenditure Framework (MTREF) for the City of Johannesburg. This gives effect to the financial plan of the City of Johannesburg, which includes its entities.

1.2 Executive Summary

The financial results of the City of Johannesburg for period ended 31 January 2022 are summarised as follows:

Consolidated Monthly budget statement - summary

The summary of the consolidated monthly budget statement as reflected in table C4 provides the following information:

- Revenue by source;
- Expenditure by type; and
- Transfers recognised.

The table provides information related to the unaudited outcome, original budget and the performance for the period under review, YTD variance and YTD percentage variance.

The total revenue excludes capital transfers and contributions. The reasons for variances are captured in Table SC1 of this report.

The operating revenue that was realized, excluding capital transfers and contributions, reflects a negative variance of R1.8 billion against the YTD budget for the period ended 31 January 2022.

The operating expenditure is underspent by R1.3 billion, against year-to-date expenditure budget of R37.7 billion.

Summary of Capital Expenditure

The following tables show the total budget (including that of the municipal entities) of R8.2 billion. The actual year to date expenditure (excluding commitments) amounts to R2 billion (25%) while total expenditure including commitments to date amounts to R3 billion (37%) of the approved budget.

Capital Expenditure per funding source as at 31 January 2021:

Description (R million)	Budget 20/21	YTD Exp	Commit- ments	Total Exp	% Spent
CoJ Loans	3,000	613	139	752	25%
CRR / Cash	1,845	413	208	621	34%
Nat Grant	381	97	-	97	25%
Prov Grant	-	-	-	-	0%
USDG	1,668	595	7	602	36%
Other	384	186	81	267	69%
Total CoJ	7,278	1,905	434	2,339	32%

Capital Expenditure per funding source as at 31 January 2022:

(R million)	21/22	Exp	ments	Exp	Spent
CoJ Loans	3 032	675	285	960	32%
CRR / Cash	2 600	628	393	1 022	39%
Nat Grant	113	27	-	27	24%
Prov Grant	-	-	-	-	0%
USDG	1 213	423	96	518	43%
USIP	646	154	74	227	35%
Other	553	137	87	224	40%
Total CoJ	8 157	2 044	935	2 979	37%

When compared to the previous year, overall spending (including commitments) has increase by 5%.

USDG is the highest spending funding source at 43%, while National grant (mostly Public Transport Network Grant and Neighbourhood Partnership Grant) is the least spent funding source at 24%. Spending on PTNG funded projects is impacted by delays in the claims process for work done by JDA as implementing agent on behalf of transport department. While work has progressed on the ground, expenditure will only be recorded under transport once the claims have been processed.

USDG Recovery proposals

	Project Progress Status	Challenges	Remedial Measures
Health	Naledi Clinic with an allocation of R44 million. • The construction commenced in March 2021. • Although the contractor reported the **construction progress as 60%,** the professional team **is dissatisfied with the contractor performance** thus far. The project is also **eight weeks behind schedule**. To date, R7 million has been spent on the project.	• The construction work is progressing extremely slowly and the **quality of work is below acceptable standards.**	• The project management company **(Johannesburg Development Agency) is in the process of terminating the services of the main contractor and replacing the contractor with the second highest scoring bidder**. • The project had a budget of R44 million. The cashflow projection to June 2022 has been revised to R24 million pending the replacement of the main contractor by March 2022. Hence the department has requested that the **project budget be decreased R24 million in the adjustment budget process**. The **R20 million is earmarked to be allocated to Housing Department projects**.
City Power	**Contractor is expected to establish site 1 February 2022**. **84% of the material required for the substation has been ordered** and 89% of the overhead lines material has also been ordered. The project budget is **R100 million and will be fully spent by June 2022.**	**Overseas Suppliers in Europe & China were disrupted by the fourth wave** of the COVID-19 virus that brought change in the lockdown regulations.	• Overseas orders on track for delivery. • Installation of materials will commence in February / March 2022. • **Installation of the overhead lines to be done in April** • **Project on track to be completed before 30 June 2022**
Johannesburg Water	The USDG budget allocated to Johannesburg Water is R315.06 million for 2021/22 FY. The expenditure as at end of December 2021 was R124.01 million representing **39% progress**. **The entity planned to spend 40% of the budget during this period and the variance was attributed to delays experienced in procurement mainly of sewer projects** (Bulk Wastewater Treatment).	• The sewer portfolio was affected by procurement processes. • Some projects affected by public participation process due to local government election period where public meetings could not be arranged.	• To improve USDG performance, the **budget has been re-allocated from projects with high risk of not spending (still in procurement) to performing projects that are committed and in construction.** The construction commencement schedule was also amended. • **Fast tracking of the public participation process for new projects**

	Project Progress Status	Challenges	Remedial Measures
Johannesburg Roads Agency.	• The Johannesburg Roads Agency (JRA) was allocated a budget of R125 million and has spent R59m to **date (47%)**	• The **poor performance of service providers.**	• The termination of the **Mayibuye gravel roads contract was finalized, the new contractor was appointed** and construction is underway. • The **replacement engineer was appointed for the Bram Fischerville Conversion,** designs are complete and approval was obtained. • **Increased resources committed to the projects**, e.g. more than one contractor appointed per project to allow concurrent implementation. • **Contractors have implemented accelerated programs** where required or possible, e.g. increase size or number of teams per activity. • All service providers have already been appointed and **funds are fully committed.** • All projects are at various stages of implementation with **full expenditure projected by 30 June 2022.**
Housing	R277m spent of the allocated R629m allocated (43%)	• **Contractor performance issues** that created construction delays on the following projects, namely, Braamfisherville, Lakeside and Lehae. • **Project delays due to encroachments into servitudes along the service lines** – Malibongwe Ridge project. • **Delays in procurement of contractors because the panel of contractors for JRA had expired**; New appointment is at evaluation stage (Drieziek and Kanana). • **Work stoppages by SMME's** (Kanana and Tshepisong proper).	• With regard to contractor performance issues, the following was implemented: **Imposing penalties, request for submission of an acceleration plan and lastly termination of contract should the problem persist.** • Transit camp constructed to house the community members that were encroaching on the servitude lines. • **Initiated discussions with JDA and JOSHCO to utilise their panel of contractors**. • .

Consolidated Summary - Capital Expenditure as 31 January 2022:

Description (R million)	Budget 21/22	YTD Exp	Commit-ments	Total Exp	% Spent
Economic Development	13	3	3	6	45%
EISD	68	2	-	2	3%
Transportation	400	36	-	36	9%
Community Development	144	9	126	135	94%
Health	119	12	9	22	18%
Social Development	76	14	59	73	96%
Forensic	5	0	0	0	8%
Ombudsman	1	-	-	-	0%
Office of the City Manager	613	4	52	56	9%
Speaker	5	0	-	0	2%
Group ICT	556	79	321	400	72%
Group Finance	28	-	0	0	0%
Group Corporate Services	355	0	-	0	0%
Housing	1 159	290	50	340	29%
Development Planning	150	64	0	64	43%
Public Safety	169	48	4	52	31%
Total Core Administration	3 861	562	623	1 185	31%

