

PROGRESS ON THE IMPLEMENTATION OF 2018/2019 ANNUAL BUDGET

PURPOSE

To report on the progress made regarding the implementation of the 2018/19 Annual Budget resolution (A43 of 2018).

Background

On 30 May 2018 the Council adopted the Annual Budget for the 2018/19 financial year. However, council stated that the municipal budget was not funded and suggested the following measures:

- That all non-income generating expenditure must be reduced;
- That the income must be ring-fenced;
- That financial discipline should be maintained- deviations should not be allowed;
- That no purchases of luxurious furniture should be done;
- That no projects should be funded internally;
- That a Multi-Party Committee be established to deal with the impediments in the budget and review of contracts;
- That action be taken against Managers who do not honour meetings called by Council appointed Committees;
- That consumers must be educated to pay for services rendered.

Council further resolved as follows:

COUNCIL RESOLVED: (30 MAY 2018)

1. That Council ADOPTS the 2018/19 MTREF Budget, subject to the following conditions:
 - 1.1 Revenue Enhancement by INCREASING the sale of land to R110 million in order to ensure a funded and credible Budget.
 - 1.2 DECREASE of Overtime budget by R40 million to R32 million.
 - 1.3 REVIEW of all contracts by a Multi-Party Committee within the next (3) months.
 - 1.4 EXPENDITURE REDUCTION of R100 million, should the real income not be increased by a minimum of another R100 million by 30 September 2018.
 - 1.5 TABLING of an Adjustment Budget before the end of September 2018 to reflect expenditure reduction and/or revenue increase as mentioned above.
 - 1.6 TABLING of progress reports on movement on the budget at every Council meeting.
 - 1.7 IMPLEMENTATION of the full operations system/ shift system endorsed by SALGA in order to reduce overtime.

2. That Council APPROVES the amended Fixed Assets Management Policy as submitted to be GRAP compliant.
3. That Council APPROVES the de-recognition of the attached list of minor assets for the year ended 30 June 2018.
4. That Council APPROVES the Budget of R2.6 billion with the collection rate of 60%.

FINANCIAL IMPLICATIONS

Progress on 2018/19 Annual Budget funding measures:

- The total overtime budget was reduced to R 32 million and controls were implemented to ensure compliance with the budgeted amount. The respective overtime budgets were made available to all departments and work shopped. All overtime for administrative departments were stopped.
- Expenditure was reduced with a total amount of R 179 million. The contracted services were reduced from R167 million to R104 million which amounts to a reduction of R 63 million and other expenditure was reduced from R 208 million to R92 million which amounts to a R 116 million reduction.
- The pay rate for July 2018 was at 42% on the total billing inclusive of the indigents.

Cash Flow Statement as at 31 August 2018.

FS184 Matjhabeng - Table C7 Monthly Budget Statement - Cash Flow - M02 August

Description	Ref	2017/18	Budget Year 2018/19							Full Year Forecast
		Original Budget	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		262 455	264 647		19 057	38 111	44 108	(5 997)	-14%	228 668
Service charges		1 017 779	833 734		66 993	117 195	138 956	(21 761)	-16%	703 169
Other revenue		203 989	160 174		11 056	20 859	26 696	(5 837)	-22%	125 155
Government - operating		396 776	461 252		-	191 265	76 875	114 390	149%	1 147 590
Government - capital		156 216	163 406		-	75 681	27 234	48 447	178%	454 086
Interest		145 890	139 323		716	1 300	23 221	(21 921)	-94%	7 799
Dividends		19	20		-	-	3	(3)	-100%	-
Payments										
Suppliers and employees		(2 210 059)	(2 281 571)	-	(116 232)	(253 503)	(380 262)	(126 759)	33%	(1 521 015)
Finance charges		(112 763)	(133 865)	-	(107)	(108)	(22 311)	(22 203)	100%	(647)
Transfers and Grants		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		(139 698)	(392 879)	-	(18 516)	190 801	(65 480)	(256 281)	391%	1 144 805

Overtime Budget Status as at 31 August 2018

MATJHABENG MUNICIPALITY - OVERTIME - AUGUST 2018							
OVERTIME	Mnth Budget	Actual	Variance	YTD Budget	YTD Actual	YTD Variance	Annual Budget
Council General							
Office of the Executive Mayor							
Policial Appointments	50 930	68 254	-17 324	101 859	93 577	8 282	611 156
Municipal Manager	26 191	7 146	19 044	52 381	17 688	34 693	314 286
Corporate Services	37 943	60 686	-22 742	75 887	115 058	-39 171	455 321
Financial Services	92 981	93 203	-222	185 962	241 827	-55 865	1 115 770
Human Resources	8 492	12 773	-4 282	16 983	29 013	-12 030	101 900
Community Services	655 846	1 414 775	-758 929	1 311 692	3 093 667	-1 781 975	7 870 151
Protection Services	460 406	544 522	-84 116	920 812	939 753	-18 941	5 524 872
Economical Development	1 424	3 584	-2 160	2 849	14 978	-12 129	17 093
Engineering Services	1 321 294	2 558 691	-1 237 397	2 642 587	4 866 867	-2 224 280	15 855 522
Housing Services	11 161	-	11 161	22 322	36 875	-14 554	133 929
TOTAL	2 666 667	4 763 634	-2 096 967	5 333 333	9 449 303	-4 115 969	32 000 000

