

MATJHABENG MUNICIPALITY

ANNEXURES

of the

FINANCE SECTION 80 COMMITTEE

convened for

TUESDAY, 20 FEBRUARY 2018

at

10h00

at the

**ROOM 104, 1ST FLOOR, CIVIC CENTRE,
WELKOM**



MATJHABENG LOCAL MUNICIPALITY

MONTHLY REPORT

JANUARY 2018

The attached report is submitted in terms of Section 71 of the Municipal Finance Management Act (MFMA), Act 56 of 2003 for the month ended 31 January 2018

TABLE 1	Actual For the Month (January 2018)	For Year to date (2017/2018)
All Grants Received	-	404 221 000
Actual Revenue Received	81 020 758	608 793 893
Actual Expenditure	104 538 287	1 000 787 862
Salaries	59 357 851	397 901 948
Water	15 000 000	158 859 649
Electricity	733 879	77 321 788
Other Expenditure	29 446 737	366 704 477
Sub-Total	-23 517 509	12 227 031
Loan Redemptions	-	-
Net Surplus/(Deficit) before Capital Payments	-23 517 509	12 227 031
MIG Payments	1 149 840	68 939 386
INEG Payments	-	882 659
WSIG Payments	-	2 198 641
Capital Assets procured - Equitable Share	13 811	2 811 131
Fleet & Equipment	-	27 308
Office convention/ Furniture	13 811	2 838 439
Net Surplus/(Deficit) after Capital Payments	-24 650 360	

Table 1: The Municipality had a deficit of R24 650 360 for the month of January after capital payments, this means that the amount received is below the amounts paid.

TABLE 2	Actual For the Month (January 2018)	For Year to date (2017/2018)
Total Billings	147 028 476	1 038 752 980
Less: Indigent Billing	3 411 328	24 181 522
Actual Billings	143 617 148	1 014 571 438
Actual Revenue Received	78 821 278	685 309 702
Consumer Revenue	73 379 043	529 410 381
Other	6 442 233	55 899 321
Grants & Subsidies	-	404 221 000
Pay rate for January 2018 (Billing)	56%	
Total income percentage - January 2018	56%	
Total income percentage - YTD	60%	

The 'Actual Billings' figure reflects the amount invoiced to consumers for services consumed during the month of January 2018.

The 'Consumer Revenue' relates to revenue actually received from consumers during January 2018.

However this revenue is for amounts billed to consumers during months prior January 2018.

'Grants & Subsidies' refer to intergovernmental transfers which are both Capital and Operational Grants.

'Other Revenue' relates to items such as interest on Debtors, Rental, etc billed during the month.

Information contained in these two tables are presented in the form of graphs for ease of use. It should be noted that the information in these graphs compares to the budget for the month to the actual revenue received, and not to the amount billed.

MT Tshe

Compiled By

12/02/2018
Date

LB Williams

Reviewed By Manager Budget

12/2/18
Date

T Panyani

Approved By Chief Financial Officer

13/02/18
Date

		Budget for the month	Actual for the month	% Received	Budgeted for year to date	Actual for year to date	% Received	Budget 2017/2018	Projection of Revenue for rest of year
A	ACTUAL REVENUE PER REVENUE SOURCE [S71(1)(a)]								
	Intergovernmental Transfers	46 916 000	-	0,00%	328 412 000	404 221 000	123,08%	562 992 000	562 992 000
	Operational Grants - Equitable Share/FMG/EPWP/EEDG	33 898 000	-	0,00%	237 286 000	297 619 000	125,43%	406 776 000	406 776 000
	Capital Grants - MIG/WSIG/INEG	13 018 000	-	0,00%	91 126 000	106 602 000	116,98%	156 216 000	156 216 000
	Consumer Revenue and Assessment rates	123 466 305	73 379 043	59,43%	864 264 133	529 410 381	61,26%	1 481 595 656	907 560 653
	Assessment Rates	23 271 014	15 666 899	67,32%	162 897 099	131 733 915	80,87%	279 252 170	225 829 569
	Water	28 589 717	11 021 107	38,55%	200 128 016	67 293 944	33,63%	343 076 599	115 361 047
	Electricity	52 295 010	39 351 141	75,25%	366 065 071	279 211 937	76,27%	627 540 121	478 649 035
	Sewerage	12 312 308	4 207 320	34,17%	86 186 157	30 523 027	35,42%	147 747 698	52 325 189
	Refuse Removal	6 998 256	3 132 576	44,76%	48 987 790	20 647 558	42,15%	83 979 068	35 395 814
	Other Revenue	25 290 912	6 387 303	25,26%	177 036 385	56 753 890	32,06%	303 490 946	97 292 383
	Fines	1 672 640	161 796	9,67%	11 708 482	2 153 004	18,39%	20 071 683	3 690 864
	Market	2 083 333	1 008 061	48,39%	14 583 333	7 041 354	48,28%	25 000 000	12 070 893
	Rentals	2 500 000	679 803	27,19%	17 500 000	4 801 906	27,44%	30 000 000	8 231 839
	Other	19 034 939	4 537 643	23,84%	133 244 570	42 757 626	32,09%	228 419 263	73 298 787
	Interest	11 025 896	1 254 412	11,38%	77 181 275	22 629 622	29,32%	132 310 757	38 793 638
	Interest - Debtors	10 737 888	1 224 787	11,41%	75 165 214	21 416 049	28,49%	128 854 652	36 713 227
	Interest - Investments	288 009	29 625	10,29%	2 016 061	1 213 573	60,20%	3 456 105	2 080 411
	TOTAL	206 699 113	81 020 758	39,20%	1 446 893 793	1 013 014 893	70,01%	2 480 389 359	1 606 638 674

