

# PRESENTATION TO THE NATIONAL COUNCIL OF PROVINCES



**PRESENTED BY  
ACTING EXECUTIVE MAYOR:  
CLLR.D NHLAPO**

**29/10/2020**

# PRESENTATION OUTLINE

**INTRODUCTION**

**PUBLIC PARTICIPATION**

**SERVICE DELIVERY**

**GOOD GOVERNANCE**

**SOUND FINANCIAL MANAGEMENT**

**BUILDING CAPABLE LOCAL GOVERNMENT**

**CONCLUSION**

**VISION**  
To be a Model City and a Centre of Excellence



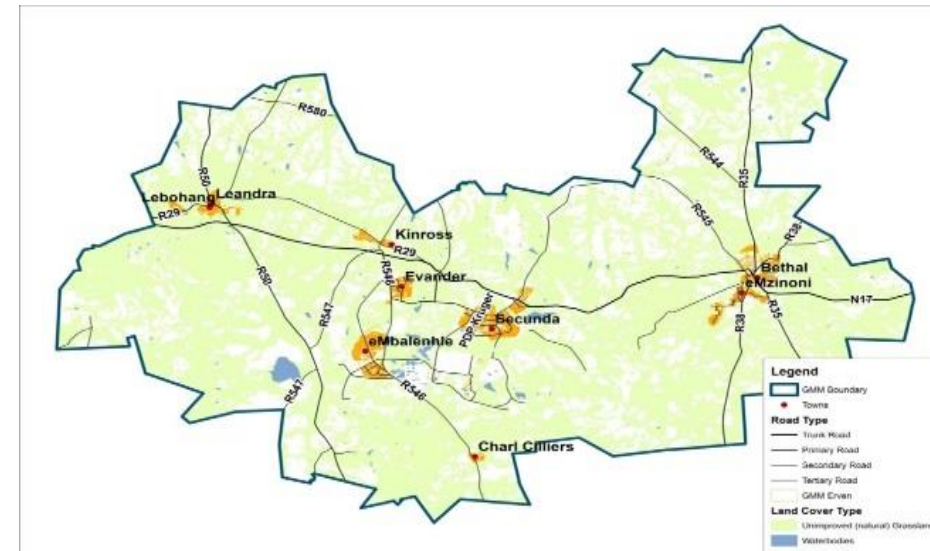
# INTRODUCTION



Govan Mbeki Local Municipality is situated in the south-eastern part of Mpumalanga Province, abutting Gauteng Province in the south-west; approximately 150km east of Johannesburg and 300km south-west of Nelspruit (capital city of Mpumalanga).

Govan Mbeki Municipality is one of the 7 local municipalities under the jurisdiction of Gert Sibande District (the other districts being Ehlanzeni and Nkangala) and one of the 18 local municipalities within Mpumalanga. The Govan Mbeki area is mainly agricultural / rural with 3 urban

conglomerates, namely; Leandra (Leslie, Lebohang and Eendracht) in the western edge, The Greater Secunda (Trichardt, Evander, Kinross and Secunda / Embalenhle) conurbation in the central part and Bethal / Emzinoni in the east.



# INTRODUCTION



- Govan Mbeki Municipality is the 4<sup>th</sup> largest economy in Mpumalanga province and contribution to the provincial economy in 2019 was 12.7% and 47.2% to district economy. The comparative advantage of the municipality is in mining and manufacturing
- Govan Mbeki has been identified amongst the struggling municipalities in the province in so far as meeting its service delivery obligations to the satisfaction of the consumers.
- Consequently, the municipality has been receiving support from Treasury, Cogta and GSDM.
- The municipality continues to operate under difficult conditions as evident in the escalation of the debtors book.



# PURPOSE



- The purpose is to provide the overview into the state of Govan Mbeki Municipality to NCOP.
- To share the municipal response to the emerging issues.
- Solicit support with the aim of strengthening the municipality's capacity to meet its legal obligation.

# GOOD GOVERNANCE

# GOOD GOVERNANCE



Governance Structure	Functionality status	Number of meetings held since 1 July 2020
Council	Functional – Virtually	08
Mayoral Committee	Functional – Virtually	07
Troika	Functional – Virtually	05
Section 79 Committee (MPAC)	Functional – Virtually	02
Section 80 Committees	Functional – Virtually	18
Audit Committee	Functional – Virtually	02
Risk Management Committee	Functional – Virtually	02
Disciplinary Board	Functional – Virtually	03
Management	Functional – Virtually	08
Local Labour Forum	Functional – Meetings were suspended due to Covid-19 however employee issues are escalated and responded thereto through direct engagements with the chairpersons and secretaries of the 2 recognized unions.	

# GOOD GOVERNANCE



- MPAC – concluded its investigation on the financial performance report for the first and second quarter of the financial period 2019/2020 as well as the mid term financial performance for the same financial period.
- The Disciplinary Board is investigating three cases of financial misconducts of which the first report is due for tabling to council on the 30<sup>th</sup> of October 2020.
- Council at its extra ordinary meeting held on the 20<sup>th</sup> of October 2020 adopted the section 106 report as per the directive of the MEC during the extra ordinary council meeting of the 06<sup>th</sup> of October 2020 where the MEC tabled the said report.
- An action plan will be prepared based on the recommendations of the section 106 report



# Internal Audit Capacity

- GMM established an in-house Audit Committee that is staffed and reports administratively to the Municipal Manager and functionally reports to the Audit Committee.
- There are 6 positions on the organisational structure with 1 vacancy.
- The unit is due for assessment by AC and Acting MM in Nov 2020.

Name	Position + Experience	Qualifications
I Makola	CAE (12 years of external & internal audit)	B com (Articles), MFMP ACCA – In progress Post Grad Int Auditing in progress
T Khumalo	Supervisor (7 years)	B com (Accounting) Municipal financial management
C Masango	Performance Auditor (7 years)	National Diploma cost and management accounting
D Reddi	Internal Auditor (6 yrs)	B com (accounting)
T Lekhoba	Internal Auditor (6 yrs)	National Diploma: Internal Auditing Advance diploma in Acco sciences: IA

# AUDIT COMMITTEE CAPACITY

## **1. Capacity**

- Five independent members appointed
- Three are qualified CA(SA)

## **2. Functionality**

- Committee meets quarterly and reports to Council
- Two meetings held as at 1 July 2020

## **3. Effectiveness**

- Assessment of the Committee is due in November 2020
- To be conducted by Ad-hoc committee of Council
- Report presented to Council thereafter

# PUBLIC PARTICIPATION

# PUBLIC PARTICIPATION



- The municipality has 32 Wards with only 15 CDW's.
- All Ward committees are operational and functional and submits monthly report to the Speaker.
- Due to covid, Council engaged with the public through electronic media such as website and social media like face book.
- Stakeholder meetings are on-going .
- The Draft Public Participation Strategy is scheduled for Council's consideration on 30 October 2020.