Description (R million)	Budget 21/22	YTD Exp	Commit-ments	Total Exp	% Spent
City Power	950	283	225	507	53%
Johannesburg Water	1 141	382	-	382	34%
Pikitup	180	58	30	87	49%
Jhb Roads Agency	733	338	30	369	50%
Metrobus	148	9	-	9	6%
Jhb City Parks and Zoo	103	18	8	26	25%
Jhb Development Agency	214	63	-	63	29%
Jhb Property Company	57	17	-	17	30%
Metro Trading Company	34	23	15	38	113%
Joburg Market	80	29	-	29	36%
JOSHCO	648	258	-	258	40%
Joburg City Theatres	12	4	4	7	63%
Total MEs	4 297	1 482	311	1 794	42%

The following departments and entities have low spending:

- Ombudsman 0% - Procurement still in progress
- Group Finance 0% - main component is valuation roll which is still under procurement
- Group Corporate Services 0% - procurement process still to be finalised for specialised and red fleet which make up the bulk of the budget allocation
- EISD 3%

- Transportation 9% - Work is progressing on the ground however there are delays in the processing of claims for work done by the implementing agent – JDA.
- Forensic 8% - delays in procurement
- Office of the City Manager 9% - Main components of the budget relate to turnkey projects for Orange Farm, Ivory Park and Kliptown. Work is being implemented by various implementing agents e.g., JRA and JDA who must still process claims for work down. Projects cashflows will be assessed in the adjustment budget to align budget for the remainder of the year with what is realistic to spend in the remaining months.
- Speaker 2% - procurement delays
- Metrobus 6% - delays in procurement of the Automated fare collection project which may need to be deferred to the next financial year based on progress to date

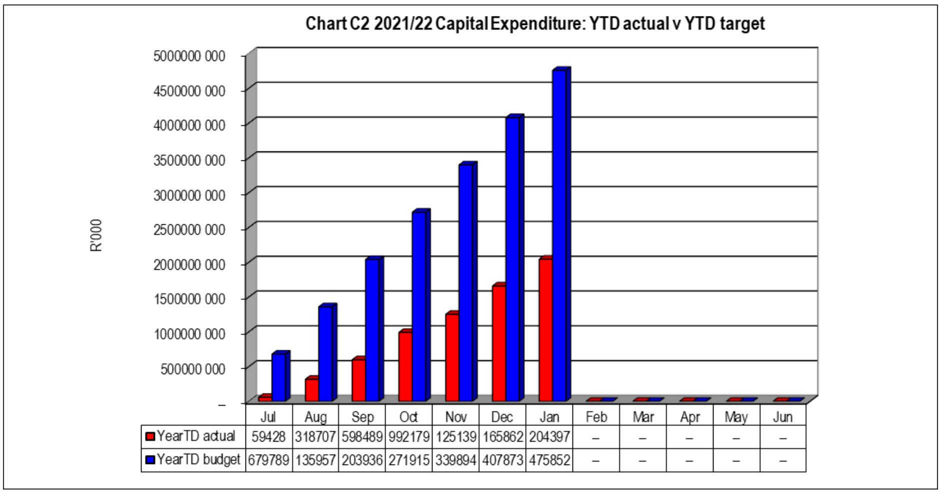
During the adjustment budget period, reallocation for projects with no spending and low spending will be considered and redirected to projects that have the potential for accelerated spending. Projects with no commitments may be considered for deferment to the next financial year.

Capital expenditure is monitored through the office of the COO and a progress report is provided quarterly. However the following proposals are made to improve capital spending going forward as quick wins (short term 6, 12 months)

- In the short term, a focused integrated service delivery programme must be implemented from now until June 2022 where infrastructure (particularly maintenance of existing infrastructure) plays a strong part.
- Also in the short term, the City must reallocate Capital budget in the mid-term to projects that are progressing well and will have a high impact in addressing service delivery related issues.
- It is also important to utilise the Infrastructure Steering Committee (ISC) to coordinate between Implementing Agents and Client Departments in the timeous processing of invoices in order to align on the ground delivery and expenditure (quick win).

Table SC12 (Annexure) provides an illustration of actual capital expenditure compared to the budget target on a monthly and year-to-date basis.

The Chart below is an illustration of the Capital expenditure YTD actual vs YTD budget target:



Cash Flow

The cash flow of the City of Johannesburg, as depicted in Tables C1 and C7, indicates the following:

- Cash and Cash equivalents as at the end of January 2022 amount to R 3.5 billion.
- The cash flow from operating activities is R1.2 billion.
- The cash flow from investing activities amount to R3.7 billion; negative, mainly related to outflows for capital expenditure.
- The cash flow from financing activities amount to R 623 million; negative, mainly related to repayment of borrowings.

Debtor Age Analysis

The debtors' report, as reflected in Tables C1 and SC3 has been prepared based on the format required to be lodged electronically with the National Treasury. This format provides an extended age analysis, as well as age analysis by debtor type. It must be noted that SAP system is currently not configured to provide service charges figures for the periods over 90 days, however the Revenue department has engaged with OCIO on this matter and the results will be seen once the matter has been resolved. This matter is receiving attention in the broader context of the SAP Business transformation process.

Tables C1 and SC3 (in Part 2 of this report) indicate that the total debtor's amount to R40.2 billion. However, Chart C3 below illustrates the Consumers debtors age analysis:

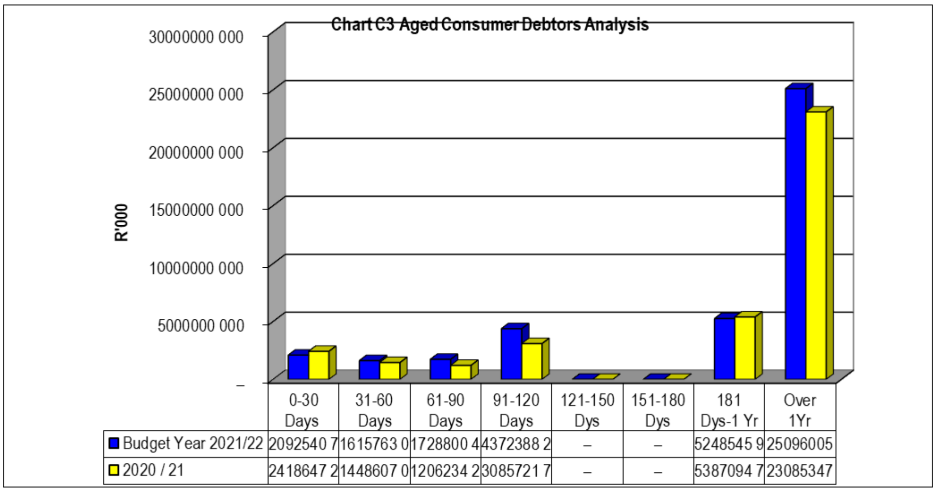


Chart C3 Aged Consumer Debtors Analysis
R'000
30000000 000
25000000 000
20000000 000
15000000 000
10000000 000
5000000 000
–
0-30 Days
31-60 Days
61-90 Days
91-120 Days
121-150 Dys
151-180 Dys
181 Dys-1 Yr
Over 1Yr
Budget Year 2021/22 | 2092540 7 | 1615763 0 | 1728800 4 | 4372388 2 | – | – | 5248545 9 | 25096005
2020 / 21 | 2418647 2 | 1448607 0 | 1206234 2 | 3085721 7 | – | – | 5387094 7 | 23085347

