CITY OF JOHANNESBURG

GROUP FINANCE

SECTION 71 REPORT

PERIOD ENDED 31 JANUARY 2023

CITY OF JOHANNESBURG MFMA IN-YEAR FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2023

1. STRATEGIC THRUST

The City identified Seven (7) Priority Areas that the SDBIP, IDP and budget aim to achieve. The applicable Priority for this Report is:

- A well-run City.

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 2023, 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 2023 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 -7%, R2.9 billion underperformance [December 2022: -5%]. The actual operating expenditure is under budget by 8%, R3.4 billion [December 2022: -3%]. The net result is an operating deficit of R187 million against a year-to-date (YTD) budgeted deficit of R388 million.

The approved Capital budget for the 2022/23 financial year amounts to R7.7 billion. The total actual expenditure (excluding commitments) to date amounts to R2.4 billion (30%) of the approved budget.

The total opening and closing investment balances including cash for the month of January 2023 were R2.9 billion and R2.2 billion respectively. This shows a decrease of R694 million during the month as indicated in Table 1 below.

Jan 23	OPENING	CLOSING
Operational Call Deposits	40 687 333,09	40 851 130,17
Operational Term Deposits	-	-
Standard Bank Primary Account Balance	828 565 805,40	377 768 303,96
Absa Primary Account Balance	125 091 128,88	125 505 812,65
TOTAL UNENCUMBERED	**994 344 267,37**	**544 125 246,78**
Contingency Reserve Fund	136 177 076,28	136 177 076,28
Unfunded Liability Fund	2 030 000,00	2 030 000,00
COID	262 300 000,00	262 300 000,00
Capital Grants	-	-
Capital Replacement Reserve	17 365 780,52	17 469 761,10
Non-Sweeping Bank Accounts	1 505 706 780,98	1 261 634 901,20
TOTAL ENCUMBERED	**1 923 579 637,78**	**1 679 611 738,58**
TOTAL INVESTMENTS	**2 917 923 905,15**	**2 223 736 985,36**

Table 1: Cash Balances as at 31 January 2023; Source – Bank Statements

Jan 23	OPENING	CLOSING
Cash and Cash Equivalents	2 341 830 401,14	2 355 330 707,18
Interest Rate swaps	-54 292 103,98	-26 950 268,21
Tradable Instruments Portfolio	1 043 584 522,59	1 058 767 870,32
TOTAL SINKING FUND INVESTMENTS	**3 331 122 819,75**	**3 387 148 309,29**

Table 1a: Sinking Fund Balance as at 31 January 2023: Source –Sinking Fund AFS and Bank Statements

- Total unencumbered balances decreased by R450million during the course of the month, which was primarily driven by the decrease in the STD Bank primary bank account.
- Total encumbered balances decreased by R244 million during this same period, with the highest decrease being in the non-sweeping's portfolio. The combined movement resulted in the overall total balance decrease of R694 million.
- The Sinking Fund balances closed R56 million higher at R3.4 billion, with an increase in both the cash and cash equivalents portfolio and the tradable instruments portfolios with the amounts of R13.5 million and R15.1 million respectively. These movements are in respect of interest received and market movements. The interest rate swaps reflect a positive movement of R 27.3 million during the month of January.
- The Fund remains adequately funded for the next three years; however, it is noted that the City will not be able to miss any contributions going forward if the City is to maintain the positive funding status.

Cash movements analysis:

Inflows for the month of January amounted to R4.4 billion versus outflows of R5.1 billion (inclusive of payments for bulk purchases of electricity and water, as well as salaries city-wide). The resulting net movement was a decrease of R694 million as depicted in Table 1.1 below.

Jan 23	
Description	**R**
Cash Collections	3 345 683 612,04
Revenue cash collections paid into Primary and Ordinary bank accounts	99 164 023,74
Direct Payments into MOE Revenue accounts	8 503 082,29
Prepaid Collections	126 357 024,43
Other Income (Interest Received, Vat Refund, Licensing Fees)	362 089 463,98
Operating Grants and Subsidies	39 112 000,00
Positive Sweepings and Non-Sweeping Movements	467 917 293,34
Total Cash Inflows	4 448 826 499,82
Outflows	
Description	**R**
Operational and Capital Expenditure and Treasury Transactions*	-4 890 872 965,18
Negative Sweepings and Non-Sweeping Movements	-252 140 454,43
Total Cash Outflows	-5 143 013 419,61
Net Movement	-694 186 919,79

Summary Table 1.1 Cash Movements as at 31 January 2023

The inflows for the month of January include minimal grant inflows and therefore mostly limited to inflows from the City's operations. Collection for January historical is low as the City is not prioritied ahead of other expenses that customers allocate their limited disposable income. Thus for the month of January, cash outflows were more than the inflows resulting in a negative net movement on the overall cash balances.

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

<u>Profit and cost centres movements analysis</u>

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 2023 for all MOEs.

As depicted in the sweeping statements for the month ended 31 January 2023, 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	**-9 365 682 622,12**	1 361 083 753,23	-1 278 741 898,80	82 341 854,43	**-9 283 340 767,69**
Joburg Water	953 315 848,72	900 596 149,08	-1 005 970 287,34	-105 374 138,26	847 941 710,46
Pikitup	456 866 763,89	188 124 198,00	-252 076 954,80	-63 952 756,80	392 914 007,09
Parks Zoo	931 687 743,13	130 911 788,01	-87 865 621,13	43 046 166,88	974 733 910,01
Fresh Produce	422 430 372,10	13 407 978,15	-31 058 732,58	-17 650 754,43	404 779 617,67
JDA	**-586 720 005,53**	39 629 537,32	-39 020 054,33	609 482,99	**-586 110 522,54**
Joshco	**-1 111 050 793,41**	143 233 114,00	-47 418 572,36	95 814 541,64	**-1 015 236 251,77**
Metro Bus	**-463 078 068,53**	54 162 977,69	-10 305 272,55	43 857 705,14	**-419 220 363,39**
Propcom	188 061 582,83	1 292 486,91	-52 619 763,41	-51 327 276,50	136 734 306,33
Propcom Portfolio	**-182 254 887,15**	9 613 748,22	-5 318 431,13	4 295 317,09	**-177 959 570,06**
Roads	257 101 616,34	199 552 087,77	-179 109 055,76	20 443 032,01	277 544 648,35
MTC	34 106 777,88	153 515 434,93	-79 217 927,60	74 297 507,33	108 404 285,21
JTC	37 899 967,09	8 175 106,64	-1 922 201,79	6 252 904,85	44 152 871,94
Core	11 345 239 609,92	4 016 776 458,68	-4 843 616 964,85	-826 840 506,17	10 518 399 103,76
Total Sweepings and Balances	**2 917 923 905,15**			**-694 186 919,80**	**2 223 736 985,35**

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

Inflows for the month of January versus outflows resulted in a negative net movement of R694 million. Increasing overdrafts place pressure on the City's overall cash balances and liquidity position. Cash management interventions are being considered in consultation with Group Treasury, with a view of improving cash flow at the level of each entity.