# **BUILDING CAPABLE LOCAL GOVERNMENT**

# BUILDING CAPABLE LOCAL GOVERNMENT



## APPOINTMENT OF SENIOR MANAGERS SEC 54A & 56

POSITION	STATUS	DATE	Latest Development
Municipal Manager	Filled	October 2018	<ul style="list-style-type: none"> <li>Placed on suspension since the 3<sup>rd</sup> of September 2020. AMM appointed.</li> <li>Disciplinary hearing scheduled for the 27<sup>th</sup> of October 2020</li> </ul>
Chief Financial Officer	Filled	October 2017	<ul style="list-style-type: none"> <li>Placed on suspension since the 9<sup>th</sup> of October 2020. ACFO has been seconded by GSDM effective from the 19<sup>th</sup> of October 2020.</li> <li>Charge sheet is being finalized in line with the regulations.</li> </ul>
Director Corporate Services	Filled	October 2018	None
Director Technical Services	Filled	December 2019	None
Director Community Services	Filled	February 2020	None
Director Planning & Development	Filled	March 2020	None



# SERVICE DELIVERY

# SERVICE DELIVERY



Municipality	Services	Total No of HH	No of HH with access	%	No of HH without access	%
<b>2011 Statistics</b>						
GOVAN MBEKI	Water	83,874	81,598	97.3	2,276	2.7
GOVAN MBEKI	Sanitation	83,874	82,355	98.2	1,519	1.8
GOVAN MBEKI	Electricity	83,874	75,738	90,3	8,136	9,7
GOVAN MBEKI	Roads	83,874	505 km	56	398 km	44
GOVAN MBEKI	Refuse Removal	83,874	64066	76,4	19,808	23,6
<b>2016 Census</b>						
GOVAN MBEKI	Water	108 894	107 190	98	1,704	2
GOVAN MBEKI	Sanitation	108 894	108 168	99	726	1
GOVAN MBEKI	Electricity	108 894	103 407	94	5 487	6
GOVAN MBEKI	Roads	108 894	505 km	56	398 km	44
GOVAN MBEKI	Refuse Removal	108 894	81150	91	7,906	9

# SERVICE DELIVERY



Service	Challenges	Interventions
Access to water	<p>Water Supply to Farms is restricted by land ownership.</p> <p>Failure to recover the cost of unbilled water.</p> <p>Rand Water account is the 2<sup>nd</sup> highest creditor at <b>R 317 million.</b></p>	<p>Water is supplied through trucks to farms using 3 GMM owned trucks.</p> <p>Weekly payments are made to Rand Water.</p>

Status Quo	Water related Projects	budget	Source of funding
98% of the total households have access water.	• Eendracht Water Pipe replacement	R6,3 million	Internal funding
	• Refurbishment and upgrade of Vanheerde Reservoir	R18 million	MIG
	• Construction of Charl Cillers Bulk Line	R 42 million	Sasol (SLP)
	• Maintenance and replacement of valves in Bethal	R1 million	Exxaro (SLP)
	• Drilling of 31 boreholes	R4,6 million	MIG

# SERVICE DELIVERY



Service	Challenges	Interventions
Sewer	<ul style="list-style-type: none"><li>• Sewer Spillage due to lack of capacity of the infrastructure.</li><li>• Ageing of infrastructure</li><li>• Environmental degradation</li></ul>	<ul style="list-style-type: none"><li>• The municipality procured the services of a consultant in June 2020 for the compilation of a Water and Sanitation Master Plan.</li><li>• Council supported by a number of stakeholders initiated the following projects:</li></ul>

# SANITATION



Status quo	Sewer related projects	Budget	Source of Funding
99% of the total households have access to sanitation	<ul style="list-style-type: none"> <li>Refurbishment and Upgrading of Emzinoni WWTW and sewer pump stations</li> </ul>	R 9.4 million	MIG
	<ul style="list-style-type: none"> <li>Construction of WWTW in Charl Cilliers</li> </ul>	R 13.6million	MIG
	<ul style="list-style-type: none"> <li>Upgrading of Kinross WWTW</li> </ul>	R 19 million	WSIG
	<ul style="list-style-type: none"> <li>Upgrading of Embalenhle ext. 5 pump station and outfall line to new ext. 24 pump station</li> </ul>	R30 million	WSIG
	<ul style="list-style-type: none"> <li>Upgrading of Embalenhle Bulk line and pump station (ext. 24 PS)</li> </ul>	R60 million	RBIG

# SANITATION

Status quo	Sewer related projects	Budget	Source of Funding
99% of the total households have access to sanitation	<ul style="list-style-type: none"> <li>Refurbishment of Embalenhle ext. 22 pump station and Upgrading of Embalenhle ext. 25 pump station and outfall line</li> </ul>	R 18 million	DoHS
	<ul style="list-style-type: none"> <li>Maintenance of sewer lines in Bethal and Embalenhle ward 26, 28 &amp; 31</li> </ul>	R 1.1 million	MISA
	<ul style="list-style-type: none"> <li>Upgrading of Leandra rising main</li> </ul>	R 20 million	Anglo (SLP) Sasol (Ikusasa)
	<ul style="list-style-type: none"> <li>Maintenance of Leandra sewer network</li> </ul>	R 15 million	DoHS
	<ul style="list-style-type: none"> <li>Maintenance of sewer line at Embalenhle ext. 18 and 25.</li> </ul>	R 9 million	Evander Gold mine (SLP)
	<ul style="list-style-type: none"> <li>Refurbishment and upgrading of Kinross pump stations</li> </ul>	R 5 million	Sasol (SLP)



# ELECTRICITY SUPPLY

Status Quo	Point Name	Contracted NMD (KVA)	Average current use	Revised Required NMD (KVA)
GMM has been experiencing daily load shedding of power supply to residents due to demand exceeding supply in terms of Notified Minimum Demand (NMD) especially during winter period	Bethal	18 720	18 800	<b>32 000</b>
	Emzinoni	8 000	7 700	<b>13 000</b>
	Evander	12 000	9 500	<b>16 000</b>
	Embalenhle	34 000	37 000	<b>37 000</b>
	Kinross	7 700	10 000	<b>10 000</b>

- In April 2020, GMM requested Eskom to increase the NMD in Bethal/eMzinoni and eMbalenhle.
- Eskom declined citing GMM's inability to honor their account as reasons.
- Through intervention by the Dep Minister, Eskom agreed on condition that R95m and R27m upfront payment for Bethal and Emzinoni respectively.
- Payment was effected and a repayment plan was sent to Eskom but has not been accepted.
- MEC Cogta has established a Task Team to develop and implement a Financial Recovery Strategy jointly with the municipality.