FINANCIAL REPORT: PERIOD ENDING JANUARY 2018

A. PERFORMANCE: REVENUE BUDGET

The following graph reflects the performance of the revenue budget for January 2018 and under-mentioned please find a more detailed explanation there-of.

1. OPERATING GRANTS AND SUBSIDIES

- Operational Grants consist of Equitable Share, FMG, EEDG and EPWP
- Capital Grants consist of MIG, INEG & WSIG

2. CONSUMER CHARGES

- In total 56% of the consumer charges have been collected.
- Based on the income for January 2018 the projection for the full financial year will be approximately against the budgeted amount of **R 1 481 595 656**

R 907 560 653

3. OTHER REVENUE

Other revenue which includes fines indicate an income of approximately **R 97 292 383** against the budgeted amount of **R 303 490 946** if the same method of projection is used.

4. INTEREST

Interest in arrear accounts indicate an income of approximate **R38 793 638** against the budgeted amount of **R 132 310 757**

	Budget	Projected Income	
Intergovernmental Transfers	562 992 000	562 992 000	100,0%
Consumers Revenue and Assessment Rates	1 481 595 656	907 560 653	61,3%
Other Income	303 490 946	97 292 383	32,1%
Interest	132 310 757	38 793 638	29,3%
TOTAL	2 480 389 359	1 606 638 674	64,8%

Total projected revenue for the 2017/2018 financial year based on the income for January 2018 and taken into consideration that grants are guaranteed income, the projection for the full year amounts to **R1 606 638 674** against the budgeted amount of **R 2 480 389 359**.

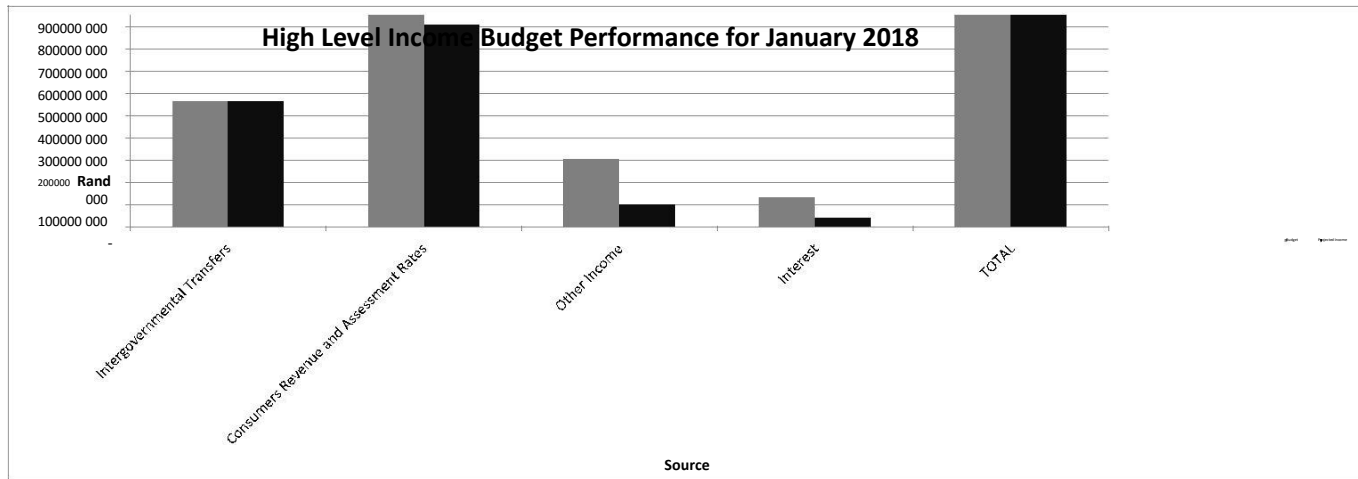
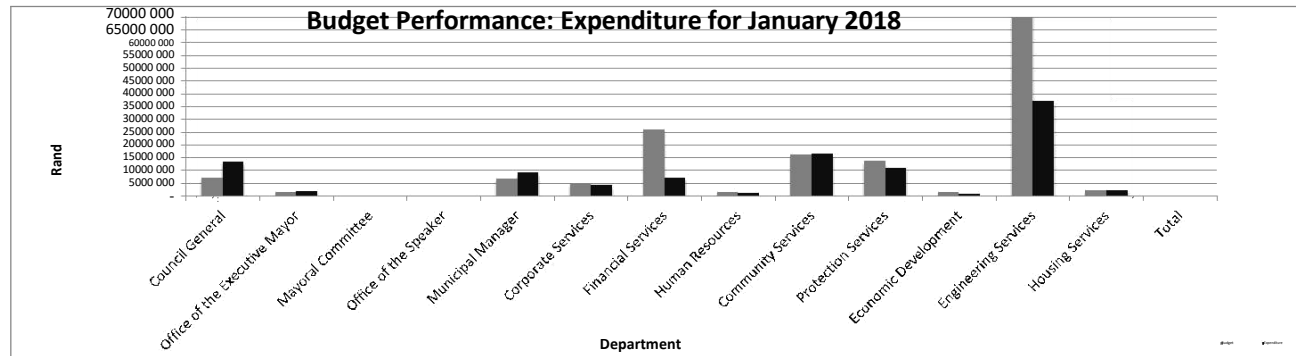