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	**Jul 22**	**Aug 22**	**Sep 22**	**Oct 22**	**Nov 22**	**Dec 22**	**Jan 23**	**YTD**
City Power	-1 016 616 002,22	-85 114 672,61	-1 297 840 304,32	-188 480 596,38	344 804 859,32	-340 109 581,67	82 341 854,43	-2 501 014 443,45
Joburg Water	-112 153 846,45	168 205 567,65	-179 521 221,31	204 455 112,77	166 835 508,62	112 419 806,12	-105 374 138,26	254 866 789,14
Pikitup	66 833 386,61	-120 960 561,36	-322 453 421,76	221 626 736,97	203 010 308,35	-20 809 077,31	-63 952 756,80	-36 705 385,30
Parks Zoo	16 082 749,85	48 162 906,21	34 575 661,97	35 968 890,67	-17 982 729,42	-27 028 825,37	43 046 166,88	132 824 820,79
Fresh Produce	90 653 691,79	-18 763 706,85	7 942 331,06	26 838 239,07	-1 519 786,29	-106 807 300,26	-17 650 754,43	-17 307 285,91
JDA	-186 482 791,05	7 602 954,68	-23 943 893,23	21 430 022,93	201 175 622,64	18 559 735,40	609 482,99	38 951 134,36
Joshco	-196 699 394,74	-101 236 488,22	268 603 325,75	85 276 853,28	22 797 758,81	-57 029 179,81	95 814 541,64	117 527 416,71
Metro Bus	-44 153 197,52	51 726 518,30	-5 095 234,90	9 126 665,81	36 121 928,75	-34 616 097,41	43 857 705,14	56 968 288,17
Propcom	-157 330 563,58	106 819 337,24	-128 601 691,71	25 876 069,05	324 992,43	20 256 713,86	-51 327 276,50	-183 982 419,21
Propcom Portfolio	-9 261 004,36	4 701 651,77	2 012 240,40	22 536 254,77	7 461 820,40	-4 278 264,20	4 295 317,09	27 468 015,87
Roads	-48 436 355,23	21 395 556,96	81 245 096,64	10 613 313,01	-38 223 988,29	-46 758 223,69	20 443 032,01	278 431,21
MTC	-81 850 008,17	-53 999 951,69	-17 110 232,82	32 729 324,59	-60 491 902,24	-71 078 605,12	74 297 507,33	-177 503 868,12
JTC	-	-	-	-2 565 970,51	5 517 233,70	-3 296 097,28	6 252 904,85	5 908 070,76

Table 3.1(a): Sweeping movements analysis

The above table reflects the ME past 7 months net movement for the current financial year.

December 2022 Billing & January 2023 Collections; Year to Date Billing & Collections:

	Billing	Collections (Note 1)	%	Total Billing	Total Collections	%
	Dec 2022	Jan 2023		YTD: Jun'22 to Dec'22	YTD: Jul'22 to Jan'23	
	R 000's	R 000's		R 000's	R 000's	
Rates	1 275 555	1 050 506	82.4%	8 659 018	7 795 164	90.0%
Electricity	1 680 857	1 422 575	84.6%	12 660 065	11 570 870	91.4%
Water	1 387 019	961 017	69.3%	9 759 590	7 756 766	79.5%
Refuse	244 349	180 957	74.1%	1 691 610	1 309 368	77.4%
TOTAL	**4 587 780**	**3 615 055**	**78.8%**	**32 770 283**	**28 432 168**	**86.8%**
Note 1: Receipts are generally allocated to services in proportion to the total debt outstanding on an accou						

The city billed R4.6 billion in December 2022 compared to R3.6 billion collected in January 2023. The year-to-date billing as at 31 December 2022 is R32.8 billion compared to R28.4 billion collected as at 31 January 2023.

Monthly Billing 2022/2023 – July 2022 to December 2022

Total Billing	Quarter 1	Oct 2022	Nov 2022	Dec 2022	Total YTD
	R 000's	R 000's	R 000's	R 000's	R 000's
Total Billing	13 416 250	4 075 462	4 271 044	4 151 743	25 914 499
VAT Calc	1 451 622	442 029	455 080	436 037	2 784 768
Total Incl. Vat	14 867 872	4 517 491	4 726 124	4 587 780	28 699 267
Budget	15 536 223	4 797 346	5 016 700	5 011 439	30 361 708
Variance	-668 351	-279 855	-290 576	-423 659	-1 662 441

In the adjustment budget process, consideration will be given to the year to date under billing and adjustments will therefore be considered to align projected full year budgeted billing with historical performance.

Monthly Collections 2022/2023 – July 2022 to January 2023

Total Collections	Quarter 1 R 000's	Quarter 2 R 000's	Jan 2023 R 000's	Total YTD R 000's
Total Collected	11 329 308	11 118 805	3 278 105	25 726 218
VAT Calc	1 209 051	1 159 949	336 950	2 705 950
Total (Incl. Vat)	12 538 359	12 278 754	3 615 055	28 432 168
Budget	14 012 718	13 327 038	4 421 055	31 760 811
Variance	-1 474 359	-1 048 284	-806 000	-3 328 643

The year to date under performance on collections results in cash reserves being depleted. The City has responded to this in the adjustment budget by reducing the City's commitment to cash funded projects.

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

Reconciliation between Treasury banking and RSSC collections

Description	Jan 2023 R 000's	YTD R 000's
Balance as reported by Treasury	3 579 708	27 510 115
Deposits reflected by Treasury in previous month	7 360	309 326
Refunds, Deposits and Sundry Revenue	-52 434	-406 625
Water: Industrial Effluent and Cross-Boundary Sales	10 689	134 302
Difference in electricity and water prepaid sales	-3 102	1 913
Non-Cash Items:		
Staff Accounts	4 416	40 009
Departmental Settlements	68 418	843 128
Total Revenue as per Revenue Collection Report	**3 615 055**	**28 432 168**

The January 2023 deposits of approximately R7,4 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 2022	Jan 2023
Budget Billing	R 000	5 011 439	4 919 409
Actual Billing	R 000	4 587 780	4 321 372
Shortfall (-) / Surplus (+) in Billing	R 000	-423 659	-598 037
Budget Collection	R 000		4 421 055
Actual Revenue Collection	R 000		3 615 055
Shortfall (-) / Surplus (+) in Collections	R 000		-806 000
Actual Billing vs. Budgeted Billing	%	91.5%	87.8%
Actual Collection vs. Budgeted Collection	%		81.8%
Budgeted Collection (Jan) vs. Budgeted Billing (Dec)	%		88.2%
Actual Collections (Jan) vs. Actual Billing (Dec)	%		78.8%

The actual billing of R4.6 billion for December 2022 was R424 million below the budgeted billing of R5 billion. The actual collection of R3.6 billion for January 2023 was R598 million below the budgeted collection of R4.4 billion. The collection rate of 78.8% for January 2023 was 9.4% below the budgeted collection rate of 88.8%.

The Revenue war room has been established to target particular pockets of the revenue value chain and improved overall billing and collection performance in the second half of the year.

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 February 2023.

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 (Quality certificate outstanding)	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 (Quality certificate outstanding)	Yes
14	Joburg Tourism Company	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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011 021 3350

CHARITY-ANN WURAYAYI
GROUP HEAD GROUP ACCOUNTING

NdasNeves
SENIOR LEGAL ADVISOR
GROUP LEGAL AND CONTRACTS

14 March 2023
DATE

MALOPE RAMAGAGA
ACTING GROUP HEAD: RSSC

14 March 2023
DATE

SINOVUYO MPAKAMA
GROUP HEAD: TREASURY AND FINANCIAL STRATEGY AND PLANNING

14 March 2023
DATE

TEBOGO MORAKA
ACTING GROUP CHIEF FINANCIAL OFFICER

15/03/2023
DATE

COUNCILLOR SELLO MORERO
MMC GROUP FINANCE

Annexure A

In-Year Report

Budget year: 2022/23
Reporting Period: Month 07
January 2023

PART 1: IN-YEAR REPORT

1.1 Mayor's Report

On 27 May 2022, Council approved the 2022/23 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 2023 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 R2.9 billion against the YTD budget for the period ended 31 January 2023.

The operating expenditure is underspent by R3.4 billion, against year-to-date expenditure budget of R41.2 billion.

Summary of Capital Expenditure

The following tables show the total budget (including that of the municipal entities) of R7.7 billion. The actual year to date expenditure (excluding commitments) amounts to R2.4 billion (30%) of the approved budget.