# ELECTRICITY SUPPLY



- GMM continues to provide electricity supply to its residents albeit with challenges.
- The municipality owes Eskom R 2 108 147 966. To address this, the following interventions have been initiated:
  1. An MOU has been signed with GSDM for the Management of the Bethal Emzinoni electricity. GSDM advertised the tender which closed on 25 September and is being adjudicated. Anticipated date of introduction of service provider is 2 November 2020.
  2. GMM Council applied for an NMD increase for various points which are exceeding the set limit. Eskom set 2 conditions for the NMD increase, namely:
    - 2.1 Advance payment equivalent to 3 months for Bethal/Emzinoni and Embalenhle totalling R95 m and R27 m should be paid. Council honoured the payments.
    - 2.2 A council approved repayment plan should submitted to Eskom.
- Council approved the repayment plan and same was submitted to Eskom on 09 October 2020. Eskom rejected the repayment plan.
- The matter has been escalated to the MEC and the Deputy Minister

# ELECTRICITY SUPPLY



- GMM resolved through resolution **A62/06/2018** in June 2018 and applied to NERSA to relinquish its electricity distribution license and responsibilities back to Eskom in so far as the Langverwargt main substation which was licensed for 34 MVA but was already exceeding 44 MVA.
- An application was also made to Eskom and while the matter was acknowledged, Eskom set impractical conditions for the take over:
  1. GMM's arrear debt of R1 539 239 415 53 as at 23 October should be settled in full.
  2. Monthly accounts should be up to date before finalization.
  3. GMM should make an upfront payment of Smart Meter installation at estimated cost of R 212 million.
  4. The total electricity distribution license for all towns/areas supplied by GMM to be handed over to Eskom.
  5. GMM to fund the network upgrading of Langverwargt main substation.
  6. Emba's electrical networks to be upgraded to meet Eskom's requirements.
- **The above conditions are purely meant to frustrate the transfer and there is a seemingly unwillingness to corporate.**

# ELECTRICITY SUPPLY



Area	Intervention	Progress to date	Budget	Funding source
Embalenhle	Embalenhle electricity network strengthening (20MVA)	<ul style="list-style-type: none"> <li>• Site establishment 100%</li> <li>• Survey and pegging 100%</li> <li>• Planting of poles 100%</li> <li>• MV conductor string 100%</li> <li>• Busbar Installation pending the delivery of a mobile transformer by Eskom</li> </ul>	R25m	INEP

The above investment has become a white elephant and is vulnerable to vandalism as the project is not energised owing to the Repayment Plan dispute.

# ELECTRICITY RELATED MEASURES

## Challenges

- Reputational damage
- Curb the escalating debt
- Load shedding
- Consumption exceeding capacity resulting in transformer damages
- Illegal connections
- Ghost vending
- Ageing infrastructure

## Proposed interventions

- Increase revenue collection on electricity
- Implement Rhuthula project
- Installation and registration of meters
- Amnesty period
- Deal away with ghost vending
- Hand over the Emba License to Eskom
- Signing of repayment plan
- Pilot ring-fencing at Bethal

# ROADS



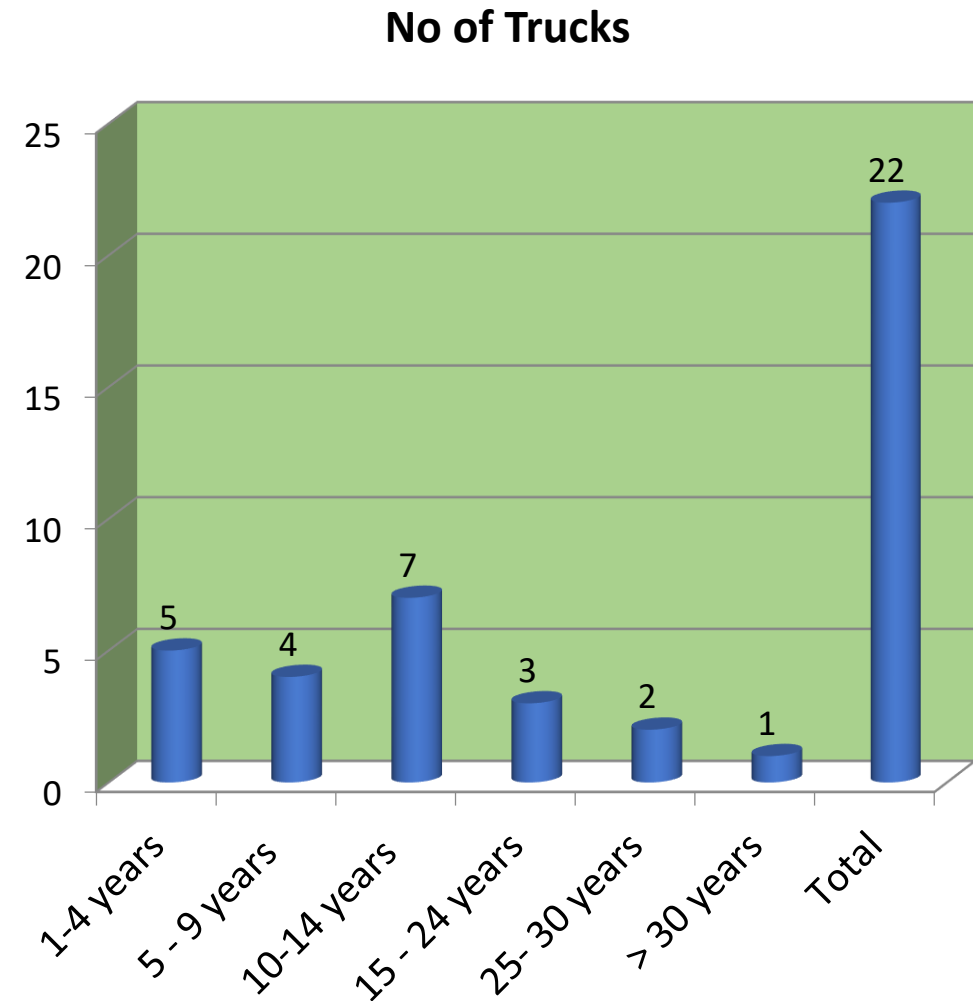
Status Quo	Challenges	Proposed intervention	Support source
<p>The Municipality have 903 km of Roads which have surpassed its life span.</p>	<p>The 505km of tarred or paved roads is affected by potholes</p>	<p>Pothole patchwork and roads rehabilitation</p> <p>R11,8 million of the Equitable Share has been reprioritized for the maintenance of roads infrastructure.</p>	<p>MIG, DPWR&amp;T DSDM</p> <p>DPWR&amp;T GSM</p>
	<p>Un-trafficable gravel roads due to shortage of yellow fleet</p>	<p>Provision of yellow fleet for grading of gravel roads</p>	<p>MIG, GSDM</p>
	<p>Inadequate stormwater system and illegal dumping of waste into the system</p>	<p>Construction of new system, cleaning and upgrading of existing</p>	