TABLE 4 [S71(1)(c), S71(2)(a), S71(3)]				Budgeted for	Actual for year to		Budget	Projected
				year to date	date	% Spent	2017/2018	Expenditure
B ACTUAL EXPENDITURE PER VOTE [S71(1)(c)]								for rest of year
Council General	7 151 313	13 205 384	184,66%	50 059 191	98 080 509	195,93%	85 815 756	168 138 015
Office of the Executive Mayor	1 305 551	1 813 091	138,88%	9 138 858	14 541 302	159,12%	15 666 613	24 927 946
Office of the Speaker	207 414	676 392	326,11%	1 451 899	11 571 889	797,02%	2 488 970	19 837 524
Municipal Manager	6 820 590	9 143 503	134,06%	47 744 131	74 913 739	156,91%	81 847 081	128 423 553
Corporate Services	4 909 638	4 272 124	87,02%	34 367 464	29 927 754	87,08%	58 915 653	51 304 721
Financial Services	26 039 269	6 895 344	26,48%	182 274 881	65 908 648	36,16%	312 471 225	112 986 254
Human Resources	1 327 174	993 662	74,87%	9 290 221	7 533 855	81,09%	15 926 093	12 915 180
Community Services	16 196 139	16 343 660	100,91%	113 372 976	124 902 636	110,17%	194 353 673	214 118 805
Protection Services	13 557 310	11 072 213	81,67%	94 901 173	108 744 360	114,59%	162 687 725	186 418 903
Economic Development	1 593 636	861 713	54,07%	11 155 453	10 932 853	98,00%	19 123 633	18 742 034
Engineering Services	112 501 288	37 149 320	33,02%	787 509 016	440 417 228	55,93%	1 350 015 456	755 000 962
Housing Services	1 959 148	2 111 861	107,79%	13 714 039	13 313 089	97,08%	23 509 781	22 822 438
TOTAL	193 568 472	104 538 267	54,01%	1 354 979 301	1 000 787 862	73,86%	2 322 821 659	1 715 636 335

B. EXPENDITURE

Total expenditure for year to date is **73,86%** of the budgeted amount and the projection for the year against the budgeted amount of **R 2 322 821 659** based on the expenditure being **R 1 715 636 335**

**Remedial steps taken to ensure that projected revenue and expenditure remain within approved budget [S71 (1)(g)(iii)]****Expenditure**

Actual expenditure for the year to date is **26,14%** above the amount budgeted for the same period. Therefore no remedial steps have been taken.

Revenue

Actual revenue received for the year to date is **45,57%** above the amount that was budgeted for the same period. This excludes grants to the amount of **R 404 221 000**

Operating Revenue / Expenditure - January 2018

Actual Revenue Received excluding Grants	79 821 276
Actual Expenditure excluding Grants	104 538 267
Net cashflow	-24 716 991

CSALARIES - JANUARY 2018

SALARIES	Budgeted for the month	Actual Salaries for the month	Variance
Council General	4 602 554	5 060 025	-9,94%
Office of the Executive Mayor	719 242	1 127 510	-56,76%
Office of the Speaker	131 849	183 933	-39,50%
Municipal Manager	4 415 595	2 991 281	32,26%
Corporate Service	3 819 072	3 371 961	11,71%
Financial Services	4 231 549	4 713 768	-11,40%
Human Resources	1 188 021	976 847	17,78%
Community Services	18 135 949	14 258 450	21,38%
Protection Services	10 134 859	9 410 425	7,15%
Economic Development	1 098 959	1 016 655	7,49%
Engineering Services	9 114 454	14 928 627	-63,79%
Housing Services	1 317 172	1 318 369	-0,09%
TOTAL	58 909 274	59 357 851	-0,76%

Budgeted for year to date	Actual for year to date	Variance
32 217 877	23 578 077	26,82%
5 034 693	5 652 869	-12,28%
922 940	5 379 544	-482,87%
30 909 166	20 640 771	33,22%
26 733 502	24 840 310	7,08%
29 620 842	32 894 458	-11,05%
8 316 148	7 439 174	10,55%
126 951 644	94 056 469	25,91%
70 944 014	63 097 969	11,06%
7 692 710	7 290 006	5,23%
63 801 180	103 033 221	-61,49%
9 220 207	9 999 080	-8,45%
412 364 921	397 901 948	3,51%