Capital Expenditure per funding source as at 31 January 2022:

Description (R million)	Budget 21/22	YTD Exp	% Spent
CoJ Loans	3 032	675	22%
CRR / Cash	2 600	628	24%
Nat Grant	113	27	24%
Prov Grant	-	-	0%
USDG	1 213	423	35%
USIP	646	154	35%
Other	553	137	25%
Total CoJ	8 157	2 044	26%

Capital Expenditure per funding source as at 31 January 2023:

Description (R million)	Budget 22/23	YTD Exp	% Spent
CoJ Loans	1 830	600	33%
CRR / Cash	3 111	847	27%
Nat Grant	320	0	0%
Prov Grant	-	-	0%
USDG	1 205	473	39%
USIP	685	203	39%
Other	590	232	39%
Total CoJ	7 741	2 355	31%

COJ Loans, USDG, UISP and Cash funding sources had spending to date, while there has been no spending in National grants. When compared to the previous year overall spending has increased by 5%.

Consolidated Summary - Capital Expenditure as 31 January 2023:

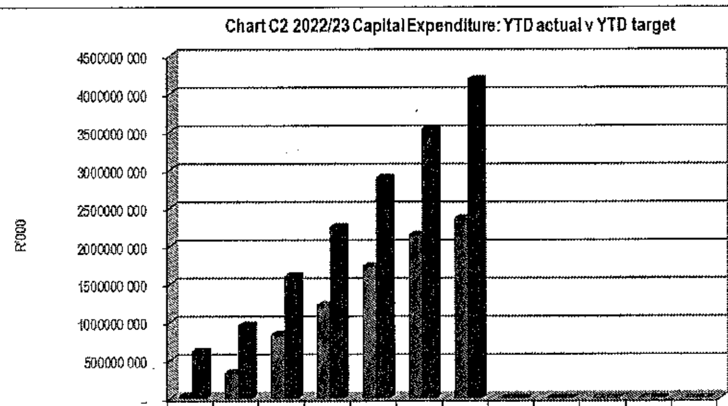
Description (R million)	Budget 22/23	YTD Exp	% Spent
Economic Development	19	-2	-11%
EISD	32	1	2%
Transportation	519	27	5%
Community Development	100	8	8%
Health	122	14	12%
Social Development	128	28	22%
Forensic	6	0	1%
Ombudsman	1	-	0%
Office of the City Manager	26	2	7%
Speaker	3	0	14%
Group ICT	450	246	55%
Group Finance	40	0	1%
Group Corporate Services	205	0	0%
Housing	1 020	196	19%
Development Planning	7	3	38%
Public Safety	128	29	23%
Total Core Administration	2 806	551	20%

Description (R million)	Budget 22/23	YTD Exp	% Spent
City Power	1 218	484	40%
Johannesburg Water	931	513	55%
Pikitup	144	54	37%
Jhb Roads Agency	1 095	216	20%
Metrobus	60	1	1%
Jhb City Parks and Zoo	95	13	13%
Jhb Development Agency	634	198	31%
Jhb Property Company	102	7	7%
Metro Trading Company	15	1	4%
Joburg Market	119	67	56%
JOSHCO	499	247	50%
Joburg City Theatres	11	5	43%
Joburg Tourism	13	0	0%
Total MEs	4 935	1 804	37%

The negative movement is due to accruals that have been reversed. In addition, Ombudsman's office and Group Corporate Services have not started spending while 1 municipal entity, namely Joburg Tourism has not started spending.

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:



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
YearTD actual	30711	335320	832127	121916	173259	214014	235470	–	–	–	–	–
YearTD budget	614365	955754	160083	224590	289098	353606	418113	–	–	–	–	–

Cash Flow

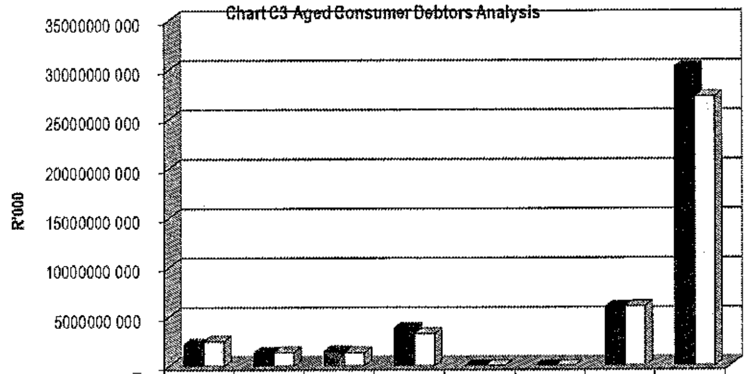
The cash flow of the City of Johannesburg, as depicted in Tables C1 and C7, indicates the following:

- Cash and Cash equivalents as at the end of January 2023 amount to R2.2 billion.
- The cash flow from operating activities is R1.3 billion.
- The cash flow from investing activities amount to R2.7 billion; negative
- The cash flow from financing activities amount to R133 million; negative

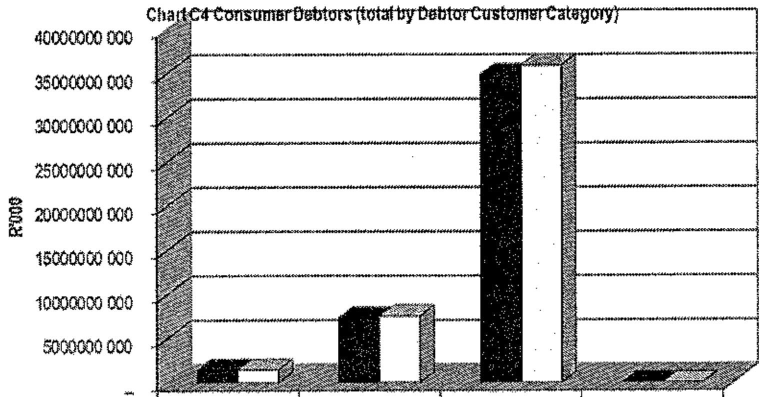
Debtor Age Analysis

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 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 indicate that the total debtor's amount to R44.9 billion. Chart C3 below illustrates the Consumers debtors age analysis:



	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr
■ Budget Year 2022/23	2191278 1	1339134 6	1461706 3	3825329 6	–	–	5921878 2	30179449
□ 2021 / 22	2504500 3	1378417 0	1356008 7	3268390 1	–	–	6016730 4	27247137



	Organs of State	Commercial	Households	Other
■ 2021 / 22	1435602 868	7319475 496	34816134 508	–
□ Budget Year 2022/23	1480002 956	7545851 026	35892922 173	–

Interventions / Actions

The following interventions / actions were implemented during January 2023 to increase collection levels:

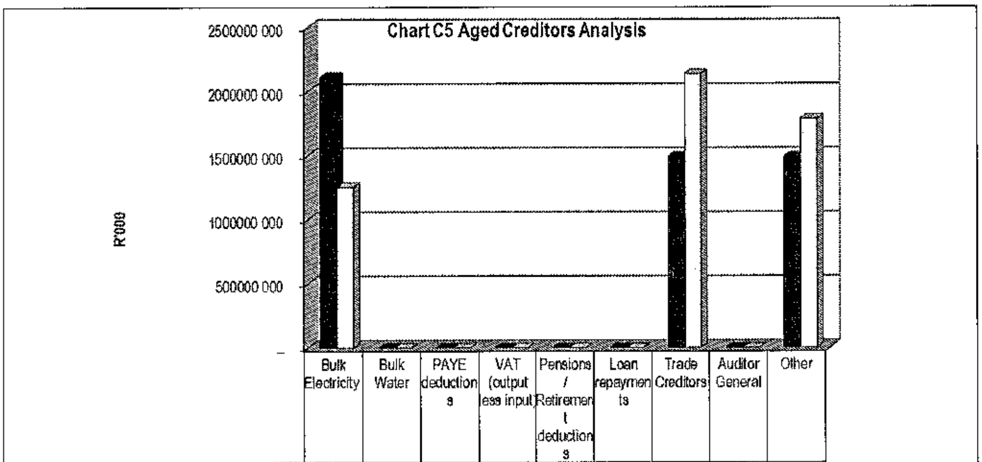
(i) 27 139 accounts were identified for delivery of pre-termination notices, total value R6.2 billion of which R34.7 million were collected from 3 486 accounts.