# WASTE REMOVAL

2015-2020	No of Trucks
1-4 years	5
5 - 9 years	4
10-14 years	7
15 - 24 years	3
25- 30 years	2
> 30 years	1
<b>Total</b>	<b>22</b>

**Council made funding available to progressively replace old trucks. 3 trucks were procured in 2019-20 awaiting delivery**



# WASTE DISPOSAL (landfill) remaining life



Name of the landfill	Location	Size of the site	Estimated remaining lifespan
Bethal landfill site	Stand 9946 Extension 11 eMzinoni	441,277.59m <sup>2</sup>	± 20 years
Kinross landfill site	Portion 11 of the Farm Zondagsfontein 124-IS	123,415.69m <sup>2</sup>	0 years (The landfill need to close by end of 2020 based on the closure license conditions)
Leandra landfill site	Portion 4 of the Farm Brakfontein 310-IR	1,996,967.18m <sup>2</sup>	± 50 years plus
Secunda landfill site	Portion 40 of the Farm Goedehoop 290-IS	265,484.91m <sup>2</sup>	± 1 year

# CEMETERY INFRASTRUCTURE



- 37 cemeteries, which includes private cemeteries and grave sites, were identified.
  - The Municipality is responsible for the management of 28 *cemeteries/ grave sites*.
  - *Eleven (11)* cemeteries are active, whilst *seventeen (17)* cemeteries are inactive as they have reached capacity.
  - *One (1)* Commonwealth grave site in Bethal.
- Draft Cemetery Master Plan is in place which addresses operational challenges, infrastructural requirements, estimated remaining life and development of future cemeteries.
  - None of the existing and future cemeteries have Environmental Authorization in terms of NEMA.

# FACILITIES



Regions	Total Number of Facilities	Facilities in Use	Facilities not Used
Region 1 (Bethal eMzinoni)	5	2	3
Region 2 (Secunda, Trichardt, Evander, Kinross, Leslie)	11	7	4
Region 3 (eMbalenhle Charl Cilliers)	7	4	3
<b>TOTAL</b>	<b>23</b>	<b>13</b>	<b>10</b>

**The above facilities include community halls, stadiums and Lapa's.**

# LIBRARIES AND FIRE STATIONS



- 11 Libraries
- 6 Fire stations (only municipality in Mpumalanga with 6 stations running 24hr shift)
- Fire response time above 75% i.t.o SANS Community protection against Fire (10090) standards
- Both libraries and fire stations need infrastructure repair and maintenance including security
- Fire stations that need renovations: Secunda, Evander & Bethal (ceilings falling, roof leaks, broken doors, etc.)
- Only one back-up generator amongst 6 fire stations
- Insufficient fire fighting vehicles and equipment

# GRANT FUNDED PROJECTS MIG/WSIG/RBIG PROGRESS REPORT 2020/2021



Project name	Budget	Expenditure	Funder	Project category	Status
Refurbish and Upgrade Water Pipeline to Van Heerden Reservoir and Recommission Reservoir	18 830 000	1 102 800.77	MIG	Water	Site establishment completed
Refurbishment and Upgrading of Emzinoni WWTW and sewer pump stations	9 409 759	R0	MIG	Sanitation	closed on 14/08/2020. pre-evaluation in progress
Rehabilitation of Tarred roads in Embalenhle	5 600 000	R0	MIG	Roads	Contractor on site busy with road layer works
Construction of WWTW in Charl Cilliers.	13 617 550	1 526 881.04	MIG	Sanitation	Continuation of scope for civil (65%) and M&E (20%)
Installation of 31 boreholes in GMM farms	4 692 332	R0	MIG	Water	Continuation of scope (85%)
PMU Cost Component	1 066 076	R0	MIG	PMU Admin	Awaiting Shortlisting
Upgrading of Lebohang Stadium	1 335 183	1 065 426.37	MIG	Public Facilities	Continuation of scope (98%)
Installation of High mast lights in GMM	2 871 100	R0	MIG	Electricity	Continuation of scope (98%)
<b>TOTAL</b>	<b>57 422 000.00</b>	<b>3 695 108.18</b>			

Project Name	Budget	Expenditure	Funder	Challenges	Status
Upgrading of Kinross WWTW	19 000 000	11 598 003.49	WSIG	None	Construction (55%)
Upgrading of Embalenhle Bulk line and pump station (ext 5 PS)	30 000 000	997 050.00	WSIG	None	Final designs completed. Evaluation of RFQ's in progress
Upgrading of Embalenhle Bulk line and pump station (ext 24 PS)	60 000 000	0	RBIG	none	Final designs completed. Evaluation of RFQ's in progress
<b>TOTAL</b>	<b>57 422 000 .00</b>	<b>12 595 053.49</b>			

# SPENDING ON GRANT FUNDING



	Municipal Infrastructure Grant	Water Service Infrastructure Grant	Integrated National Electrification Grant	Regional Bulk Infrastructure Grant
Budget	R 57 422 000	R 30 000 000	R 25 000 000	60 000 000
Expenditure (Vat Inc)	R 5 072 512	R 2 120 278	R 9 005 932	R 3 713 111
Percentage	9%	7%	36%	6%

# FINANCIAL VIABILITY



# AUDIT OUTCOMES



- **GMM historical performance on its Audit is depicted as below:**

2014/15	2015/16	2016/17	2017/18	2018/19
Unqualified with Findings	Unqualified with Findings	Unqualified with Findings	Disclaimer	Pending

- The 2018-19 AFS were submitted late and still being audited.
- A Draft Management Report was presented by AG on 10 September 2020 and a Final opinion is still pending.
- Due to the late finalization of the audit following the submission of AFS in February 2020, the AMM escalated GMM's concerns to AGSA Business Executive and Provincial Treasury. A meeting was held on 18 October and AG has requested more information from GMM.
- The 2019-20 AFS will be submitted on 31 October 2020 as per the applicable legislation.