Budget 2017/2018	Projected Expenditure for rest of year	Projected Expenditure for the year
55 230 646	16 841 484	40 419 561
8 630 903	4 037 764	9 690 633
1 582 182	3 842 531	9 222 075
52 987 141	14 743 408	35 384 179
45 828 861	17 743 079	42 583 389
50 778 586	23 496 041	56 390 499
14 256 253	5 313 696	12 752 870
217 631 389	67 183 192	161 239 661
121 618 309	45 069 978	108 167 947
13 187 503	5 207 147	12 497 153
109 373 451	73 595 158	176 628 379
15 806 069	7 142 200	17 141 280
706 911 293	284 215 677	682 117 625

SPENDING ON KEY & OTHER VOTES - D JANUARY 2018							
KEY & OTHER VOTES		Budgeted for the month	Actual expenditure for the month	Actual for the year to date	Budgeted for 2017/2018	Balance remainder for year	Projected expenditure for the rest of the year
OS: B&A Project Management	226038	918 395	2 060 600	19 978 464	11 020 737	-8 957 727	34 248 795
OS: Catering Services	226060	295 263	57 115	2 809 631	3 543 159	733 528	4 816 510
OS: Meter Management	226361	4 744 269	1 188 780	15 940 418	56 931 233	40 990 815	27 326 431
OS: Transport Services	226572	84 167	64 991	1 993 109	1 010 000	-983 109	3 416 758
C&PS: B&A Project Management - Accountants & Auditors	227030	1 656 785	1 277 952	9 546 882	19 881 418	10 334 536	16 366 083
C&PS: B&A Business & Financial Management	227034	1 952 785	438 596	19 271 261	23 433 418	4 162 157	33 036 447
C&PS: B&A Project Management - Revenue Management	227041	3 015 286	-172 500	376 689	36 183 437	35 806 748	645 753
C&PS: Legal Cost Advise & Litigation	227334	916 667	3 007 244	32 910 796	11 000 000	-21 910 796	56 418 507
CONTR: Maintenance of Equipment	228361	9 813 913	4 653 144	41 865 079	117 766 961	75 901 882	71 768 707
CONTR: Safeguard & Security	228540	1 341 667	1 052 631	29 667 438	16 100 000	-13 567 438	50 858 465
OC: Advertising Fees	230012	83 333	-	1 734 514	1 000 000	-734 514	2 973 453
OC: Post & Telecommunication	230117	188 531	71 735	1 763 152	2 262 370	499 218	3 022 546
OC: Printing & Publications	230451	250 146	-	464 386	3 001 750	2 537 364	796 090
OC: Professional Bodies - Membership Fees	230452	583 333	-	3 044 499	7 000 000	3 955 501	5 219 141
OC: System Access & Information Fees	230540	501 917	1 059 402	5 691 746	6 023 000	331 254	9 757 279
OC: Uniform & Protective Clothing	230610	4 161 139	369 054	4 892 635	49 933 673	45 041 038	8 387 374
OC: Wet Fuel	230661	1 740 366	1 509 640	26 233 197	20 884 397	-5 348 800	44 971 195
INV: Consumable Stores	232060	6 479 352	70 677	12 498 366	77 752 229	65 253 863	21 425 770
TOTAL		38 727 315	16 709 061	230 682 262	464 727 782	234 045 520	395 455 306

E	MATJHABENG MUNICIPALITY - OVERTIME - JANUARY 2018
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OVERTIME	Month Budget	Actual	Variance	YTD Budget	YTD Actual	YTD Variance	Annual Budget
Council General							
Office of the Executive Mayor							
Office of the Speaker	53 563	208 588	-155 026	374 938	1 641 220	-1 266 283	642 750
Municipal Manager	26 191	25 037	1 154	183 334	197 626	-14 292	314 286
Corporate Services	37 943	58 685	-20 742	265 604	454 182	-188 578	455 321
Financial Services	94 186	326 980	-232 794	659 305	1 775 789	-1 116 484	1 130 237
Human Resources	670	-	670	4 689	37 912	-33 223	8 038
Community Services	1 290 568	1 750 317	-459 749	9 033 974	12 587 268	-3 553 294	15 486 812
Protection Services	503 462	840 733	-337 270	3 524 236	5 837 501	-2 313 264	6 041 548
Local Economic Development	1 424	12 819	-11 395	9 971	53 561	-43 590	17 093
Engineering Services	1 404 627	2 722 217	-1 317 590	9 832 388	18 379 391	-8 547 003	16 855 522
Housing Services	11 161	32 226	-21 065	78 125	131 091	-52 966	133 929
TOTAL	3 423 795	5 977 602	-2 553 807	23 966 563	41 095 541	-17 128 978	41 085 536