(ii) 2 358 electricity accounts were identified for disconnections, total value R1.1 billion of which R6.1 million were collected from 440 accounts.

(iii) 14 194 water accounts were identified for disconnections, total value R1.8 billion of which R34.3 million were collected from 2 931 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
■ 2021 / 22	2110903 91	–	–	–	–	–	1489012 65	–	1489169 40
□ Budget Year 2022/23	1252543 78	–	–	–	–	–	2134443 99	–	1783183 75

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 13 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 2023 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	2021 / 22	Budget Year 2022/23							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	–	14 133 073	–	1 236 261	8 510 816	8 244 292	266 524	3%	14 133 073
Service charges	–	39 598 615	–	2 557 604	20 609 831	23 018 767	(2 408 937)	-10%	39 598 615
Investment revenue	–	193 489	–	7 620	102 972	112 875	(9 903)	-9%	193 489
Transfers and subsidies	–	7 619 945	–	656 591	6 638 740	4 512 083	2 126 657	47%	7 619 945
Other own revenue	–	8 479 118	–	597 089	2 114 954	4 945 522	(2 830 568)	-57%	8 479 118
	–	**70 024 240**	–	**5 055 165**	**37 977 313**	**40 833 539**	**(2 856 226)**	**-7%**	**70 024 240**
Total Revenue (excluding capital transfers and contributions)									
Employee costs	–	18 357 153	–	1 216 894	10 532 403	10 736 250	(203 847)	-2%	18 357 153
Remuneration of Councillors	–	185 164	–	14 842	101 689	108 010	(6 321)	-6%	185 164
Depreciation & asset impairment	–	4 549 947	–	292 676	2 213 503	2 653 492	(439 989)	-17%	4 549 947
Finance charges	–	2 889 039	–	232 003	1 578 936	1 685 271	(106 335)	-6%	2 889 039
Inventory consumed and bulk purchases	–	20 393 282	–	1 119 341	11 712 656	12 487 467	(774 812)	-6%	20 393 282
Transfers and subsidies	–	183 850	–	576	(39 312)	111 115	(150 427)	-135%	183 850
Other expenditure	–	23 090 584	–	1 686 897	11 690 852	13 440 063	(1 749 211)	-13%	23 090 584
Total Expenditure	–	**69 649 019**	–	**4 563 229**	**37 790 727**	**41 221 669**	**(3 430 942)**	**-8%**	**69 649 019**
Surplus/(Deficit)	–	**375 221**	–	**491 936**	**186 586**	**(388 130)**	**574 717**	**-148%**	**375 221**
Transfers and subsidies - capital (monetary allocations) (National / Pro	–	2 209 403	–	84 295	620 958	1 294 819	(673 861)	-52%	2 209 403
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)	–	590 040	–	22 682	211 810	355 454	(143 645)	-40%	590 040
Surplus/(Deficit) after capital transfers & contributions	–	**3 174 664**	–	**598 912**	**1 019 354**	**1 262 143**	**(242 789)**	**-19%**	**3 174 664**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	–	**3 174 664**	–	**598 912**	**1 019 354**	**1 262 143**	**(242 789)**	**-19%**	**3 174 664**
Capital expenditure & funds sources									
Capital expenditure	–	**7 740 924**	–	**225 915**	**2 358 739**	**5 401 739**	**(3 043 001)**	**-56%**	**7 740 924**
Capital transfers recognised	–	2 799 443	–	74 994	908 216	2 799 443	(1 891 227)	-68%	2 799 443
Borrowing	–	1 830 000	–	48 487	599 695	1 830 000	(1 230 305)	-67%	1 830 000
Internally generated funds	–	**3 111 481**	–	**91 086**	**847 171**	**3 111 481**	**(2 264 310)**	**-73%**	**3 111 481**
Total sources of capital funds	–	**7 740 924**	–	**214 567**	**2 355 082**	**7 740 924**	**(5 385 842)**	**-70%**	**7 740 924**
Financial position									
Total current assets	–	19 385 987	–		44 119 562				19 385 987
Total non current assets	–	90 220 558	–		34 275 781				90 220 558
Total current liabilities	–	17 354 987	–		36 400 428				17 354 987
Total non current liabilities	–	26 554 074	–		17 342 352				26 554 074
Community wealth/Equity	–	**68 786 887**	–		**22 247 395**				**68 786 887**
Cash flows									
Net cash from (used) operating	–	10 753 225	–	(442 329)	1 258 871	7 322 282	6 063 410	83%	10 753 225
Net cash from (used) investing	–	(9 585 281)	–	(226 885)	(2 685 202)	(6 412 117)	(3 726 914)	58%	(9 585 281)
Net cash from (used) financing	–	(1 843 331)	–	(24 973)	(132 715)	(2 142 777)	(2 010 061)	94%	(1 843 331)
Cash/cash equivalents at the month/year end	–	**6 866 943**	–	**2 223 737**	**2 223 737**	**4 610 740**	**2 387 003**	**52%**	**6 866 943**
Debtors & creditors analysis	**0-30 Days**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121-150 Dys**	**151-180 Dys**	**181 Dys-1 Yr**	**Over 1Yr**	**Total**
Debtors Age Analysis									
Total By Income Source	2 191 278	1 339 135	1 461 706	3 825 330	–	–	5 921 878	30 179 449	44 918 776
Creditors Age Analysis									
Total Creditors	4 230 003	190 289	177 479	44 032	216 896	11 875	66 455	233 143	5 170 172