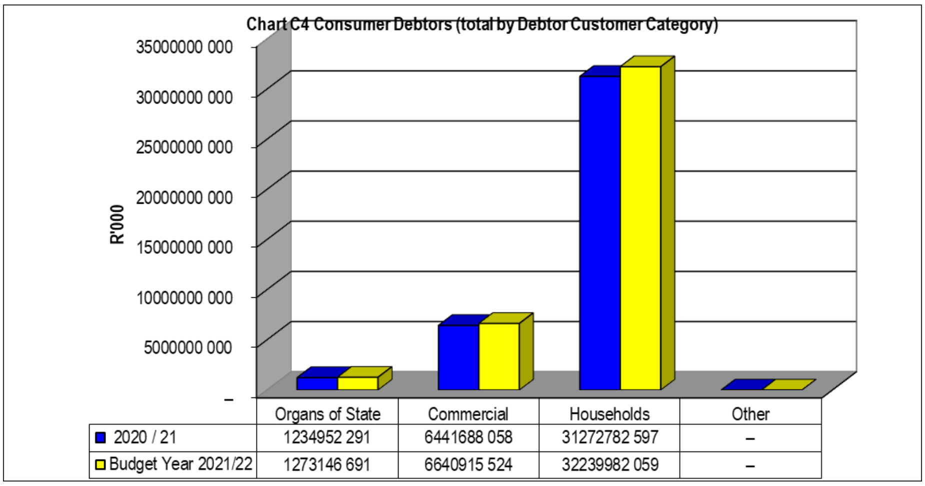


Chart C4 Consumer Debtors (total by Debtor Customer Category)
R'000
35000000 000
30000000 000
25000000 000
20000000 000
15000000 000
10000000 000
5000000 000
–
Organs of State
Commercial
Households
Other
2020 / 21 | 1234952 291 | 6441688 058 | 31272782 597 | –
Budget Year 2021/22 | 1273146 691 | 6640915 524 | 32239982 059 | –

Interventions / Actions

The following interventions / actions were implemented during January 2022 to increase collection levels:

(i) 6 019 accounts were identified for delivery of pre-termination notices, total value R3.3 billion of which R61 million were collected from 1 231 accounts.

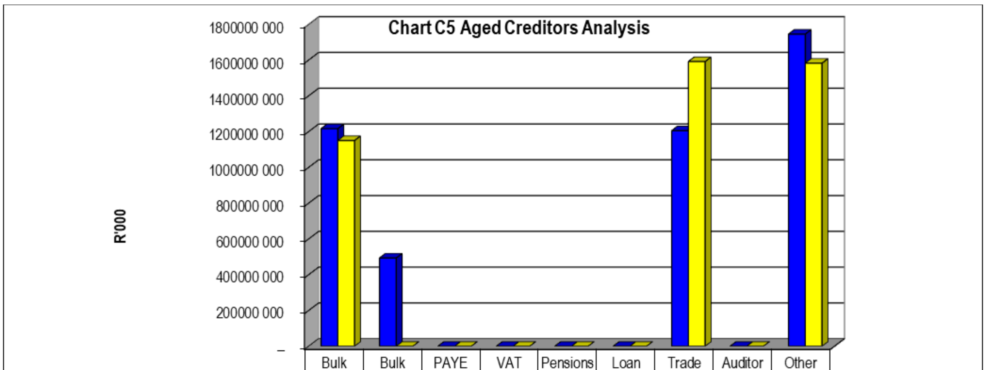
(ii) 3 365 accounts were identified for delivery of final notices, total value R475 million of which R8.7 million were collected from 414 accounts.

(iii) 68 electricity accounts were identified for disconnections, total value R43.2 million of which R1.9 million were collected from 40 accounts.

(iv) 61 water accounts were identified for disconnections, total value R10.8 million of which R300 000.00 were collected from 27 accounts.

Creditors' age analysis

Tables C1 and SC4 provide an extended age analysis by creditor type. The chart compares this month's results with that of the previous financial year, which shows the aged creditors per category.



	Bulk Electricity	Bulk Water	PAYE deductions	VAT (output less input)	Pensions / Retirement deductions	Loan repayments	Trade Creditors	Auditor General	Other
2020 / 21	1216407 0	493312 000	–	–	–	–	1205141 00	–	1744990 00
Budget Year 2021/22	1150092 07	–	–	–	–	–	1591633 12	–	1582428 76

Parent (Core) municipality's financial performance (Table SC10)

This disclosure is required by the National Treasury. Municipalities that have municipal entities should provide the monthly statement of financial performance for the parent municipality only.

Summary of municipal entities (Table SC11)

The City of Joburg has 12 municipal entities, as indicated in Table SC11:

This table summarises the revenue, operating expenditure, and capital expenditure for these entities. The reasons for the variance are captured in Table SC1.

1.3 In-year budget statement tables

The financial results for the period ended 31 January 2022 are reflected in Tables C1, C4, C6 and C7, and they are followed by the supporting documents contained in the SC Tables (SC1, SC3, SC4, SC10, SC11 and SC12). The tables listed above represent the modules and components of SAP that can be produced using a hybrid of the SAP Budget Planning and Consolidation (BPC) module and some manual interventions.

PART 2: SUPPORTING SCHEDULES

Table C1 – Monthly budget statement summary

JHB City Of Johannesburg - Table C1 Consolidated Monthly Budget Statement Summary - M07 January

Description	Budget Year 2021/22							
R thousands	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance								
Property rates	13 479 333	–	1 119 965	7 893 114	7 862 944	30 170	0%	13 479 333
Service charges	36 859 015	–	2 575 978	20 113 802	21 394 734	(1 280 932)	-6%	36 859 015
Investment revenue	330 905	–	57 171	116 685	191 508	(74 823)	-39%	330 905
Transfers and subsidies	10 724 018	–	333 672	6 535 291	6 334 284	201 007	3%	10 724 018
Other own revenue	4 453 511	–	209 216	1 807 669	2 524 838	(717 169)	-28%	4 453 511
	65 846 782	**–**	**4 296 002**	**36 466 560**	**38 308 309**	**(1 841 749)**	**-5%**	**65 846 782**
Total Revenue (excluding capital transfers and contributions)								
Employee costs	17 118 019	–	1 171 437	9 927 621	10 348 605	(420 983)	-4%	17 118 019
Remuneration of Councillors	187 015	–	13 572	93 087	109 092	(16 005)	-15%	187 015
Depreciation & asset impairment	4 332 706	–	313 389	2 180 852	2 524 297	(343 445)	-14%	4 332 706
Finance charges	3 177 846	–	411 684	1 486 727	1 852 717	(365 990)	-20%	3 177 846
Inventory consumed and bulk purchases	21 396 860	–	1 650 247	12 808 637	11 958 022	850 615	7%	21 396 860
Transfers and subsidies	512 293	–	7 804	38 801	306 396	(267 595)	-87%	512 293
Other expenditure	18 393 924	–	1 499 041	9 944 538	10 638 835	(694 297)	-7%	18 393 924
Total Expenditure	**65 118 662**	**–**	**5 067 175**	**36 480 263**	**37 737 963**	**(1 257 700)**	**-3%**	**65 118 662**
Surplus/(Deficit)	**728 120**	**–**	**(771 172)**	**(13 703)**	**570 346**	**(584 049)**	**-102%**	**728 120**
Transfers and subsidies - capital (monetary allocations) (National / Pro	1 972 300	–	83 052	627 436	1 164 636	(537 200)	-46%	1 972 300
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	553 178	–	26 943	223 044	221 742	1 302	1%	553 178
Surplus/(Deficit) after capital transfers & contributions	**3 253 598**	**–**	**(661 178)**	**836 777**	**1 956 723**	**(1 119 946)**	**-57%**	**3 253 598**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**3 253 598**	**–**	**(661 178)**	**836 777**	**1 956 723**	**(1 119 946)**	**-57%**	**3 253 598**
Capital expenditure & funds sources								
Capital expenditure	**8 157 478**	**–**	**385 345**	**2 043 973**	**8 157 478**	**(6 113 505)**	**-75%**	**8 157 478**
Capital transfers recognised	2 525 478	–	94 078	740 692	2 525 478	(1 784 786)	-71%	2 525 478
Borrowing	3 032 000	–	175 229	674 958	3 032 000	(2 357 042)	-78%	3 032 000
Internally generated funds	**2 600 000**	**–**	**116 038**	**628 323**	**2 600 000**	**(1 971 677)**	**-76%**	**2 600 000**
Total sources of capital funds	**8 157 478**	**–**	**385 345**	**2 043 973**	**8 157 478**	**(6 113 505)**	**-75%**	**8 157 478**
Financial position								
Total current assets	17 735 260	–		42 080 911				17 735 260
Total non current assets	89 277 813	–		33 147 544				89 277 813
Total current liabilities	17 208 272	–		35 680 939				17 208 272
Total non current liabilities	27 966 068	–		18 090 553				27 966 068
Community wealth/Equity	**61 838 733**	**–**		**18 731 906**				**61 838 733**
Cash flows								
Net cash from (used) operating	6 261 667	–	(186 660)	1 193 391	4 053 061	2 859 670	71%	6 261 667
Net cash from (used) investing	(8 120 901)	–	(221 910)	(3 673 430)	(5 673 360)	(1 999 930)	35%	(8 120 901)
Net cash from (used) financing	1 721 018	–	(24 973)	(622 764)	(764 740)	(141 975)	19%	1 721 018
Cash/cash equivalents at the month/year end	**4 701 465**	**–**	**3 506 018**	**3 506 018**	**2 134 234**	**(1 371 784)**	**-64%**	**4 701 465**
Debtors & creditors analysis	**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	1 615 763	1 728 800	4 372 388	–	–	5 248 546	25 096 006	40 154 044
Creditors Age Analysis								
Total Creditors	70 502	70 697	23 785	10 312	(1 856)	39 070	256 015	4 324 154