E	TOP 50 DEBTORS - JANUARY 2018
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		R	COMMENTS
1	ANGLOGOLD ASHANTI LTD	20 191 578	Only sewerage points charged , no payments on account
2	PUBLIC WORKS (HEALTH)	12 993 757	According to our correspondend from Public Works a formal letter was issued to the MM, Mayor and CFO, payments can only be made after their budget has been released.
3	PHINDANA PROPERTIES 169	9 352 687	Payment arrangement of R50 000,00 per month , dispute on service charges incorrectly, c court interdict not to disconnect services
4	SEDIBENG WATERRAAD	9 350 359	Account referred to management
5	SEDIBENG WATER	8 895 450	Account referred to management
6	TOSA TECHNICAL COLLEGE	8 215 914	Rates and Taxes outstanding , No payments on account, College dispute to pay account, according to their records the property belongs
7	REAHOLA HOUSING ASSOCIA	6 383 835	No payments on account , No Arrangements
8	PRESIDENT STEYN GOLD MINE	5 902 814	Only sewerage points charged , no payments on account
9	SENTRAL WES KOOPERASIE	5 665 101	Pay only current accounts, Dispute on rates and taxes
10	PRESIDENT STEYN MYN 1	3 747 054	Last payment 2017\12, R162 623.57 , Made new payment arrangement
11	PUBLIC WORKS (HEALTH)	3 635 995	According to our correspondend from Public Works a formal letter was issued to the MM, Mayor and CFO, payments can only be made after their budget has been realeased
12	FLAMINGO LAKE DEVELOPMENT	3 354 101	No Payments, according to records the propert has been repossesed , Letters with Maroka Attorneys
13	ANGLOGOLD ASHANTI	3 050 621	No payments on account , property been consolidated with erf 1 of erf 10055, documentation with management
14	EDEN CHRISTELIKE BEDIEN	3 046 570	Pay only R2000.00 pm on account, busy registering as an NGO, waiting for response from lawyer
15	PUBLIC WORKS DEPT	3 040 701	According to our correspondend from Public Works a formal letter was issued to the MM, Mayor and CFO, payments can only be made after their budget has been realeased
16	ST ANDREWS SCHOOL WELKOM	2 920 818	No payments on account, Prinicipal to give propasol on the schools finance, want to register As NGO matter to be discussed further with management
17	ERFDEEL MYN	2 866 649	No payments on account, sewerage points charges only
18	PUBLIC WORKS (HEALTH)	2 850 844	According to our correspondend from Public Works a formal letter was issued to the MM, Mayor and CFO, payments can only be made after their budget has been realeased
19	ERF 2515 WELKOM (PTY)	2 840 231	Rates and Taxes outstanding, Last payment 2016, property was never registered under the current owner, account referred to management.
20	REPUBLIEK VAN SUID-AFRIKA	2 758 774	Last payment 2016\10, can only pay after budget discussion in April
21	HARMONY GOLD MINING	2 733 113	No payments, no arrangements
22	PIVOTAL FUND LTD	2 448 283	Current Account outstanding
23	AZTOPROX PTY LTD	2 421 947	Last payment 2017\07, Account referred to Municipal Manager for assistance

24	ERF 1210 WELKOM INVESTMENT	2 340 405	Property repossessed 2014\06, Matjhabeng Municipality new owner debt also transferred to Municipality. No payments on accounts
25	THE NORTHERN FREE STATE	2 299 745	Pay only R5000.00 per month on account , Previous arrangement cancelled, owner want to register the property as an NGO.
26	PITTAS S	2 228 889	Paid R6000.00 2018\01 , account referred to Virginia for feedback
27	BOYS SCOUTS	2 163 817	Pay only R1400.00 pm on account, Dispute on electricity consumptions , account with billing department
28	TIGER CONSUMER BRANDS L	2 142 285	Current Account outstanding
29	WELKOM LANDBOUGENOOTSKA	2 035 356	Property vandalized, Last payment 2011\6, Matjhabeng Owner
30	IAN TRUST	1 985 507	Client did consult with management regarding the account, No payments on account
31	DEAS PH	1 977 322	Agriculture rates and taxes. No payments on account
32	STEYN HA	1 958 523	Court interdict not to disconnect services , dispute rates
33	MOKGWABONG PRIMARY SCHOOL	1 902 656	Paid R10 000.00 to reconnect water , School dispute that incentives that they receiving are not enough to pay for all the schools expenditure
34	AMAJUBA LODGE(ESTATE LAME)	1 835 765	Estate late, property vandalized. Estate with Hewetson Attorneys for enquiries.
35	REAHOLA HOUSING ASSOCIATION	1 799 009	Last payment 2014\11, No payment arrangements , no respond on demand notices issued
36	PUBLIC WORKS DEPARTMENT	1 609 352	According to our correspondence from Public Works a formal letter was issued to the MM, Mayor and CFO, payments can only be made after their budget has been released.
37	RSA (GEVANGENIS VIRGINIA)	1 593 955	Last payment 2018\01, current & 30 days outstanding, promise to pay within the next 2 weeks
38	DEFCOR (PTY) LTD	1 398 155	No payments on account, Property demolished , All water and Electricity meters closed
39	FRANCIS KP	1 348 553	Last payment 2018\02, No payment arrangement , Services to be disconnected
40	PUBLIC WORKS PROVINCIAL	1 342 930	According to our correspondence from Public Works a formal letter was issued to the MM, Mayor and CFO, payments can only be made after their budget has been released
41	FREESTATE SELLERS CC	1 275 231	Dormant Account no services charged on account , No payments on account
42	LIFECARE PROPERTIES PTY	1 263 123	No payments on account, Property demolished, All water and Electricity meters closed. Only rates and taxes charged on account.
43	ST CATHARINE OF SIENA-K	1 229 574	No Payments on account, ,rates and taxes outstanding, Demand letter was issued no response
44	ANGLOGOLD ASHANTI LTD	1 183 559	No payments on account , Account was handed over to Moroka Attorneys
45	PUBLIC WORKS (RHEEDER PARK)	1 180 538	According to our correspondence from Public Works a formal letter was issued to the MM, Mayor and CFO, payments can only be made after their budget has been released
46	ST HELENA HOSPITAL PTY	1 081 457	Pay only R116 733.33 per month on account, busy with negotiations to apply for settlement
47	PUBLIC WORKS (HOME AFFAIRS)	1 017 613	Paid R528 710.94 on the 31\1 \2018, arrange to pay outstanding debt end of February
48	MELODING HIGH	1 007 807	Pay only R12 000.0 pm on account, dispute that the school can't afford to pay their account, because the incentives their receive are not enough.
49	ESKOM HOLDINGS LTD (ATT)	979 687	No payments , No arrangement, account referred to management
50	SA MOKGOTHU PRIMARY SCH	978 335	Paid R 10 000.00 to reconnect the water, Principal will come back with new proposal on how the debt will be paid.
	TOTAL	171 826 343	