Table C4 - Monthly budget statement – Revenue and expenditure

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

Description	Ref	Budget Year 2022/23							
R thousands		Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Source									
Property rates		14 133 073	–	1 236 261	8 510 816	8 244 292	266 524	3%	14 133 073
Service charges - electricity revenue		21 338 109	–	1 246 784	10 591 334	12 372 579	(1 781 245)	-14%	21 338 109
Service charges - water revenue		9 777 174	–	646 189	5 060 558	6 703 355	(642 797)	-11%	9 777 174
Service charges - sanitation revenue		6 085 363	–	461 484	3 525 240	3 549 798	(24 558)	-1%	6 085 363
Service charges - refuse revenue		2 397 969	–	203 148	1 432 699	1 393 035	39 664	3%	2 397 969
Rental of facilities and equipment		515 995	–	24 365	209 505	301 003	(91 498)	-30%	515 995
Interest earned - external investments		193 489	–	7 620	102 972	112 875	(9 903)	-9%	193 489
Interest earned - outstanding debtors		414 979	–	66 441	373 394	242 076	131 317	54%	414 979
Dividends received		–	–	–	–	–	–		–
Fines, penalties and forfeits		891 592	–	44 882	79 628	520 093	(440 465)	-85%	891 592
Licences and permits		9 180	–	44	7 201	5 355	1 846	34%	9 180
Agency services		367 039	–	28 457	224 879	214 109	10 770	5%	367 039
Transfers and subsidies		7 619 945	–	656 591	6 638 740	4 512 083	2 126 657	47%	7 619 945
Other revenue		6 273 346	–	432 412	1 223 213	3 658 804	(2 435 590)	-67%	6 273 346
Gains		6 987	–	488	(2 867)	4 081	(6 948)	-170%	6 987
Total Revenue (excluding capital transfers and contributions)		**70 024 240**	–	**5 055 165**	**37 977 313**	**40 833 539**	**(2 856 226)**	**-7%**	**70 024 240**
									–
Expenditure By Type									–
Employee related costs		18 357 153	–	1 216 894	10 532 403	10 736 250	(203 847)	-2%	18 357 153
Remuneration of councillors		185 164	–	14 842	101 689	108 010	(6 321)	-6%	185 164
Debt impairment		5 905 328	–	613 124	3 798 746	3 447 935	350 811	10%	5 905 328
Depreciation & asset impairment		4 549 947	–	292 676	2 213 503	2 653 492	(439 989)	-17%	4 549 947
Finance charges		2 889 039	–	232 003	1 578 936	1 685 271	(106 335)	-6%	2 889 039
Bulk purchases - electricity		15 363 589	–	733 723	8 772 151	9 552 958	(780 807)	-8%	15 363 589
Inventory consumed		5 029 694	–	385 618	2 940 504	2 934 509	5 995	0%	5 029 694
Contracted services		7 942 715	–	408 031	2 679 954	4 599 410	(1 919 456)	-42%	7 942 715
Transfers and subsidies		183 850	–	576	(39 312)	111 115	(150 427)	-135%	183 850
Other expenditure		6 402 790	–	378 743	3 252 448	3 736 189	(483 741)	-13%	6 402 790
Losses		2 839 751	–	287 000	1 959 704	1 656 529	303 175	18%	2 839 751
Total Expenditure		**69 649 019**	–	**4 583 229**	**37 790 727**	**41 221 669**	**(3 430 942)**	**-8%**	**69 649 019**
Surplus/(Deficit)		**375 221**	–	**491 936**	**186 586**	**(388 130)**	**574 717**	(0)	**375 221**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		2 209 403	–	84 295	620 958	1 294 819	(673 861)	(0)	2 209 403
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		590 040	–	22 682	211 810	355 454	(143 645)	(0)	590 040
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		**3 174 664**	–	**598 912**	**1 019 354**	**1 262 143**			**3 174 664**
Taxation		85 261	–	–	–	42 287	(42 287)	(0)	85 261
Surplus/(Deficit) after taxation		**3 089 403**	–	**598 912**	**1 019 354**	**1 219 856**			**3 089 403**
Attributable to minorities		–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		**3 089 403**	–	**598 912**	**1 019 354**	**1 219 856**			**3 089 403**
Share of surplus/ (deficit) of associate		–	–	–	–	–			–
Surplus/ (Deficit) for the year		**3 089 403**	–	**598 912**	**1 019 354**	**1 219 856**			**3 089 403**

Table C6 – Financial Position

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

Description	Ref	Budget Year 2022/23				
R thousands	1	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast	Variance
ASSETS						
Current assets						
Cash		3 693 550	–	2 182 886	3 693 550	1 510 664
Call investment deposits		3 173 393	–	40 851	3 173 393	3 132 542
Consumer debtors		8 881 841	–	6 808 765	8 881 841	2 073 075
Other debtors		3 294 555	–	33 867 897	3 294 555	(30 573 342)
Current portion of long-term receivables		–	–	838 380	–	(838 380)
Inventory		342 649	–	380 782	342 649	(38 134)
Total current assets		19 385 987	–	44 119 562	19 385 987	(24 733 574)
Non current assets					–	
Long-term receivables		112 281	–	2 184 362	112 281	(2 072 081)
Investments		97 269	–	–	97 269	97 269
Investment property		946 280	–	28 437	946 280	917 842
Investments in Associate		23 313	–	(0)	23 313	23 313
Property, plant and equipment		84 310 139	–	32 128 353	84 310 139	52 181 786
Agricultural		–	–	–	–	–
Biological assets		36 637	–	–	36 637	36 637
Intangible assets		1 921 015	–	10 756	1 921 015	1 910 259
Other non-current assets		2 773 624	–	(76 129)	2 773 624	2 849 753
Total non current assets		90 220 558	–	34 275 781	90 220 558	55 944 778
TOTAL ASSETS		109 606 546	–	78 395 342	109 606 546	31 211 203
LIABILITIES					–	
Current liabilities					–	
Bank overdraft		–	–	–	–	–
Borrowing		2 819 663	–	427 179	2 819 663	2 392 484
Consumer deposits		15 401	–	1 293 001	15 401	(1 277 599)
Trade and other payables		13 915 086	–	34 293 144	13 915 086	(20 378 059)
Provisions		604 837	–	387 104	604 837	217 734
Total current liabilities		17 354 987	–	36 400 428	17 354 987	(19 045 441)
Non current liabilities					–	
Borrowing		19 644 549	–	15 635 129	19 644 549	4 009 420
Provisions		6 909 525	–	1 707 223	6 909 525	5 202 303
Total non current liabilities		26 554 074	–	17 342 352	26 554 074	9 211 723
TOTAL LIABILITIES		43 909 062	–	53 742 780	43 909 062	(9 833 718)
NET ASSETS	2	65 697 484	–	24 652 562	65 697 484	41 044 922
COMMUNITY WEALTH/EQUITY					–	
Accumulated Surplus/(Deficit)		68 786 887	–	21 474 241	68 786 887	47 312 646
Reserves		–	–	773 155	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	68 786 887	–	22 247 395	68 786 887	47 312 646

Table C7 – Cash flow

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

Description	Ref	Budget Year 2022/23							
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		12 903 496		1 021 684	7 611 357	7 527 039	84 319	1%	12 903 496
Service charges		35 414 559		2 558 024	20 741 491	20 581 387	160 105	1%	35 414 559
Other revenue		7 941 178		563 291	5 968 523	4 518 915	1 449 608	32%	7 941 178
Transfers and Subsidies - Operational		7 619 945		–	6 550 987	4 512 083	2 038 904	45%	7 619 945
Transfers and Subsidies - Capital		2 799 443		39 112	1 698 724	1 650 273	48 451	3%	2 799 443
Interest		373 446		36 667	172 378	217 848	(45 471)	-21%	373 446
Dividends						–	–		
Payments						(31 685 264)			
Suppliers and employees		(53 225 953)		(4 632 369)	(40 271 553)	(29 888 877)	10 382 676	-35%	(53 225 953)
Finance charges		(2 889 039)		(28 095)	(1 072 430)	(1 685 271)	(612 841)	36%	(2 889 039)
Transfers and Grants		(183 850)		(642)	(140 607)	(111 115)	29 492	-27%	(183 850)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**10 753 225**	**–**	**(442 329)**	**1 258 871**	**7 322 282**	**6 063 410**	**83%**	**10 753 225**
									–
CASH FLOWS FROM INVESTING ACTIVITIES									–
Receipts									
Proceeds on disposal of PPE		(2 832 764)	–	–	–	(1 652 446)	1 652 446	-100%	(2 832 764)
Decrease (Increase) in non-current receivables		–	–	–	–	65 497	(65 497)	-100%	–
Decrease (increase) in non-current investments		988 407				576 571	(576 571)	-100%	988 407
Payments									
Capital assets		(7 740 924)		(226 885)	(2 685 202)	(5 401 739)	(2 716 537)	50%	(7 740 924)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(9 585 281)**	**–**	**(226 885)**	**(2 685 202)**	**(6 412 117)**	**(3 726 914)**	**58%**	**(9 585 281)**
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		–		–	670 000	–	670 000	#DIV/0!	–
Borrowing long term/refinancing		1 830 000		–	–	–	–		1 830 000
Increase (decrease) in consumer deposits		152				89	(89)	-100%	152
Payments									
Repayment of borrowing		(3 673 484)		(24 973)	(802 715)	(2 142 865)	(1 340 150)	63%	(3 673 484)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(1 843 331)**		**(24 973)**	**(132 715)**	**(2 142 777)**	**(2 010 061)**	**94%**	**(1 843 331)**
NET INCREASE/ (DECREASE) IN CASH HELD		**(675 387)**		**(694 187)**	**(694 187)**	**(2 931 590)**			**(675 387)**
Cash/cash equivalents at beginning:		7 542 330		2 917 924	2 917 924	7 542 330			7 542 330
Cash/cash equivalents at month/year end:		6 866 943		2 223 737	2 223 737	4 610 740			6 866 943