# 2017/2018 Audit outcome Disclaimer paragraphs

The municipality received a Disclaimer opinion in the year 2017/2018 financial year with 15 Paragraphs which are summarized below:

No	2017/2018 Audit outcome ( Disclaimer paragraphs )
1	Service charges
2	Payables from exchange transaction
3	Property rates
4	Employee related cost and councillors remunerations
5	Consumer deposit
6	Value added Tax- Receivables
7	Bank overdraft
8	Debt impairment

No	2017/2018 Audit outcome ( Disclaimer paragraphs )
9	Contracted services
10	General expenditure
11	Irregular expenditure
12	Interest received on outstanding debtors
13	Long term receivables
14	Property plant end equipment
15	Total revenue and expenditure

# POST AUDIT ACTION PLAN

1. The municipality has managed to reduce the Disclaimer opinion paragraph from 15 to 7 paragraph based on the Draft Management report for 2018/2019

## **2018/2019 Uncorrected misstatements relating to the audit of the financial statements (still being finalised )**

Consumer receivables

Receivables from non exchange transactions

Service charge revenue

Interest revenue

Debt impairment expense

Irregular expenditure opening balance adjustment

Cash and cash equivalents

2. The issues might change as the audit is still in progress to be finalize early November .

## UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

<b>Unauthorised expenditure</b>	<b>Totals</b>
Opening balance as previously reported	R897,063,000.00
Current movements	
Closing balance 30 June 2020	R897,063,000.00
<b>Fruitless and wasteful expenditure</b>	
Opening balance as previously reported	R345,839,425.00
Add: Expenditure identified - current	R202,241,341.00
Closing balance	R548,080,766.00
<b>Irregular expenditure</b>	
Opening balance as previously reported	R658,002,651.00
Add: Irregular expenditure - current	R327,275,981.00
Closing balance	R985,278,632.00

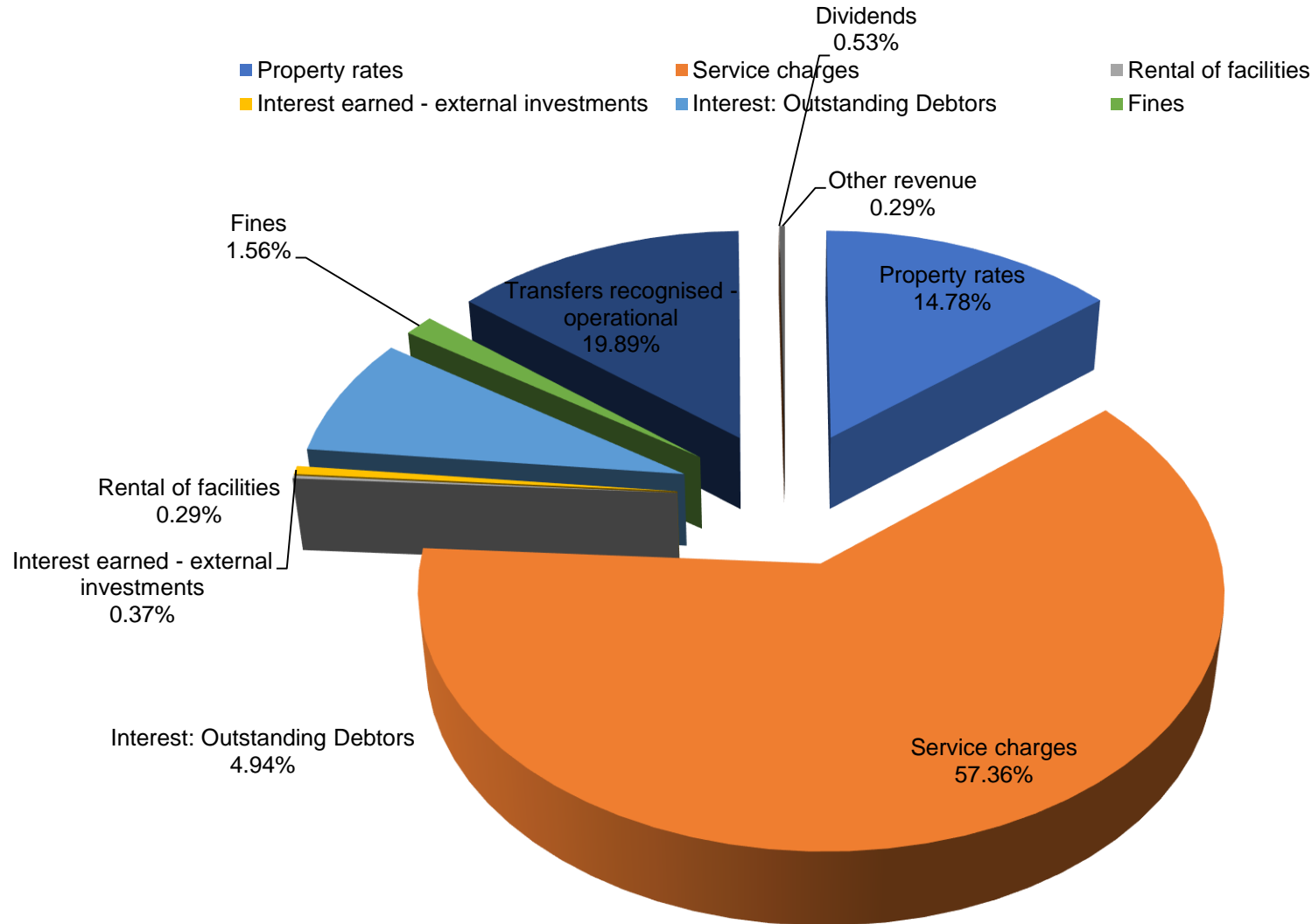
# TREATMENT OF UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