E	TOP 20 CREDITORS - JANUARY 2018
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		R	COMMENTS
1.	Sedibeng Water	R 2 029 906 296	Sedibeng Water
2.	Eskom - Bulk	R 1 794 785 744	Eskom - Bulk
3.	Compensation Commissioner	R 15 939 464	Compensation Commissioner
4.	Jager Technologies	R 15 750 872	Meter Reading
5.	Manna Holdings	R 6 567 160	Valuation Roll
6.	Auditor General	R 6 477 641	Auditor General
7.	Sedtrade (Pty) Ltd	R 5 226 140	Street Resealing
8.	Forest Technologies	R 4 041 509	IT Hardware
9.	Khabokedi Waste Management	R 3 847 234	Landfill Sites Management
10.	Sebenza Engineering Services	R 3 839 930	Refuse Removal Trucks
11,	Man In One Security	R 3 298 746	Security Services
12,	Business Connexion	R 3 076 730	Solar -License Fees
13,	Practicon Trading	R 2 935 291	Protective Clothing
14,	Pro Care Contracting	R 2 676 541	Repairs of Collapsed Sewer-Koppie Allen
15,	Royal Haskoning DHV	R 2 661 619	Upgrading Klippan Pumpstation
16,	Bosch Munitech	R 2 413 660	Leak Detection and Repairing Services
17,	Eskom - FBE	R 2 344 882	Free Basic Electricty
18,	Lapoloha projects & Trading	R 1 953 808	Repairs of Water and Sewrer Leakages
19,	Lele & Tshidi Construction	R 1 838 896	Supply of Water Materials
20,	MBV Security	R 1 235 798	Security Services
	TOTAL	R 3 910 817 962	

F ACTUAL CAPITAL EXPENDITURE PER VOTE

TABLE 6 -- [S71(1)(d)]	Capex for January 2018	Capex year to date	Budget 2017/2018	Amount Available
Council General	13 011	2 583 831	10 000 000	7 416 169
Office of the Executive Mayor		-		-
Mayoral Committee		-		-
Office of the Speaker		-		-
Municipal Manager		-		-
Corporate Services		-		-
Financial Services		-		-
Human Resources		-		-
Community Services	-	14 208 652	2 525 000	-11 683 652
Protection Services		-		-
Economic Development	430 663	5 241 428	3 114 000	-2 127 428
Engineering Services	689 177	52 827 705	155 577 000	102 749 295
Mechanical Workshop	-	27 300	10 000 000	9 972 700
	1 132 851	74 888 916	181 216 000	106 327 084

G AMOUNT OF ANY ALLOCATIONS RECEIVED

	Funds Received for the month	Funds Spent during the month	Funds Received year to date	Funds Spent year to date	Amount Available
MIG/LDM/Sundry	-	1 119 840	77 602 000	68 939 385	8 662 615
Equitable Share	-	-	295 224 000	295 224 000	-
MSIG	-	-	-	-	-
FMG	-	87 297	2 145 000	1 747 275	397 725
EPWP	-	127 530	250 000	361 335	-111 335
EEDG	-	-	-	-	-
WSIG	-	-	24 000 000	2 198 641	
INEG	-	-	5 000 000	882 659	
	-	1 334 667	404 221 000	369 353 295	8 949 005

H MATERIAL VARIANCES FROM SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN [S71(1)(g)(ii)]

Variances from the service delivery and budget implementation plan were due to cash flow constraints. Not Applicable

I BANK ACCOUNTS

Name of Account	Jan-18
ABSA Main Account	-6 748 814
Market Account	961 950
	-5 786 864

	2017/2018 Budget	Year to date Expenditure	
MIG Funding	121 216 000	68 939 385	56,87%
WSIG Funding	30 000 000	2 198 641	7,33%
INEG Funding	5 000 000	882 659	17,65%
MLM Funding	25 000 000	2 868 233	11,47%
TOTAL	181 216 000	74 888 918	41,33%