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			
	Property rates	266 524	This line item is inclusive of revenue foregone. The YTD is over-budget by R 266.5 million (3%). Rates revenue for the month of January 2023 amounts to R 1.4 billion before rebates. Rates rebates for the month of January 2023 was R 202.9 million. Rebates exceeded the budgeted amount by R 10.1 million (4.99%) and R 65 million (4.6%) for the YTD. Revenue accruals to the value of R 14.6 million were raised in the Financial Year 2021/2022. YTD reversals amount to R2.7 million. The revenue accruals are only reversed when the billing is realised in the Billing system. These are monitored monthly. This is done to ensure that the revenue is recognised in the correct accounting period and to avoid duplication of revenue.	No action is required by property branch.
	Service charges - electricity revenue	(1 781 245)	The underperformance is mainly as a result of decreased consumption for all Industrial and Commercial customers. This can be attributed to customers changing from conventional to prepaid. Load shedding also contributed to the low number of units sold than planned	City Power has responded to these challenges associated with non-technical losses and revenue with the Revenue Enhancement Strategy. The strategy aims to reduce non-technical losses to12% and increase revenue in the current financial year. It has 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 initiative in assisting with the reduction of non-technical losses. • Simulated billing and consumption analysis; Customer and meter data

				clean-up; Alarms automation • Improve collection; System updates; Alarms enhancement and COJ revenue enhancement.
	Service charges - water revenue	(642 797)	The underperformance is as a result of a decreased water consumption in business and households due to lower demands.	It is expected that with the stand by stand audit that was currently implemented by RSSC that revenue not billed will be identified and thus remedy the current revenue levels.
	Service charges - sanitation revenue	(24 558)	The underperformance is due decreased billing on business customers as a result of less sewage water received and treated.	No remedial action
	Service charges - refuse revenue	39 664	The over performance is due to additional stands that were not previously billed.	No remedial action
	Rental of facilities and equipment	(91 498)	The under recovery is due to the delays in the approval of reports by EAC that has resulted in the lease renewal period being longer than the average 3 months it takes for a lease to be renewed. Furthermore, the delays in council approvals for potential new leases has also stifled income received from the rental of facilities and equipment.	Highlight the need for greater speed and turnaround times for EAC approvals with the relevant officials. To improve the revenue generation, JPC is currently performing a lease and land audit.
	Interest earned - external investments	(9 903)	Interest earned is below budget due to low surplus cash balance.	Cash management measures are being adopted to guarantee adequate cash reserves are kept.
	Interest earned - outstanding debtors	131 317	City Power & Joburg Water: The over performance is due to an increase in the number of long overdue debtors. Group Finance: The major contributor of this variance is interest paid by MOEs on negative sweeping bank accounts, and other variance is due to penalties imposed on overdue debt by customers which attract interest. EISD: The over recovery is as a result of the Kelvin Power station contract coming to an end in November 2021. The contract ended but the department continues to charge interest on the outstanding capital debt of 2% plus prime. The interest on outstanding debt was not budgeted for as it was anticipated that a new contract would be in place before the end of 2021/22 financial year where the outstanding amount would have been paid.	City Power: Continued implementation of the Revenue Enhancement Strategy and respective initiatives aimed at reducing non-technical losses and increasing revenue in the next financial years. Joburg Water: The Entity and RSSC have been working together to reduce the outstanding balance. Group Finance: Revenue Shared Service Centre (RSSC) should put in extra efforts to collect all amounts billed including long outstanding debt. EISD: This will be corrected during the mid-term budget adjustment.

	Fines, penalties and forfeits	(440 465)	The under recovery is mainly as a result of speed contract only finalised December 2022, the revenue will increase in the upcoming months. The Revenue team could only recognise revenue on Bylaws e.g., illegal dumping, illegal connection etc (section 56's, Aarto 01 and Aarto 03 citations).	User department to speed up procurement process while ensuring payments on all outstanding invoices
	Licences and permits	1 846	The overperformance is due to more business licence applications revived. Licence and permits revenue is informed by business licence applications of businesses who seek to trade or export food items.	Budget will be adjusted accordingly to be in line with the growing demand.
	Agency services	10 770	The variance is due to the under stated year to date budget allocation in JDA, this is mainly as a result of the unbundling that needs to be corrected.	The unbundling will be corrected during the adjustment budget.
	Transfers and subsidies	2 126 657	The over recovery is due to grants received from National Treasury and other funds will be transferred in three instalments. The equitable share was received in July and December, and this has resulted in an over budget.	No action is required.
	Other revenue	(2 435 590)	Group Finance - is under budget by R2 billion (85%). is under budget by R2 billion (85%). The variance is attributable fewer final notices and pre-termination notifications sent and delivered. Transport Department: Due to the delays in the operationalization of Rea Vaya phase 1C(a) and Johannesburg Intermodal Transport Interchange (JITI), result to under recovery. EISD: The under budget is as a result of the Kelvin Power Station contract that ended in November 2021 and the new contract is being negotiated which includes the payment of R2.5 million per annum and half payment of the outstanding capital debt and the balance to be paid quarterly over the duration of the contract which will run over 24 months.	Group Finance: The budget will be reviewed during the adjustment process and be aligned correctly for the remaining month. Transport Department: Revenue recovery will start increasing as soon as the two projects are operationalised. Budgeted revenue will be adjusted during budget adjustment period to align to the department reviewed business plan. EISD: This will be corrected when the new Kelvin Power Station contract is signed, and the outstanding debt is paid.
2	<u>Expenditure By Type</u>			
	Employee related costs	(203 847)	. The under expenditure is due to vacant positions that are in the process of being filled in various departments and entities.	Human Resources process to be followed to appoint staff for new facilities in process.

	Remuneration of councillors	(6 321)	The variance is due to the implementation of a 3% increase in councillor salary, which is less than the 7% budgeted for.	The budget will be reviewed in the adjustment budget schedule to take place from Jan/Feb 2023.
	Debt impairment	350 811	The over expenditure is due to the following: Joburg Water: due to reduced payment levels. The payment level year to date is 77.8% as compared to the budgeted payment level of 80.4% resulting in a higher contribution to Bad Debts.	Joburg Water: The Entity Water and RSSC have been working together to reduce the outstanding balance. The numerous meetings have been held with the departments 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.
	Depreciation & asset impairment	(439 989)	Depreciation and assets impairment spending is below the projected however it will align as the year progresses as the assets team will embark on a project of writing off the assets with no life span and procuring new assets.	Procurement of new Assets.
	Finance charges	(106 335)	Group Finance: The under expenditure is mainly as a result of long-term financing procurement procedures which commenced later than the anticipated period. Joburg Water: The under expenditure is due to savings on finance costs as a result of slower loans and borrowings leading to less interest attributable to the cash balance.	Group Finance: The loan finance and short-term facility procurement procedure has begun and expenditure to improve in the coming months. Joburg Water: No remedial action.
	Bulk purchases	(780 807)	City Power - is under budget by R780 million (8%). This is due to less units purchased from both Eskom and Kevin due to low demand. Load shedding also impacted the units purchased.	Performance on this item will be constantly monitored and necessary adjustment will be made during the budget revision process.
	Other materials	5 995	The year-to-date actual is progressing in line with the year-to-date budget with 0% of the variance.	
	Contracted services	(1 919 456)	The under expenditure is mainly attributable to the following: Group Finance: due to a continuing procurement procedure for revenue enhancement, which is in the early stages and will be completed in the following fiscal year. Other major contributors include low spending on Valuation Courts due to pending litigations against the Appeal Board in relation to their reviews and decisions, Attcol service level agreements that are finalized and expenditure is expected to improve, and other projects that must be implemented in accordance with the approved Demand Plan. GICT: The payments process for	Group Finance: Following the mid-year review process, a budget of R224 million will be surrendered in the adjustment budget process. GICT: The spending will increase when invoices are processed. Progress update to be requested on a monthly basis from the project managers. Community Development: Expenditure will improve once the procurement processes are complete. City Power: Budget to be reviewed during the 2022/23 revised budget process. Pikitup: The expenditure will improve once the tender processes have been finalised. Transport Department: It is anticipated that there will be a significant expenditure increase as soon as