- The municipality is investigating possible instances of irregular expenditure which has not been included in the amount disclosed above. The full extent of irregular would only be known at the end of these investigations.
- Council approved irregular expenditure amounting to R 191 541 798 on the 30 January 2020 as per resolution A005/01/2020, that is subsequent year end and reporting period. The write-off will therefore be effected in the financial statements with period ending 30 June 2020.
- Council also approved write-offs amounting to R 324 174 846 relating to previous financial years (2016,2017,and 2018) as per resolution A005/01/2020 that is subsequent year end and reporting period. The write-off will therefore be effected in the financial statements with period ending 30 June 2020.
- The above write-offs were considered accordingly after MPAC detailed investigations, other transaction has been referred to the disciplinary board for consideration.
- The disciplinary board is due to table a report to council on the 30<sup>th</sup> of October 2020

# 2019-20 AFS PREPARATION

- The 2019-20 AFS preparation process is underway with a Draft set of produced as at 25 October 2020.
- The Draft is open for Management and Internal Audit review.
- Audit Committee meeting is scheduled for 27 October 2020 wherein external comments will be sourced.
- GSDM has appointed supported the municipality with the appointment of service provider for the review and this process commenced on 26 October 2020.
- Council will be provided with the Draft AFS on the 30 October 2020 whereafter the final set will be submitted to AGSA on 31 October 2020 as per the applicable legislation.
- GMM remains comfortable that the 2019-20 AFS will be submitted timeously.

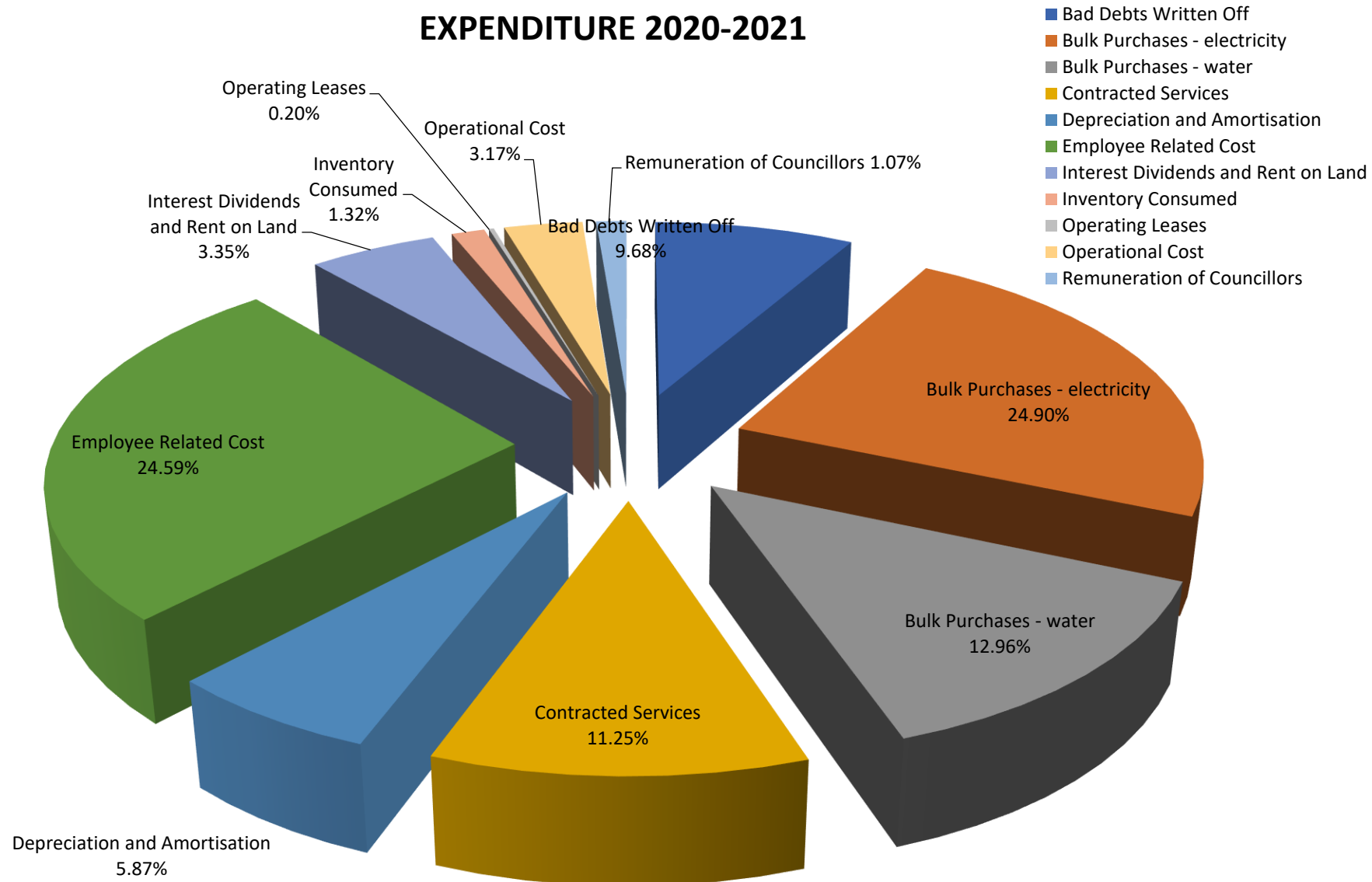
# BUDGET FOR THE 2020/2021 FINANCIAL PERIOD



# BUDGET FOR THE 2020/2021 FINANCIAL PERIOD



## EXPENDITURE 2020-2021





# BILLING REPORT FOR SEPTEMBER 2020



Account Type	September 2020, Report		
	Billing, August 2020	Payments, September 2020	Payment Rate (Billing)
RESIDENTIAL	89.039.754,71	-63.959.988,41	72%
BUSINE BUSINESS	44.967.808,64	-45.431.572,38	101%
INDIGENTS	10.415.161,90	-870.200,64	8%
GOVERNMENT	21.646.260,55	-2.972.926,68	14%
INSTITUTION	184.014,37	-82.690,10	45%
SUNDRY ACC	116.584,96	-91.144,99	78%
PAYMENT ADVANCED	0,00	-1.060.168,25	0%
<b>Total</b>	<b>166.369.585,13</b>	<b>-114.468.691,45</b>	<b>69%</b>