HIGH LEVEL CAPITAL BUDGET PERFORMANCE FOR JANUARY 2018

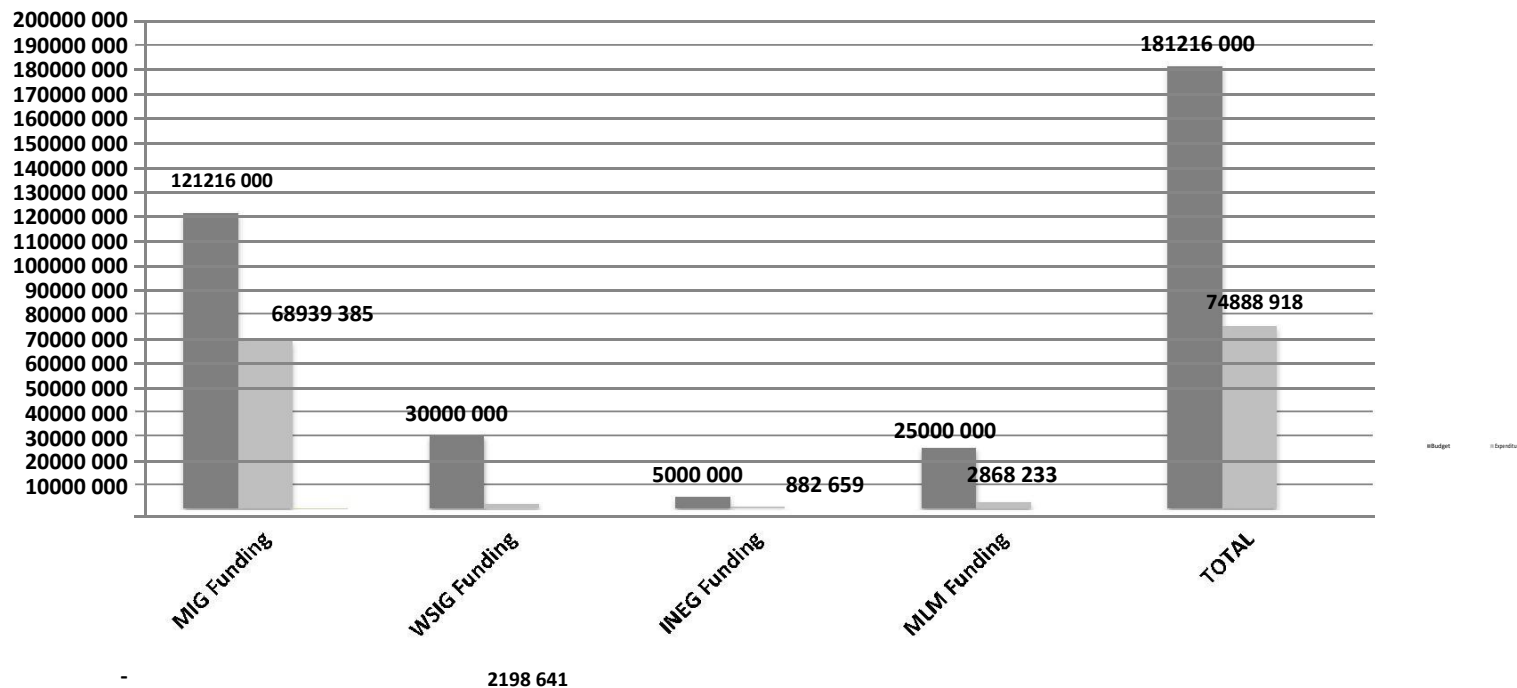


Table 1: The municipality had a surplus of R156 208 795 for the month of March. This means that the amounts received is above the amounts paid.

This surplus is due to the Equitable Share, MIG and INEG grants received for the reporting month.

For Year to date

(March 2013)