Table C4 - Monthly budget statement – Revenue and expenditure

JHB City Of Johannesburg - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 Janu

Description	Ref	Budget Year 2021/22							
R thousands		Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Source									
Property rates		13 479 333	–	1 119 965	7 893 114	7 862 944	30 170	0%	13 479 333
Service charges - electricity revenue		20 163 994	–	1 253 234	10 394 036	11 661 369	(1 267 333)	-11%	20 163 994
Service charges - water revenue		8 908 587	–	638 633	4 820 437	5 196 676	(376 239)	-7%	8 908 587
Service charges - sanitation revenue		5 544 750	–	481 824	3 483 146	3 234 438	248 708	8%	5 544 750
Service charges - refuse revenue		2 241 684	–	202 286	1 416 184	1 302 252	113 932	9%	2 241 684
Rental of facilities and equipment		486 989	–	26 156	206 121	270 331	(64 210)	-24%	486 989
Interest earned - external investments		330 905	–	57 171	116 685	191 508	(74 823)	-39%	330 905
Interest earned - outstanding debtors		429 081	–	50 886	247 644	250 313	(2 669)	-1%	429 081
Dividends received		–	–	–	–	–	–		–
Fines, penalties and forfeits		1 118 233	–	12 310	38 364	652 303	(613 938)	-94%	1 118 233
Licences and permits		8 741	–	1 459	5 220	5 099	121	2%	8 741
Agency services		350 061	–	26 859	203 985	204 202	(217)	0%	350 061
Transfers and subsidies		10 724 018	–	333 672	6 535 291	6 334 284	201 007	3%	10 724 018
Other revenue		2 027 406	–	90 962	1 108 666	1 134 340	(25 675)	-2%	2 027 406
Gains		33 000	–	585	(2 331)	8 250	(10 581)	-128%	33 000
Total Revenue (excluding capital transfers and contributions)		**65 846 782**	**–**	**4 296 002**	**36 466 560**	**38 308 309**	**(1 841 749)**	**-5%**	**65 846 782**
									–
Expenditure By Type									–
Employee related costs		17 118 019	–	1 171 437	9 927 621	10 348 605	(420 983)	-4%	17 118 019
Remuneration of councillors		187 015	–	13 572	93 087	109 092	(16 005)	-15%	187 015
Debt impairment		5 183 337	–	598 892	4 047 329	3 009 575	1 037 755	34%	5 183 337
Depreciation & asset impairment		4 332 706	–	313 389	2 180 852	2 524 297	(343 445)	-14%	4 332 706
Finance charges		3 177 846	–	411 684	1 486 727	1 852 717	(365 990)	-20%	3 177 846
Bulk purchases - electricity		13 700 479	–	886 805	8 373 665	7 476 777	896 888	12%	13 700 479
Inventory consumed		7 696 381	–	763 442	4 434 972	4 481 245	(46 273)	-1%	7 696 381
Contracted services		6 499 742	–	454 216	2 445 576	3 656 244	(1 210 668)	-33%	6 499 742
Transfers and subsidies		512 293	–	7 804	38 801	306 396	(267 595)	-87%	512 293
Other expenditure		6 710 513	–	445 364	3 448 467	3 972 820	(524 353)	-13%	6 710 513
Losses		331	–	569	3 165	195	2 970	1520%	331
Total Expenditure		**65 118 662**	**–**	**5 067 175**	**36 480 263**	**37 737 963**	**(1 257 700)**	**-3%**	**65 118 662**
Surplus/(Deficit)		**728 120**	**–**	**(771 172)**	**(13 703)**	**570 346**	**(584 049)**	**(0)**	**728 120**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		1 972 300	–	83 052	627 436	1 164 636	(537 200)	**(0)**	1 972 300
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		553 178	–	26 943	223 044	221 742	1 302	**0**	553 178
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		**3 253 598**	**–**	**(661 178)**	**836 777**	**1 956 723**			**3 253 598**
Taxation		225 944	–	–	40 976	131 801	(90 824)	(0)	225 944
Surplus/(Deficit) after taxation		**3 027 654**	**–**	**(661 178)**	**795 801**	**1 824 923**			**3 027 654**
Attributable to minorities		–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		**3 027 654**	**–**	**(661 178)**	**795 801**	**1 824 923**			**3 027 654**
Share of surplus/ (deficit) of associate		–	–	–	–	–			–
Surplus/ (Deficit) for the year		**3 027 654**	**–**	**(661 178)**	**795 801**	**1 824 923**			**3 027 654**

Table C6 – Financial Position

JHB City Of Johannesburg - Table C6 Consolidated Monthly Budget Statement - Financial Position - M07 January