# STATE OF FINANCES (March – Sep 2020)

Month	Details	Property rate	Service Charges	Other revenue	Amounts
Sept	BILL	31,448,580.14	119,122,964.00	15,798,068.00	
	Actual	23,720,152.00	77,771,608.00	11,922,797.00	113,414,557.00
August	BILL	31,133,649.00	103,118,750.00	15,863,970.00	
	Actual	19,398,021.00	46,910,236.00	7,474,563.00	73,782,820.00
July	BILL	26,589,548.00	82,449,283.00	12,768,575.00	
	Actual	19,795,224.00	52,501,343.00	8,379,888.00	80,676,455.00
June	BILL	26,591,012.00	89,170,151.00	22,163,453.00	
	Actual	20,616,656.00	55,896,157.00	9,060,604.00	85,573,417.00
May	BILL	26,591,004.00	88,505,823.00	24,217,087.00	
	Actual	18,126,560.00	61,286,591.00	10,365,808.00	89,778,959.00
April	BILL	26,591,109.00	90,689,937.00	24,858,773.00	
	Actual	17,955,759.00	48,867,277.00	7,745,670.00	74,568,706.00
March	BILL	26,390,514.00	102,545,028.00	26,341,552.00	
	Actual	20,647,015.00	66,506,420.00	11,162,991.00	98,316,426.00
<b>Total</b>					<b>616,111,340.00</b>

# BILLING REPORT FOR SEPTEMBER 2020

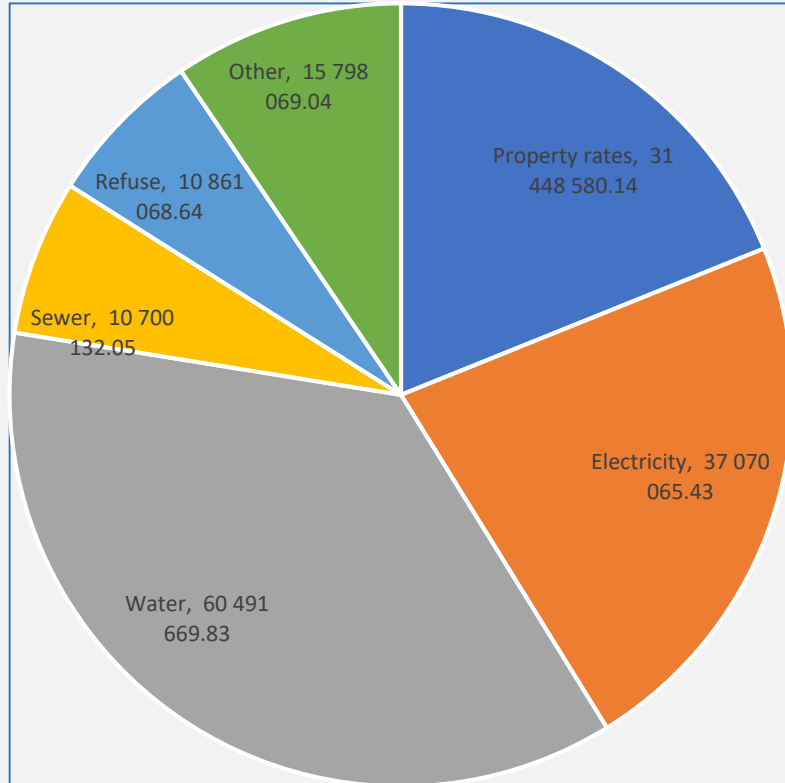


PAYMENT RATE PER AREA	BILLING	ACTUAL COLLECTION	% COLLECTED
Emba	26 398 367,04	-5 836 245,64	-22,11%
Emzinoni	7 889 863,04	-857 314,45	-10,87%
Lebohang	6 776 502,12	-180 877,06	-2,67%
Bethal	29 647 019,78	-8 855 895,66	-29,87%
Kinross	11 581 917,61	-14 543 957,91	-125,57%
Secunda	56 552 630,50	-59 149 039,34	-104,59%
Tero Nova	181 261,09	-41 709,16	-23,01%
Evander	9 894 617,16	-8 084 229,43	-81,70%
Trichardt	7 037 221,78	-6 504 451,45	-92,43%
Leslie	1 312 282,89	-912 952,25	-69,57%
Charl Cilliers	382 498,68	-107 539,66	-28,12%
Eendraght	415 759,19	-284 981,80	-68,54%
Farms	8 211 371,24	-8 016 211,23	-97,62%
Other	88 273,01	-1 189 363,48	-1347,37%
<b>Totals</b>	<b>166 369 585,13</b>	<b>-114 564 768,52</b>	

# 1<sup>st</sup> Quarter Performance



Sources of Revenue

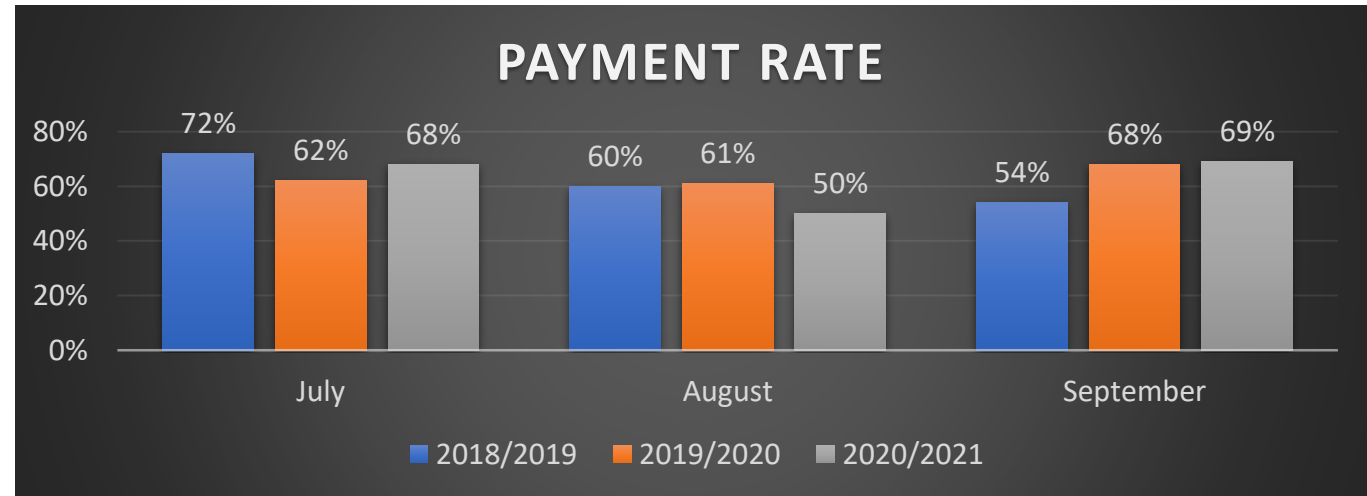


Sources of revenue	Actual billed	Actual collected	Recovery %
Property rates	31 448 580,14	-23 681 690,02	75%
Electricity	37 070 065,43	-29 579 256,39	80%
Water	60 491 669,83	-38 549 370,67	64%
Sewer	10 700 132,05	-4 777 610,29	45%
Refuse	10 861 068,64	-4 865 372,15	45%
Other	15 798 069,04	-13111469	63%
Totals	166 369 585,13	-114 564 768,52	

