

WC025 Breede Valley - Supporting Table SC1 Material variance explanations - Q4 Fourth Quarter

Ref	Description	Variances of 5% and Greater	Reasons for material deviations	Remedial or corrective steps/remarks
	R thousands			
1	<b>Revenue By Source</b>			
	Service charges - electricity revenue	-7%	The reported revenue excludes Prepaid Electricity Revenue to the value of R5 677 460 sold in April 2020 but received in May 2020 as well as the year-end journal of R28 723 629 for accrual of revenue accrued for the 2018/2019 financial year but billed in July 2019. During the year end processes in July 2020 a journal will be processed to include revenue accrued before 30 June 2020 but billed in July 2020.	
	Service charges - water revenue	21%	The reported revenue for water services reflects an over-performance. This is due to the result of consumption being higher than expected.	
	Rental of facilities and equipment	-25%	This revenue also includes revenue from ad-hoc rentals such as halls, library halls and sports facilities. These are rented on demand. All our facilities have been closed due to the lockdown.	
	Interest earned - external investments	-10%	No funds have been invested since the lockdown to ensure sufficient cashflow for day to day operations.	
	Interest earned - outstanding debtors	32%	Growth debtors in resulting in more interest being earned than anticipated.	
	Licences and permits	-39%	Less Licenses and permits issued due to offices being closed during lockdown.	
	Agency services	-14%	More Agency fees were earned during the month than budgeted for.	
	Transfers and subsidies	-27%	All operational conditional grant revenue has been recognised where the conditions are met. Transfers of grants and subsidies are done throughout the financial year.	
	Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-100%	Capital grants recognised when capital expenditure has been capitalised.	
	Other revenue	-12%	All other operational revenue services has been suspended for the Month of April due to the COVID 19 lockdown.	
	Gains on disposal of PPE	-100%	Gains on the disposal of assets are less than anticipated.	
2	<b>Expenditure By Type</b>			
	Employee related costs	-6%	Positions are budgeted for 12 months of the financial year. Vacant position, employees resigning and retiring results in savings which are reprioritised with the Mid-year Adjustment Budget. Only critical vacant positions are currently advertised and filled as a result of the TASK Implementation and Job Evaluation processes that are currently in progress.	
	Debt impairment	-13%	The accounting treatment for debt impairments will be done after the financial year-end.	
	Depreciation & asset impairment	-7%	The accounting treatment for depreciation and asset impairment will be done after the financial year-end.	
	Bulk purchases	-6%	Expenditure on bulk electricity and water purchases are less than anticipated.	
	Other materials	-20%	Expenditure on materials and supplies are less than anticipated.	
	Contracted services	-26%	Expenditure on contracted and outsourced services, and repairs and maintenance are less than anticipated.	
	Transfers and subsidies	-89%	Housing Top Structure expenditure and payments are done within different timeframes.	
	Other expenditure	-26%	Expenditure on operational cost items and general expenses are less than anticipated.	
	Loss on disposal of PPE	-99%	Losses on the disposal of assets are less than anticipated.	
3	<b>Capital Expenditure</b>			
	Total Capital Expenditure	-6%	Final capital payments for 2019/2020 will be done after the financial year-end.	
4	<b>Financial Position</b>			
	None			
5	<b>Cash Flow</b>			
	Service Charges	4%	Debt collection was suspended for the level 5 lockdown COVID 19. Cashiers reopened in the first week of May 2020. The debt control department will be open from the second week in July 2020.	
	Property Rates	-25%	Debt collection was suspended for the level 5 lockdown COVID 19. Cashiers reopened in the first week of May 2020. The debt control department will be open from the second week in July 2020.	
	Other revenue	174%	Debt collection was suspended for the level 5 lockdown COVID 19. Cashiers reopened in the first week of May 2020. The debt control department will be open from the second week in July 2020.	
	Government - Operating	-23%	Operational grants are lower because we have not yet received a progress report from Transhex. The top structures are currently not being built any further, no progress no funds. The only operating grants that was not received is the Transhex portion.	
	Government Capital	-55%	Capital spending is currently only on essential projects. Due to the uncertainty of the COVID 19 on the municipal funds, only essential projects will be dealt with.	
	Interest	-3%	As a result of the lockdown rules, businesses cannot open their doors, they do not currently have the funds to pay the municipal services and there are currently no funds to invest.	
	Suppliers	-1%	Spending is concentrated only on essential services.	
	Transfer and grants	76%	Housing Top Structure expenditure and payments are done within different timeframes. / No payments were done for any top structures in the year.	
	Capital assets	59%	Capital spending plan has been compiled, implemented, the first payments of transhex been reported.	
	Consumer deposits	-80%	The movement in debtors will have an influence on the deposits %.	