Description	Ref	Budget Year 2021/22				
R thousands	1	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast	Variance
ASSETS						
Current assets						
Cash		2 673 159	–	2 911 212	2 673 159	(238 053)
Call investment deposits		2 028 306	–	40 727	2 028 306	1 987 579
Consumer debtors		8 250 858	–	(5 113 494)	8 250 858	13 364 351
Other debtors		4 414 989	–	43 257 233	4 414 989	(38 842 244)
Current portion of long-term receivables		–	–	658 055	–	(658 055)
Inventory		367 949	–	327 177	367 949	40 772
Total current assets		**17 735 260**	**–**	**42 080 911**	**17 735 260**	**(24 345 651)**
Non current assets					–	
Long-term receivables		83 899	–	2 364 430	83 899	(2 280 531)
Investments		1 108 368	–	–	1 108 368	1 108 368
Investment property		1 655 336	–	30 530	1 655 336	1 624 806
Investments in Associate		25 027	–	(0)	25 027	25 027
Property, plant and equipment		80 309 661	–	30 660 377	80 309 661	49 649 284
Agricultural		–	–	–	–	–
Biological assets		640 631	–	–	640 631	640 631
Intangible assets		3 076 820	–	341 607	3 076 820	2 735 213
Other non-current assets		2 378 072	–	(249 400)	2 378 072	2 627 472
Total non current assets		**89 277 813**	**–**	**33 147 544**	**89 277 813**	**56 130 269**
TOTAL ASSETS		**107 013 073**	**–**	**75 228 455**	**107 013 073**	**31 784 618**
LIABILITIES					–	
Current liabilities					–	
Bank overdraft		–	–	–	–	–
Borrowing		3 681 062	–	955 806	3 681 062	2 725 256
Consumer deposits		20 300	–	1 273 520	20 300	(1 253 220)
Trade and other payables		13 096 159	–	33 064 530	13 096 159	(19 968 371)
Provisions		410 750	–	387 083	410 750	23 667
Total current liabilities		**17 208 272**	**–**	**35 680 939**	**17 208 272**	**(18 472 667)**
Non current liabilities					–	
Borrowing		21 105 197	–	15 361 534	21 105 197	5 743 663
Provisions		6 860 871	–	2 729 018	6 860 871	4 131 852
Total non current liabilities		**27 966 068**	**–**	**18 090 553**	**27 966 068**	**9 875 515**
TOTAL LIABILITIES		**45 174 340**	**–**	**53 771 492**	**45 174 340**	**(8 597 152)**
NET ASSETS	2	**61 838 733**	**–**	**21 456 963**	**61 838 733**	**40 381 771**
COMMUNITY WEALTH/EQUITY					–	
Accumulated Surplus/(Deficit)		61 838 733	–	17 632 859	61 838 733	44 205 874
Reserves		–	–	1 099 046	–	(1 099 046)
TOTAL COMMUNITY WEALTH/EQUITY	2	**61 838 733**	**–**	**18 731 906**	**61 838 733**	**43 106 828**

Table C7 – Cash flow

JHB City Of Johannesburg - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M07 January

Description	Ref	Budget Year 2021/22							
R thousands	1	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		12 325 853		995 528	6 939 617	7 190 081	(250 464)	-3%	12 325 853
Service charges		33 332 217		2 569 360	19 549 342	19 340 628	208 714	1%	33 332 217
Other revenue		2 750 139		829 092	5 071 316	1 755 823	3 315 493	189%	2 750 139
Transfers and Subsidies - Operational		10 724 018		–	6 628 823	6 334 284	294 539	5%	10 724 018
Transfers and Subsidies - Capital		1 972 300		31 362	1 681 555	1 386 377	295 178	21%	1 972 300
Interest		720 367		19 385	130 353	227 201	(96 847)	-43%	720 367
Dividends		–					–		–
Payments									
Suppliers and employees		(51 873 087)		(4 598 647)	(37 542 240)	(30 022 221)	7 520 019	-25%	(51 873 087)
Finance charges		(3 177 846)		(31 376)	(1 247 010)	(1 852 717)	(605 707)	33%	(3 177 846)
Transfers and Grants		(512 293)		(1 364)	(18 366)	(306 396)	(288 030)	94%	(512 293)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**6 261 667**	**–**	**(186 660)**	**1 193 391**	**4 053 061**	**2 859 670**	**71%**	**6 261 667**
									–
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		585 847	–			19 057	(19 057)	-100%	585 847
Decrease (increase) in non-current receivables			–			–	–		
Decrease (increase) in non-current investments		(549 270)	–			–	–		(549 270)
Payments			–			(320 408)			
Capital assets		(8 157 478)		(221 910)	(3 673 430)	(5 692 417)	(2 018 987)	35%	(8 157 478)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(8 120 901)**	**–**	**(221 910)**	**(3 673 430)**	**(5 673 360)**	**(1 999 930)**	**35%**	**(8 120 901)**
CASH FLOWS FROM FINANCING ACTIVITIES									–
Receipts									
Short term loans		–		–	–	–	–		–
Borrowing long term/refinancing		3 032 000			–	–	–		3 032 000
Increase (decrease) in consumer deposits		201				117	(117)	-100%	201
Payments									
Repayment of borrowing		(1 311 183)		(24 973)	(622 764)	(764 857)	(142 093)	19%	(1 311 183)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**1 721 018**	**–**	**(24 973)**	**(622 764)**	**(764 740)**	**(141 975)**	**19%**	**1 721 018**
NET INCREASE/ (DECREASE) IN CASH HELD		**(138 216)**		**(433 543)**	**(433 543)**	**(2 705 447)**			**(138 216)**
Cash/cash equivalents at beginning:		4 839 681		3 939 561	3 939 561	4 839 681			4 839 681
Cash/cash equivalents at month/year end:		4 701 465		3 506 018	3 506 018	2 134 234			4 701 465

PART 3: ADDITIONAL SUPPORTING SCHEDULES
Table SC1: Variance reasons

Ref	Description	YTD variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	**Revenue By Source**			
	Service charges - electricity revenue	(1 267 333)	The underperformance is mainly as a result of decreased consumption for all Industrial and Commercial customers as well as a negative impact on the revenue management initiatives due to Covid 19.	City Power has responded to these challenges associated with revenue and non-technical losses with a Revenue Enhancement Strategy. The strategy aims to reduce non-technical losses and increase revenue. It has very focused initiatives to improve revenue through accounting for revenue completeness and revenue accuracy. At the core of the Revenue Enhancement Strategy is a new data analytics capability, continuous processes improvement and governance, use of technology, training of staff and management of various stakeholders. Below are the initiatives in assisting with the reduction of non-technical losses. • Prepaid Project (smart meter roll-out) • New Services Connections • Post Billing Process Optimization • Alarms • Queries.
	Service charges - water revenue	(376 239)	The underperformance is as a result of a decrease consumption of water in business and households as well as the effects of lockdown which has continued to date.	While the various levels of lockdown have resulted in reduced consumption patterns by consumers, the City has used the stand by stand audit to try to claw back some of the reduced consumption

				by tracing those that are consuming but may not have been in the billing system. This has been done by way of the stand-by-stand audit. While the stand by stand contract has come to an end the output from the work done by the consultants is still being processed and the City will in the coming months continue to see additional revenue being recognised from the process once all verification steps are concluded.
	Service charges - sanitation revenue	248 708	The overperformance is due increased billing to business customers as a result of increased sewage water received and treated, furthermore due to additional revenue from the outcomes of stand-by-stand audits	No remedial action
	Service charges - refuse revenue	113 932	The overperformance is as a result of increased billing for Domestic RCR with billing of revenue for non-sectional title properties that were previously billed incorrectly (Project Legogo)	No remedial action.
	Rental of facilities and equipment	(64 210)	Due to Covid-19 pandemic, there has been a drop in the intake of new and the renewal of leases for council owned properties and delay in EAC approvals	JPC Portfolio has requested additional budget for asset verification and outdoor advertising site audit. This process will ensure completeness of potential revenue earning assets. There is also need for greater speed and turnaround times for EAC approvals of new leases in order to ensure potential revenue are recognised sooner.
	Interest earned -	(74 823)	The interest rate drops from over a year ago continues to be the most significant driver to the growing budget gap. In January	As the rate remains exceptionally low for the period under review, the interest revenue budget will need to be revised downwards during the adjustment budget process.