# COMPARATIVE PAYMENT RATE



Month	2018/19	2019/20	2020/21
July	72%	62%	68%
August	60%	61%	50%
September	54%	68%	69%
October	66%	70%	
November	74%	68%	
December	65%	61%	
January	79%	61%	
February	67%	64%	
March	73%	67%	
April	60%	53%	
May	67%	61%	
June	65%	63%	



# CREDITORS



Supplier Name	Department/Section	Type of Expenditure	Amount
Eskom Holdings Soc Ltd -	Energy	Electric	2 088 256 710.41
Rand Water	Water and Sewer	Bulk Purchases	347 956 180.29
Dcssl Tax Revenue	Community Services	License Fees	123 047 602.78
Sasol South Africa	Waste Water	Sewer Purification	20 545 381.54
Landis And Gyr (Pty) Ltd	Finance	Vending System	8 185 528.29

# Finance Recovery Plan

NO	STRATEGY	TOTAL ACTIVITIES	FULLY IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT YET STARTED
1	STRENGTHENING GOVERNANCE	30	19	9	8
2	ORGANISATIONAL RESTRUCTURING	9	4	4	1
3	HUMAN RESOURCE MANAGEMENT	30	16	6	8
4	INFRASTRUCTURE AND SERVICE DELIVERY IMPROVEMENT	59	6	41	12
5	IMPROVE FINANCIAL SUSTAINABILITY, ADMINISTRATION AND CONTROL	57	20	33	4
6	RESTRUCTURING OF THE BUDGET	20	18	2	0
7	IMPROVE CASH FLOW MANAGEMENT	17	6	9	2
	TOTAL	222	89	104	35

# Revenue Enhancement Plan



## 1. Immediate Plan:

- 1.1 *Replacement of faulty water and electricity meters*
- 1.2 *Defaulting Consumer Management*
- 1.3 *Payment by Municipal Staff and Councillors*
- 1.4 *Establishment of Revenue Task Team.*

## 2. Short Term Plan:

### 2.1 **Debtors collection:**

- 2.1.1 *Top 50 highest business/residential*
- 2.1.2 *Government debt*
- 2.1.3 *Rentals (properties/facilities)*
- 2.1.4 *Set payment of municipal account as a condition for various license and plans issuing (Building plans)*
- 2.1.5 *Pre-legal processes undertaking*

## 3. Long-term Plan:

- 3.1 *Data Cleansing*
- 3.2 *Reconcile GVR vs Billing*
- 3.3 *Hand over of Accounts*



# GMM's response

- Do away with outsourcing when the services can be rendered internally.
- GMM Council resolved under A43/04/2018 that meter reading BE SOURCED internally by means of a phase-in approach.
- GMM Council resolution A060/09/2020 which prioritized the additional Equitable Share allocation towards building of Internal capacity through acquisition of fleet required for day-to-operations.
- Increase revenue collection on electricity
- Implement Rhuthula project
- Installation and registration of meters
- Enlist all customers on the financial system to do away with ghost vending
- Hand over the Embalenhle License to Eskom
- Signing of repayment plan with Eskom and compliance thereto
- Pilot ring-fencing at Bethal with assistance of GSDM.

# BUILDING INTERNAL CAPACITY THROUGH FLEET AQUICISION



Item No	Description	Area	Quantity	Unit	Price
1	Honey Sucker Trucks	Region 1, 2 and 3 septic VIP & septic tanks	3	R 1 350 000.00	R 4 050 000.00
2	Water Carts	Region 1 & 3 rural farms and informal settlement	2	R 1 770 097.00	R 3 540 194.00
3	TLB (Water/sanitation)	Region 2 & 3 Leandra & eMbalenhle	2	R 1 113 476.00	R 2 226 952.00
4	High Pressure Jet Truck	Region 1 & 2 sewer network, pump stations and WWTW's	1	R 4 500 000.00	R 4 500 000.00
5	Dozer: D6	Region 1 & 2: Landfill site	1	R 3 794 000.00	R 3 794 000.00
6	Tipper trucks	Region 1/2 & 3 : illegal dumping	4	R 1 400 000.00	R 5 600 000.00
7	Front end loader	Region 1, 2 & 3 :illegal dumping	2	R 1 600 000.00	R 3 200 000.00
8	TLB (Cemetery)	Region 2 & 3: cemeteries	1	R 1 113 476.00	R 1 113 476.00

# RECOMMENDATIONS



- That the NCOP note the status quo within Govan Mbeki Municipality.
- That the NCOP notes the interventions put in place in dealing with service delivery challenges more so electricity related owing to its effect on the municipality, business and residents.
- That the NCOP take note of a number of projects implemented through RBIG, MIG, INEP and GMM funded to ameliorate service delivery challenges.
- That the Select Committee take note of measures put in place to improve the financial position of the institution through, increasing revenue collection.

# CONCLUSION



- Govan Mbeki municipality remains financially unsustainable this due to expenditure exceeding income with Eskom debt as the highest contributor to the current financial status quo.
- Owing to reduction in electricity supply, payment of services is also affected as communities are reluctant to pay due to internal load shedding.
- GMM Council adopted a repayment plan which has since been rejected by Eskom. Engagements between the municipality with support from Cogta, Treasury, SALGA, MISA and Gert Sibande are underway to formulate a Financial Recovery Plan that will support repayment to Eskom.
- The decline in national economic performance is affecting local business as major employers such as SASOL are scaling down, however, GMM is engaging strategic partners to curb job losses.
- GMM remains committed to turning the financial situation of the municipality around.

THANK YOU