Financial Performance as at 31 August 2018 (Revenue)

ACTUAL REVENUE PER REVENUE SOURCE [S71]	Budget for the month	Actual for the month	% Received	Budgeted for year to date	Actual for year to date	% Received	Budget 2018/2019
Intergovernmental Transfers	52 054 833	-	0%	104 109 667	266 943 000	256%	624 658 000
Operational Grants - Equitable Share/FMG	38 437 667	-	0%	76 875 333	191 262 000	249%	461 252 000
Capital Grants - MIG/WSIG/INEG	13 617 167	-	0%	27 234 333	75 681 000	278%	163 406 000
Consumer Revenue and Assessment rates	131 066 413	86 050 162	66%	262 132 826	155 306 126	59%	1 572 796 958
Assessment Rates	24 504 378	19 057 232	78%	49 008 756	38 111 363	78%	294 052 535
Electricity	56 123 005	50 696 403	90%	112 246 010	82 603 640	74%	673 476 058
Water	30 104 972	7 893 120	26%	60 209 943	17 385 100	29%	361 259 659
Sewerage	12 964 861	5 617 297	43%	25 929 721	11 920 218	46%	155 578 326
Refuse Removal	7 369 198	2 786 110	38%	14 738 397	5 285 805	36%	88 430 380
Other Revenue	26 410 497	11 055 733	42%	52 820 994	20 859 085	39%	316 925 965
Fines, Licences & Permits	1 761 290	228 248	13%	3 522 580	688 047	20%	21 135 482
Market	-	890 527		-	1 732 590	#DIV/0!	-
Rentals	1 755 000	386 039	22%	3 510 000	3 835 025	109%	21 060 000
Dividends Received & Gains on Disposal of Assets	4 168 359	-	0%	8 336 717	-	0%	50 020 304
Other Revenue	18 725 848	9 550 919	51%	37 451 697	14 603 423	39%	224 710 179
Interest	11 610 269	716 316	6%	23 220 538	1 299 888	6%	139 323 227
Interest - Investments	303 273	176 606	58%	606 547	227 014	37%	3 639 279
Interest - Debtors	11 306 996	539 710	5%	22 613 991	1 072 874	5%	135 683 948
TOTAL	221 142 013	97 822 211	44%	442 284 025	444 408 099	100%	2 653 704 150

Financial Performance as at 31 August 2018 (Expenditure)

ACTUAL EXPENDITURE PER VOTE [S71]	Budgeted for the month	Actual for the month	% Spend	Budgeted for year to date	Actual for year to date	% Spend	Budget 2018/2019
Council General	2 151 978	5 928 268	275%	4 303 955	8 559 631	199%	25 823 732
Office of the Executive Mayor	1 491 077	1 043 957	70%	2 982 154	1 923 397	64%	17 892 921
Office of the Speaker	379 291	596 829	157%	758 582	1 086 758	143%	4 551 494
Council Whip	538 664	2 488 035	462%	1 077 328	4 508 966	419%	6 463 970
Municipal Manager	6 557 554	4 870 197	74%	13 115 109	11 186 964	85%	78 690 653
Corporate Services	6 031 095	5 088 598	84%	12 062 191	8 430 059	70%	72 373 145
Financial Services	30 085 439	7 139 626	24%	60 170 878	14 869 532	25%	361 025 267
Human Resources	1 306 356	1 255 447	96%	2 612 712	2 250 727	86%	15 676 270
Community Services	20 837 252	18 917 822	91%	41 674 504	32 097 658	77%	250 047 026
Protection Services	13 552 765	13 935 875	103%	27 105 530	23 662 740	87%	162 633 178
Economic Development	1 622 000	1 939 494	120%	3 244 000	2 941 873	91%	19 463 999
Engineering Services	114 913 983	49 957 099	43%	229 827 966	138 502 143	60%	1 378 967 795
Housing Services	1 818 904	3 177 071	175%	3 637 807	3 588 900	99%	21 826 844
TOTAL	201 286 358	116 338 318	58%	402 572 716	253 609 348	63%	2 415 436 294

RECOMMENDATIONS

It is recommended that the Progress Report on Implementation of the 2018/2019 Budget be noted.