	external investments		2022, the average call rate on call and fixed investments was 3.75 percent.	
	Interest earned - outstanding debtors	(2 669)	The under recovery is incurred in **Pikitup** - Due to decreased interest charge on outstanding debtor's book as a result of increased collections.	Pikitup budget will have to be adjusted as part of the revised budget.
	Fines, penalties, and forfeits	(613 938)	The under recovery is mainly as a result of the speed camera contract that has expired, and a new contract is not in place yet. In addition, JMPD could only recognise revenue on Bylaws such as illegal dumping, illegal connection, land invaders.	The departments will be processing outstanding invoices from the previous contract and signing of the new Service Level Agreement for speed cameras.
	Agency services	(217)	The year-to-date actual is progressing in line with the year to date budget. There has been an improvement in collection of revenue from renewal of licenses and drivers' licenses.	No remedial action required.
	Transfers and subsidies	201 007	The over recovery is due to funds received from National Treasury for the fuel levy and equitable share for the amount of R6.6 billion to date, which were paid in two instalments in August and December. The final instalments will be made in March.	The department will have to align the cash flows with National Treasury payments schedules during the adjustment process.
	Other revenue	(25 675)	The under spending is due to **Group Finance**: As a result of final notifications and pre-termination notices contract that had expired but has now been awarded.	The contract has been awarded, final notifications and pre-termination notices are being produced and delivered since the tender has been award. The execution of the new tender will be strictly monitored in accordance with the SLA.
2	**Expenditure By Type**			
	Employee related costs	(420 983)	The under expenditure is mainly due to vacant positions that are in the process of being filled during the current financial year in most departments and entities. There was also a citywide	Human Resources processes currently underway to appoint staff within the parameters of the moratorium. While budgets allocated are based on detailed motivations submitted of specific positions to

			moratorium on recruitment that was put in place at the beginning of the new political term of office that will also likely result in lower spending compared to budget for positions that cannot be filled at this stage.	be filled in a financial year per department and entity, there are delays in the turnaround times for conclusion of recruitment processes. This results in unspent budgets for funded vacancies. Unfilled, funded vacancies however face the risk of budgets being taken away during the adjustment budget to align with spending trends to date or to limit expenditure to current warm bodies only.
	Remuneration of councillors	(16 005)	The under spending relates to the remuneration of public office bearers, which was scheduled to be disclosed in October 2021 when the term of political officer bearers came to an end but have not yet been stated by the President.	During the adjustment budget process, the department will surrender some savings identified in accordance with mid-year performance.
	Debt impairment	1 037 755	The over expenditure is due to the following: **City Power** is over budget by R456 million (172%). Due to a decrease in collection level. The year-to-date collection level is 90.41% which was used to determine the debt impairment reported is based on the actual billing against the target level of 97%. **Johannesburg Water** is over budget by R390 million (24%) - Due to reduced payment levels. The payment level year to date is 72.6% % as compared to the budgeted payment level of 79.8% resulting in a higher contribution to Bad Debts. **Group Finance:** is over budget by R139 million (24%). A Year-to-Date entry of R656 million was processed in the month of December 2021. The Bad Debt Provision is calculated in arrears monthly when possible. This item is a non-cash flow item and is computed in line with GRAP 104 (Financial Instruments) which requires that objective evidence be assessed as to the	**City Power:** Budget will be reviewed during the adjustment budget process. **Joburg Water:** The Entity and RSSC have been working together to reduce the outstanding balance. Numerous meetings have been held with the RSSC in order to speed up the collection process. There is slow progress of pre-termination notices and disconnections on government accounts and that result to low collection. **Group Finance:** The Budgeted amount is based on the budgeted collection rate, and when the collection rate is below the target, there will be an over expenditure in this line item. RSSC is the custodian of the Credit Control management process and efforts should be made to collect all amounts billed including long outstanding debt. Overall collection levels are at 85% year to date compared to the budgeted 90%. Therefore, debt impairment is higher than budgeted for. Consideration will be given during the adjustment budget to

			recoverability of the financial assets (i.e., whether the financial assets is impaired or not).	either put in place interventions to stretch collection targets for the remainder of the year, or to reduce the collection target and therefore increase debt impairment. The decision will be made in the context of impact on the overall budget.
	Depreciation & asset impairment	(343 445)	The under expenditure is mainly as a result of assets that have been acquired but not yet capitalised in various departments and entities.	This line item will be revised during the adjustment budget to reflect the true value of depreciation in line with actual projects completed as well as projections of projects to be completed and capitalised by year end. As part of monthly audit readiness dashboard, Group Finance is monitoring the Work in Progress and aging thereof with a view to ensure assets are capitalised and moved out of Work in progress.
	Finance charges	(365 990)	The under expenditure is mainly due to long term borrowings which have not yet been undertaken as a result of the delays in the procurement process.	The procurement process for the long-term borrowing has commenced and the department will review the expenditure during the adjustment budget process
	Bulk purchases	896 888	**City Power** - Due to the bulk purchases from Kelvin being more than budget as a result of a higher unit price which increased since the winter season. Actual pricing from Kelvin varies from season to season and those variations were not incorporated into the monthly split of budgeted bulk purchases.	On a full year basis there is convergence between budgeted amounts and actual reported and therefore no adjustment will likely be necessary during the adjustment budget however budget will be considered for review during the revised budget process.
	Other materials	(46 273)	The under expenditure is mainly due to the following: **Group Corporate and Services**: Stores and materials are used as and when required and does not follow a monthly projection. **Public Safety:** Due to reduced use of materials as a result of most personnel working from home due to COVID-19.	**Group Corporate and Services:** This is being managed as required by management.

	Contracted services	(1 210 668)	The under expenditure is mainly attributable to the following: **Community Development** - is under budget by R108 million (93%) -The underspending is mainly attributable to delays in the procurement of goods and services required for repairs and maintenance of facilities. **City Powe**r is under budget by R230 million (26%) -This is mainly attributable to the following: a) Currently there are no contracts for buildings maintenance, fire equipment and air conditioning. The process of securing contracts is underway. b) Due to under spending on Legal expenses as they are paid directly by the CoJ and there has been delays in the processing of invoices from CoJ. c) The process of securing meter maintenance contracts for Metering Services and ICT system related contracts for Enterprise Support being underway. **Group Information Communication Technology** - is under budget by R57 million (34%) - Mainly due to delays in the processing of IT invoices as a result of the verification and authorisation process. **Group Finance** - is under budget by R21 million (8%). Due to under spending on the following: Assets Verification System, Valuation panels, Valuation System maintenance, New Valuation system GV2022, Online Objections & Appeals Development etc. The spending will be mostly realized in the third and fourth quarters of the fiscal year, as projects will be performed in accordance with the timetables stated in the demand plan. There have also been no substantial repairs or maintenance performed thus far, pending final approval of the report. **City Manager** - is under	**Community Development:** The department appointed JPC and expect progress in February 2022. **City Power:** Budget will be reviewed during the revised budget process. **Group Finance:** This quarter's expenditure is expected to improve, and discussions with JPC are underway to plan out how the repairs and maintenance projects will be performed. Before it happens, project owners are recommended to re-evaluate core operations and hazards that may result in not spending the allocated money as intended and specified in the demand plan. **Group Information Communication Technology:** The spending will increase when the work is completed and verified by the department. This will occur in the next quarter of the financial year. Renewal of contracts is being fast tracked **City Manager:** The expenditure will improve in the upcoming months once departments have submitted and processed all invoices in accordance with the ratification report's compliance.