			other contractors were delayed due to delays in the verification and authorization of the work done. Community Development: mainly as a result of the delays in the procurement of good and services. City Power: Due to the following: • Consultant fees are less than the budget due to a decrease in programs undertaken and paid for during the reporting period under review. • Commission paid is less than the budget due to less customers making use of third-party vending payments. Pikitup: Due to delays in the tender process for external contractors required for recycling. Transport Department: Due to the delays in the payment of compensation lump sum payable to the Rea Vaya Phase 1C (a) affected taxi operators as a result of delays is finalisation of the taxi operating licenses and operationalisation of JITI and Phase 1 C(a) and payment of the invoices submitted to Merchant Payment.	phase 1Ca and JITI is operationalized and when Merchant Payment start releasing payment for all invoice submitted for payment.
	Transfers and subsidies	(150 427)	Economic Development - The under expenditure is mainly as a result of the delays in payment of Public Employment Programme (PEP) grant that the department awaits in order to fund the inception of the Woza Worx project.	The payment is expected to be received in February.
	Other expenditure	(483 741)	The underspending is mainly due to the following: Office of the Speaker: due to key initiatives such as IDP/Budget public involvement, SOCA are scheduled for the third quarter, no workshop for councillors has taken place, and no cleaning services have been supplied. Group Finance: The variance is due to delayed spending owing to expired contracts of hire and maintenance printers and an unfinalized JPC service level agreement for cleaning services are the key drivers to underperformance. There are also unpaid invoices for office space rent, phone expenses, and Audit Fees that were billed at a lower amount than expected. City Manager: mainly as a result of savings that the department incurred on the following items: entertainment costs, travelling expenses, hire and maintenance of	Office of the Speaker: In the following months, the expenditure will improve, and the department intends to surrender R9 million in line with directive issued for rebasing. City Manager: The department intends to relinquish close to R75 million in accordance with the rebasing directive and in line with mid-year performance during the February 2023 adjustment budget process. Group Finance: The rollout of printer hire, and maintenance is now underway, however the Department is still awaiting IT's confirmation and bills for a new telephone setup using Avaya. Social Development: Constant communication with the implementing user units to proactively plan respective programs. City Power: The actual is still to align with budget as the year progresses. Transport Department: Procurement for marketing related project is underway and the department

			equipment, as well as conference and seminars. Social Development: The under expenditure is as a result of more programs that are still in the inception stages, as well as savings incurred on the following line items: food purchases, cleaning services and fleet leases. City Power: Due to under spending on the following: • Fleet lease - due to fewer motor vehicles utilized to date; and • Telecommunications - due to savings in software licenses and mobile data communications to date. The actual costs for these two activities are normally posted during year end; • Legal expenses - due to most of the budget being held under commitments as most legal processes are still underway. Transport Department: The under expenditure is due to the delays in executing some of the marketing relate planned projects due to supply chain processes, and delays in process of fleet lease journal by JMPD resulting to 81% budget does not spend by the department.	is in constant engagement with JMPD to process all outstanding fleet related expenditure. The budget will be spent as planned. The downwards budget adjustment has been submitted to Budget Office, the department awaits adjustment budget to be approved.

Table SC3: Aged debtors' analysis

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

Description	NT Code	Budget Year 2022/23											
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	581 856	392 508	510 014	1 168 372			1 956 024	10 738 692	15 366 466	13 882 069	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	625 679	306 949	322 294	1 075 538			1 268 520	4 359 308	7 958 167	6 703 366	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	651 959	399 809	382 064	979 127			1 496 535	7 043 513	10 953 007	9 519 175	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	376 345	224 741	245 592	613 665			987 413	5 298 695	7 745 362	6 899 673	–	–
Receivables from Exchange Transactions - Waste Management	1600	174 741	109 625	88 481	260 478			487 345	3 394 455	4 515 125	4 142 278	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	(4 852)	19 132	18 937	18 823			18 739	18 812	89 590	56 373	–	–
Interest on Arrear Debtor Accounts	1810	(213 351)	(113 629)	(105 675)	(310 674)	–	–	(291 698)	(674 025)	(1 708 952)	(1 276 297)	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	–	–	–	–	–	–	–	–	–	–	–	–
Total By Income Source	**2000**	**2 191 278**	**1 339 135**	**1 461 706**	**3 825 330**	**–**	**–**	**5 921 878**	**30 179 449**	**44 918 776**	**39 926 657**	**–**	**–**
2021/22 - totals only		2 504 500	1 378 417	1 356 009	3 268 390	–	–	6 016 730	27 247 137	41 771 184	**36 532 258**	–	–
Debtors Age Analysis By Customer Group													
Organs of State	2200	31 353	29 202	24 563	73 827	–	–	142 561	1 178 497	1 480 003	1 394 884	–	–
Commercial	2300	511 979	294 550	312 893	792 979	–	–	1 068 669	4 666 782	7 545 851	6 426 429	–	–
Households	2400	1 647 946	1 015 382	1 124 250	2 958 524	–	–	4 712 649	24 434 171	35 892 922	32 105 343	–	–
Other	2500	–	–	–	–	–	–	–	–	–	–	–	–
Total By Customer Group	**2600**	**2 191 278**	**1 339 135**	**1 461 706**	**3 825 330**	**–**	**–**	**5 921 878**	**30 179 449**	**44 918 776**	**39 926 657**	**–**	**–**

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 2022/23									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	1 252 544								1 252 544	2 110 904
Bulk Water	0200									–	–
PAYE deductions	0300									–	–
VAT (output less input)	0400									–	–
Pensions / Retirement deductions	0500									–	–
Loan repayments	0600									–	–
Trade Creditors	0700	1 699 105	81 652	89 434	24 439	4 422	2 061	189	233 143	2 134 444	1 489 013
Auditor General	0800									–	–
Other	0900	1 278 355	108 638	88 045	19 593	212 474	9 814	66 266	–	1 783 184	1 489 169
Total By Customer Type	1000	4 230 003	190 289	177 479	44 032	216 896	11 875	66 455	233 143	5 170 172	5 089 086