			budget by R31 million (18%)- due to no major repairs and maintenance work has been carried out in the buildings and due to other programs, such key evaluation and GDS 2040 research being halted due to reprioritisation to other programmes.	
	Transfers and subsidies	(267 595)	**Transport Department** - is under budget by R 267 million (100%). As a result of the budget re-allocation to contracted services for taxi compensation for Phase 1c and Phase 1A refurbishment, and the deferment of the bike distribution project.	The remaining budget that will not be spent will be appropriated to the GL accounts were expenditure will incur. Budget reallocations will be considered during the adjustment budget to align with where expenditure will be incurred This will be reallocated in the adjustment budget phase?
	Other expenditure	(524 353)	The underspending is mainly due to the following: **City Manager** - is under budget by R110 million (27%). a) Due to under spending on youth and community-based planning programmes as a result of programmes being halted. b) The postponement of the Formula 1 Grand Prix and Ladies Joburg Open (Golf events) still scheduled to take place in March 2022. c) Due to under spending on training, conferences seminars due to covid-19 restrictions and due expiry contract for marketing. **Community Development:** is under budget by R170 million (57%). Mainly due to internal charges by JMPD for the guarding of property not yet processed, Johannesburg City Parks grass cutting under spent due to SLA delays, as well as under expenditure on municipal services and procurement delays on book purchases. **City Power:** is under budget by R162 million (22%). Due to under spending on the following: a) Kelvin lease is less than the budget by R81 million due to City Power and	**City Manager:** The department intends to review the budget by surrendering some funds during the adjustment budget process in February 2022 and transferring other programs such as youth program to Social Development. **Community Development:** Expenditure is expected to improve in the 3rd quarter as all other stakeholders have been consulted to expedite processes for the delivery of services. **City Power:** Budget will be reviewed during the revised budget process. **Group Finance:** Pre–termination contract has been signed; the service provider was hired in January 2022. **Group Information Communication Technology:** the corresponding expenditure on software licences and rental fees is expected to improve in the upcoming months, as purchase orders already issued. **Transport Department:** the expenditure will increase once JRA contract is confirmed with the legal department. In addition, the department is in the process of procuring training for employees.

			Kelvin having successfully signed an extension of the Power Purchase Agreement based on amended terms that are commercially beneficial to both City Power and Kelvin. b) Due to under spending on advertising, marketing, and public relations as a result of delays in the approval process for communications activities from the Group Communications Office. **Group Finance:** is under budget by R 69 million (36%). The variance is primarily due to the following: a) pre-termination contract was only appointed in January 2022, although expenditure is expected to begin shortly. b) electronic distribution of customer statements could not be issued by SAPO since they were busy with the procurement process, resulting in minimal movement on postage and printing publishing line items (used for SAPO contract). **Group Information Communication Technology** - is under budget by R58 million (41%). As a result of software licences to be paid in the coming months as well as under spending on rent fees. **Transport Department** - is under budget by R85 million (48%). due to delays in submission of invoices by JRA for office space rental due to department clarifying contract viability with the legal department, slack in procurement of Covid 19 related services and delays in training of personnel.	

Table SC3: Aged debtors' analysis

JHB City Of Johannesburg - Supporting Table SC3 Monthly Budget Statement - aged debtors - M07 January

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	574 065	440 752	519 164	1 293 851			1 851 467	8 321 748	13 001 046	11 467 066	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	664 585	410 964	444 226	1 297 461			971 769	3 538 370	7 327 375	5 807 600	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	344 521	244 484	283 844	810 967			1 194 963	5 110 207	7 988 985	7 116 137	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	371 072	348 852	379 687	669 746			849 326	4 361 436	6 980 119	5 880 509	–	–
Receivables from Exchange Transactions - Waste Management	1600	143 294	161 908	93 085	274 781			372 622	2 909 218	3 954 908	3 556 620	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	(4 996)	8 803	8 796	25 582			8 399	855 027	901 611	889 008	–	–
Interest on Arrear Debtor Accounts	1810	–	–	–	–	–	–	–	–	–	–	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	–	–	–	–	–	–	–	–	–	–	–	–
Total By Income Source	**2000**	**2 092 541**	**1 615 763**	**1 728 800**	**4 372 388**	**–**	**–**	**5 248 546**	**25 096 006**	**40 154 044**	**34 716 940**	**–**	**–**
2021/22 - totals only		2 418 647	1 448 607	1 206 234	3 085 722	–	–	5 387 095	23 085 348	36 631 653	**31 558 164**	–	–
Debtors Age Analysis By Customer Group													
Organs of State	2200	9 875	20 491	50 713	94 010	–	–	164 290	933 768	1 273 147	1 192 067	–	–
Commercial	2300	553 232	319 982	381 181	821 403	–	–	904 498	3 660 619	6 640 916	5 386 520	–	–
Households	2400	1 529 433	1 275 290	1 296 906	3 456 976	–	–	4 179 758	20 501 619	32 239 982	28 138 352	–	–
Other	2500	–	–	–	–	–	–	–	–	–	–	–	–
Total By Customer Group	**2600**	**2 092 541**	**1 615 763**	**1 728 800**	**4 372 388**	**–**	**–**	**5 248 546**	**25 096 006**	**40 154 044**	**34 716 940**	**–**	**–**

Table SC4: Aged creditors analysis

JHB City Of Johannesburg - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 January

Description R thousands	NT Code	Budget Year 2021/22 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	Prior year totals for chart (same period)
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	1 150 092								**1 150 092**	1 216 407
Bulk Water	0200									–	493 312
PAYE deductions	0300									–	–
VAT (output less input)	0400									–	–
Pensions / Retirement deductions	0500									–	–
Loan repayments	0600									–	–
Trade Creditors	0700	1 452 387	(1 206)	14 164	(1 702)	1 131	(1 860)	38 239	90 480	**1 591 633**	1 205 141
Auditor General	0800									–	–
Other	0900	1 253 149	71 709	56 532	25 487	9 181	4	831	165 535	**1 582 429**	1 744 990
Total By Customer Type	**1000**	**3 855 628**	**70 502**	**70 697**	**23 785**	**10 312**	**(1 856)**	**39 070**	**256 015**	**4 324 154**	4 659 850

The bulk of outstanding creditors over 1 year relate to retentions with construction service providers mostly at Joburg Water.

Table SC 10: Parent (Core) municipality's financial performance

JHB City Of Johannesburg - Supporting Table SC10 Monthly Budget Statement - Parent Municipality Financial Performance (revenue and expenditure) - M07 January

Description	Ref	Budget Year 2021/22							
R thousands	1	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Source									
Property rates		13 479 333	–	1 119 965	7 893 114	7 862 944	30 170	0%	13 479 333
Service charges - electricity revenue		–	–	–	–	–	–		–
Service charges - water revenue		–	–	–	–	–	–		–
Service charges - sanitation revenue		–	–	–	–	–	–		–
Service charges - refuse revenue		–	–	1	63	–	63	#DIV/0!	–
Rental of facilities and equipment		172 663	–	4 524	31 179	86 598	(55 419)	-64%	172 663
Interest earned - external investments		312 900	–	53 827	88 508	182 525	(94 017)	-52%	312 900
Interest earned - outstanding debtors		1 465 249	–	108 730	670 065	854 746	(184 680)	-22%	1 465 249
Dividends received		–	–	–	–	–	–		–
Fines, penalties and forfeits		1 118 155	–	12 302	38 301	652 257	(613 956)	-94%	1 118 155
Licences and permits		8 741	–	1 283	3 976	5 099	(1 123)	-22%	8 741
Agency services		350 061	–	25 913	178 442	204 202	(25 761)	-13%	350 061
Transfers and subsidies		10 723 467	–	333 397	6 532 747	6 333 962	198 785	3%	10 723 467
Other revenue		2 523 061	–	116 161	889 264	1 443 660	(554 395)	-38%	2 523 061
Gains		33 000	–	–	–	8 250	(8 250)	-100%	33 000
Total Revenue (excluding capital transfers and contributions)		**30 186 630**	**–**	**1 776 101**	**16 325 658**	**17 634 243**	**(1 308 585)**	**-7%**	**30 186 630**
Expenditure By Type									–
Employee related costs		9 953 708	–	632 764	5 834 397	6 071 762	(237 365)	-4%	9 953 708
Remuneration of councillors		187 015	–	13 572	93 087	109 092	(16 005)	-15%	187 015
Debt impairment		1 619 517	–	195 003	1 106 481	943 986	162 495	17%	1 619 517
Depreciation & asset impairment		2 901 906	–	213 585	1 483 858	1 692 594	(208 736)	-12%	2 901 906
Finance charges		3 304 453	–	382 988	1 444 971	1 927 598	(482 627)	-25%	3 304 453
Bulk purchases - electricity		–	–	–	–	–	–		–
Inventory consumed		222 758	–	699	19 729	125 622	(105 894)	-84%	222 758
Contracted services		2 759 683	–	208 659	779 142	1 570 881	(791 739)	-50%	2 759 683
Transfers and subsidies		5 777 409	–	249 945	2 823 191	3 373 887	(550 696)	-16%	5 777 409
Other expenditure		4 727 750	–	319 240	1 832 836	2 717 452	(884 616)	-33%	4 727 750
Losses		–	–	173	580	–	580	#DIV/0!	–
Total Expenditure		**31 454 199**	**–**	**2 216 629**	**15 418 271**	**18 532 873**	**(3 114 602)**	**-17%**	**31 454 199**
Surplus/(Deficit)		(1 267 569)	–	(440 528)	907 387	(898 630)	1 806 017	-201%	(1 267 569)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		1 307 239	–	74 111	477 490	756 589	(279 099)	-37%	1 307 239
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		88 700	–	–	–	51 742	(51 742)	-100%	88 700
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		128 370	–	(366 417)	1 384 877	(90 299)	1 475 176	-1634%	128 370
Taxation		–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		**128 370**	**–**	**(366 417)**	**1 384 877**	**(90 299)**	**1 475 176**	**-1634%**	**128 370**

Table SC11: Summary of municipal entities performance

JHB City Of Johannesburg - Supporting Table SC11 Monthly Budget Statement - summary of municipal entities - M07 January

Description	Ref	Budget Year 2021/22							
R thousands		Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Municipal Entity									
City Power		21 024 468	–	1 291 454	10 691 392	12 082 460	(1 391 069)	-12%	21 024 468
Johannesburg Water		15 012 320	–	1 151 511	8 551 141	8 757 187	(206 046)	-2%	15 012 320
Pikitup		3 409 192	–	295 937	2 085 070	1 982 680	102 390	5%	3 409 192
Johannesburg Roads Agency		1 576 064	–	120 927	844 000	919 371	(75 370)	-8%	1 576 064
Metrobus		767 489	–	59 223	413 536	447 702	(34 166)	-8%	767 489
Johannesburg City Parks and Zoo		1 207 251	–	93 848	667 738	681 272	(13 534)	-2%	1 207 251
JDA		123 391	–	4 357	49 692	60 129	(10 438)	-17%	123 391
Johannesburg Property Company		1 014 692	–	14 642	487 029	507 563	(20 534)	-4%	1 014 692
Metropolitan Trading Company		556 548	–	52 777	590 917	323 337	267 580	83%	556 548
Joburg Market		553 649	–	41 475	320 764	322 962	(2 198)		553 649
Johannesburg Social Housing Company		257 576	–	2 490	152 500	150 253	2 248	1%	257 576
Joburg City Theatres		217 839	–	16 567	145 575	132 871	12 705	10%	217 839
Expenditure By Municipal Entity		–	–	–	–	–	–		–
Total Operating Revenue	1	**45 502 640**	**–**	**3 128 643**	**24 853 779**	**26 234 915**	**(1 381 137)**	**-5%**	**45 502 640**
Expenditure By Municipal Entity									–
City Power		19 378 544	–	1 222 549	11 110 085	10 822 987	287 098	3%	19 378 544
Johannesburg Water		13 407 802	–	1 258 204	8 009 781	7 858 262	151 518	2%	13 407 802
Pikitup		3 078 269	–	194 252	1 848 967	1 808 061	40 906	2%	3 078 269
Johannesburg Roads Agency		1 576 035	–	102 601	759 980	940 129	(180 149)	-19%	1 576 035
Metrobus		767 489	–	50 906	346 920	456 992	(110 073)	-24%	767 489
Johannesburg City Parks and Zoo		1 206 979	–	82 956	666 864	639 282	27 582	4%	1 206 979
JDA		123 391	–	10 994	67 578	73 538	(5 960)	-8%	123 391
Johannesburg Property Company		1 014 692	–	14 639	327 096	528 214	(201 119)	-38%	1 014 692
Metropolitan Trading Company		556 518	–	365 856	653 868	323 341	330 527	102%	556 518
Joburg Market		444 892	–	28 554	257 211	263 989			444 892
Johannesburg Social Housing Company		257 576	–	13 903	227 363	153 775	(6 777)	-4%	257 576
Joburg City Theatres		217 839	–	16 567	145 730	136 222	73 588	54%	217 839
Surplus/ (Deficit) for the yr/period		–	–	–	–	–	9 507	#DIV/0!	–
Total Operating Expenditure	2	**41 812 187**	**–**	**3 345 415**	**24 275 712**	**23 868 570**	**407 142**	**2%**	**41 812 187**

Table SC12: Monthly Budget Statement

JHB City Of Johannesburg - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M07 January

Month	Budget Year 2021/22							
R thousands	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
Monthly expenditure performance trend								
July	679 790	–	59 429	59 429	679 790	620 361	91%	1%
August	679 790	–	259 279	318 708	1 359 580	1 040 872	76,6%	4%
September	679 790	–	279 782	598 490	2 039 370	1 440 880	70,7%	7%
October	679 790	–	393 690	992 180	2 719 159	1 726 980	63,5%	12%
November	679 790	–	259 211	1 251 391	3 398 949	2 147 558	63%	15%
December	679 790	–	407 237	1 658 628	4 078 739	2 420 111	59,3%	20%
January	679 790	–	385 345	2 043 972	4 758 529	2 714 556	57,0%	25%
February	679 790	–	–		–	–		
March	679 790	–	–		–	–		
April	679 790	–	–		–	–		
May	679 790	–	–		–	–		
June	679 790	–	–		–	–		
Total Capital expenditure	**8 157 478**	**–**	**2 043 972**					