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 2022/23							
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		14 133 073	–	1 236 261	8 510 816	8 244 292	266 524	3%	14 133 073
Service charges - electricity revenue		–	–	–	–	–	–		–
Service charges - water revenue		–	–	–	–	–	–		–
Service charges - sanitation revenue		–	–	–	–	–	–		–
Service charges - refuse revenue		–	–	1	10	–	10	#DIV/0!	–
Rental of facilities and equipment		181 295	–	4 674	32 024	105 756	(73 732)	-70%	181 295
Interest earned - external investments		173 003	–	1 804	72 069	100 919	(28 850)	-29%	173 003
Interest earned - outstanding debtors		1 429 430	–	179 430	938 176	833 840	104 336	13%	1 429 430
Dividends received		–	–	–	–	–	–		–
Fines, penalties and forfeits		891 509	–	43 494	62 919	520 044	(457 126)	-88%	891 509
Licences and permits		9 180	–	109	6 006	5 355	651	12%	9 180
Agency services		367 039	–	27 769	199 330	214 109	(14 779)	-7%	367 039
Transfers and subsidies		7 619 367	–	656 405	6 634 528	4 511 747	2 122 781	47%	7 619 367
Other revenue		5 990 814	–	410 046	1 000 699	3 494 659	(2 493 960)	-71%	5 990 814
Gains		5 000	–	–	–	2 919	(2 919)	-100%	5 000
Total Revenue (excluding capital transfers and contributions)		30 799 710	–	2 559 993	17 456 579	18 033 640	(577 061)	-3%	30 799 710
Expenditure By Type									–
Employee related costs		10 606 290	–	777 366	6 197 966	6 224 878	(26 912)	0%	10 606 290
Remuneration of councillors		185 164	–	14 842	101 689	108 010	(6 321)	-6%	185 164
Debt impairment		1 682 590	–	42 397	536 645	981 519	(444 974)	-45%	1 682 590
Depreciation & asset impairment		3 068 154	–	222 909	1 551 406	1 789 774	(238 367)	-13%	3 068 154
Finance charges		2 857 130	–	211 026	1 428 629	1 666 658	(238 029)	-14%	2 857 130
Bulk purchases - electricity		–	–	–	–	–	–		–
Inventory consumed		50 757	–	1 135	11 590	29 611	(18 021)	-61%	50 757
Contracted services		3 754 971	–	185 367	607 578	2 158 449	(1 550 871)	-72%	3 754 971
Transfers and subsidies		5 734 517	–	400 514	3 189 112	3 349 009	(159 897)	-5%	5 734 517
Other expenditure		4 127 554	–	204 837	1 687 628	2 405 064	(717 436)	-30%	4 127 554
Losses		–	–	14	2 612	–	2 612	#DIV/0!	–
Total Expenditure		32 067 127	–	2 060 397	15 314 757	18 712 972	(3 398 215)	-18%	32 067 127
Surplus/(Deficit)		(1 267 417)	–	499 596	2 141 822	(679 332)	2 821 154	-415%	(1 267 417)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		1 527 683	–	43 547	267 475	891 149	(623 674)	-70%	1 527 683
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		175 240	–	–	12 405	102 228	(89 823)	-88%	175 240
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		435 506	–	543 143	2 421 702	314 045	2 107 657	671%	435 506
Taxation		–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		435 506	–	543 143	2 421 702	314 045	2 107 657	671%	435 506

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 2022/23							
R thousands		Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<u>**Revenue By Municipal Entity**</u>									
Pikitup		2 432 093	–	206 850	1 455 900	1 412 285	43 615	3%	2 432 093
City Power		22 050 766	–	1 282 196	11 011 303	12 805 554	(1 794 251)	-14%	22 050 766
Johannesburg Water		16 425 832	–	1 174 862	8 972 968	9 581 740	(608 772)	-6%	16 425 832
Johannesburg Social Housing Company		290 492	–	18 867	146 142	169 456	(23 314)	-14%	290 492
Johannesburg Property Company		89 359	–	5 338	15 782	52 129	(36 347)	-70%	89 359
Metropolitan Trading Company		56 618	–	25 050	61 358	33 033	28 325	86%	56 618
Metrobus		90 475	–	(25 384)	6 493	52 773	(46 280)	-88%	90 475
Johannesburg City Parks and Zoo		86 125	–	7 131	45 505	50 246	(4 741)	-9%	86 125
JDA		82 771	–	698	25 625	48 286	(22 661)	-47%	82 771
Johannesburg Roads Agency		202 013	–	7 279	81 307	117 838	(36 531)		202 013
Joburg City Theatres		53 962	–	6 890	46 503	31 479	15 024	48%	53 962
Joburg Market		570 894	–	47 548	344 494	333 025	11 469	3%	570 894
Joburg Tourism Company		–	–	321	1 023	–	1 023	#DIV/0!	–
Total Operating Revenue	1	**42 431 400**	–	**2 757 647**	**22 214 403**	**24 687 844**	**(2 473 440)**	**-10%**	**42 431 400**
<u>**Expenditure By Municipal Entity**</u>									–
Pikitup		3 508 805	–	269 484	1 940 340	2 038 705	(98 365)	-5%	3 508 805
City Power		20 463 037	–	1 216 815	11 943 631	12 523 337	(579 707)	-5%	20 463 037
Johannesburg Water		13 935 429	–	1 287 498	8 828 169	8 129 009	699 160	9%	13 935 429
Johannesburg Social Housing Company		346 301	–	46 619	331 361	202 010	129 351	64%	346 301
Johannesburg Property Company		839 294	–	21 440	410 943	489 594	(78 651)	-16%	839 294
Metropolitan Trading Company		420 207	–	76 297	406 317	245 119	161 198	66%	420 207
Metrobus		634 761	–	(251 368)	44 652	370 265	(325 613)	-88%	634 761
Johannesburg City Parks and Zoo		1 282 410	–	93 945	626 750	748 076	(121 326)	-16%	1 282 410
JDA		113 701	–	7 316	53 026	66 332	(13 306)	-20%	113 701
Johannesburg Roads Agency		1 662 780	–	127 489	859 807	969 955			1 662 780
Joburg City Theatres		244 436	–	22 030	145 841	142 590	(13 306)	-9%	244 436
Joburg Market		458 810	–	31 290	265 437	267 645	(110 148)	-41%	458 810
Joburg Tourism Company		79 192	–	1 390	7 093	46 200	3 251	7%	79 192
Total Operating Expenditure	2	**43 989 163**	–	**2 950 246**	**25 863 365**	**26 238 837**	**(375 472)**	**-1%**	**43 989 163**
Surplus/ (Deficit) for the yr/period		(1 557 763)	–	(192 598)	(3 648 961)	(1 550 993)	(2 848 912)	184%	(1 557 763)
<u>**Capital Expenditure By Municipal Entity**</u>									–
Pikitup		144 000	–	9 331	53 907	100 485	(46 578)	-46%	144 000
City Power		1 217 736	–	49 651	484 194	849 755	(365 562)	-43%	1 217 736
Johannesburg Water		930 937	–	31 764	512 857	649 623	(136 766)	-21%	930 937
Johannesburg Social Housing Company		–	–	–	–	–	–		–
Johannesburg Property Company		–	–	–	–	–	–		–
Metropolitan Trading Company		15 000	–	554	554	10 467	(9 913)	-95%	15 000
Metrobus		60 000	–	144	551	41 869	(41 318)	-99%	60 000
Johannesburg City Parks and Zoo		–	–	–	–	–	–		–
JDA		–	–	–	–	–	–		–
Johannesburg Roads Agency		–	–	–	–	–	–		–
Joburg City Theatres		–	–	–	–	–	–		–
Joburg Market		119 383	–	1 990	66 729	83 307	(16 578)	-20%	119 383
Joburg Tourism Company		13 000	–	–	25	9 072	(9 047)	-100%	13 000
Total Capital Expenditure	3	**2 500 056**	–	**93 434**	**1 118 816**	**1 744 579**	**(625 762)**	**-36%**	**2 500 056**

Table SC12: Monthly Budget Statement

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

	Budget Year 2022/23							
Month 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	645 077	–	30 712	30 712	614 365	583 653	95%	0%
August	645 077	–	304 609	335 321	955 755	620 434	64,9%	4%
September	645 077	–	496 807	832 128	1 600 832	768 704	48,0%	11%
October	645 077	–	387 411	1 219 539	2 245 909	1 026 370	45,7%	16%
November	645 077	–	513 430	1 732 969	2 890 986	1 158 017	40%	22%
December	645 077	–	407 546	2 140 515	3 536 063	1 395 548	39,5%	28%
January	645 077	–	214 567	2 355 082	4 181 140	1 826 058	43,7%	30%
February	645 077	–	–		–	–		
March	645 077	–	–		–	–		
April	645 077	–	–		–	–		
May	645 077	–	–		–	–		
June	645 077	–	–		–	–		
Total Capital expenditure	7 740 924	–	2 355 082					