M	PAYMENT RATIO PER WARD - JANUARY 2018
---	---------------------------------------

Councillor	Ward	Registered Indigents	Billings	Income	% Payment to Billing
M Sebotsa	1	1120	2 545 500,44	1 260 384,61	50%
S E Tshabangu	2	323	964 851,63	34 095,35	4%
M P Kopela	3	440	7 070 763,35	5 678 419,02	80%
S J Liphoko	4	331	2 174 836,32	57 033,98	3%
P M I Molelekoa	5	435	3 136 331,65	1 295 061,83	41%
B H Mahlumba	6	388	1 021 296,02	31 638,02	3%
N E Monjovo	7	563	1 649 644,01	42 755,91	3%
M D Masienyane	8	493	4 499 598,96	3 232 574,78	72%
H S Badenhorst	9	193	10 337 605,77	8 398 207,64	81%
S Ramalefane	10	907	2 356 134,07	374 621,51	16%
V R Morris	11	304	2 077 456,70	251 526,95	12%
Z S Moshoeu	12	417	1 875 056,14	159 319,23	8%
T J Thelingoane	13	286	1 132 045,60	43 523,76	4%
M Chaka	14	907	1 777 195,03	45 467,14	3%
B Ntuli	15	528	2 567 183,60	136 562,78	5%
TS Meli	16	874	2 529 525,57	30 592,25	1%
T D Khalipha	17	332	1 527 459,43	21 262,80	1%
N Moloja	18	432	1 653 936,68	36 177,23	2%
P Ramatisa	19	767	1 925 627,59	31 340,52	2%
B Nkonka	20	672	2 184 242,80	61 613,15	3%
S Pholo	21	552	2 512 842,45	39 062,93	2%
I Poo	22	769	1 551 704,70	27 595,46	2%
K R Tlake	23	209	290 926,42	240,00	0%
M A Mphikeleli	24	0	343 981,40	4 210,00	1%
T D Nthako	25	211	6 352 286,23	4 012 570,86	63%
S J Tsatsa	26	832	1 438 125,65	73 788,06	5%
M S Van Rooyen	27	183	7 242 428,52	6 147 346,51	85%
T Mosia	28	617	1 492 066,55	347 824,22	23%
D M Mafa	29	589	1 293 105,43	63 616,65	5%
M Molefi	30	350	2 054 000,68	97 357,91	5%
H A Mokhomo	31	148	1 269 825,65	69 243,03	5%
H T C Van Schalkwyk	32	378	38 159 573,88	29 168 723,19	76%
C Malherbe	33	217	5 210 187,73	4 214 310,58	81%
A Daly	34	319	7 431 207,92	6 182 936,94	83%
N R Manzana	35	315	4 811 660,83	3 373 340,95	70%
M J Khothule	36	713	6 787 490,13	4 450 659,30	66%

1. Only approved indigents are captured on the system.

JANUARY 2018 - Payment per ward less than 50%

Councillor	Ward	Registered Indigents	Billings	Income	% Payment to Billing
P M I Molelekoa	5	435	3 136 331,65	1 295 061,83	41%
T Mosia	28	617	1 492 066,55	347 824,22	23%
S Ramalefane	10	907	2 356 134,07	374 621,51	16%
V R Morris	11	304	2 077 456,70	251 526,95	12%
H A Mokhomo	31	148	1 269 825,65	69 243,03	5%
B Ntuli	15	528	2 567 183,60	136 562,78	5%
S J Tsatsa	26	832	1 438 125,65	73 788,06	5%
D M Mafa	29	589	1 293 105,43	63 616,65	5%
M Molefi	30	350	2 054 000,68	97 357,91	5%
T J Thelingoane	13	286	1 132 045,60	43 523,76	4%
S E Tshabangu	2	323	964 851,63	34 095,35	4%
B H Mahlumba	6	388	1 021 296,02	31 638,02	3%
B Nkonka	20	672	2 184 242,80	61 613,15	3%
S J Liphoko	4	331	2 174 836,32	57 033,98	3%
N E Monjovo	7	563	1 649 644,01	42 755,91	3%
M Chaka	14	907	1 777 195,03	45 467,14	3%
N Moloja	18	432	1 653 936,68	36 177,23	2%
I Poo	22	769	1 551 704,70	27 595,46	2%
P Ramatisa	19	767	1 925 627,59	31 340,52	2%
S Pholo	21	552	2 512 842,45	39 062,93	2%
T D Khalipha	17	332	1 527 459,43	21 262,80	1%
M A Mphikeleli	24	0	343 981,40	4 210,00	1%
TS Meli	16	874	2 529 525,57	30 592,25	1%
K R Tlake	23	209	290 926,42	240,00	0%

AGE ANALYSIS OF DEBTORS FOR THE MONTH JANUARY 2018

Detail	> 30 days	>30 <60 days	> 60 < 90 days	> 90 < 120 days	> 120 < 150 days	> 150 < 180 days	> 180 < 1 year	Over 1 year	Total
Water	30 987 890	23 613 816	23 437 657	24 387 199	28 617 771	35 073 468	186 407 883	592 818 918	945 344 603
Electricity	44 718 398	11 154 788	9 257 683	9 355 593	10 942 542	10 585 245	41 420 208	123 227 007	260 661 465
Property Rates	21 915 887	7 392 113	6 647 946	6 105 365	5 926 051	5 793 988	32 475 930	169 723 844	255 981 124
Sewerage	12 551 194	9 872 931	9 156 356	9 082 411	9 015 599	9 257 796	60 717 305	246 330 449	365 984 039
Refuse	7 588 359	5 573 567	5 417 856	5 397 760	5 374 512	5 527 680	38 885 763	168 699 949	242 465 446
Housing (Rental)	1 050 004	999 151	951 153	908 311	975 152	848 192	5 226 662	49 163 013	60 121 637
Interest on arrear	15 147 644	14 668 409	14 233 168	13 825 418	13 102 184	12 903 014	84 561 575	445 505 698	613 947 110
Other	1 880 080	1 196 993	1 283 745	901 590	3 740 274	590 985	7 931 787	14 319 116	31 844 570
Total	135 839 456	74 471 767	70 385 564	69 963 647	77 694 085	80 580 368	457 627 114	1 809 787 993	2 776 349 994

AGE ANALYSIS OF CREDITORS FOR THE MONTH JANUARY 2018

Detail	< 0 - 30 days	> 30 < 60 days	> 60 < 90 days	> 90 < 120 days	> 120 < 150 days	> 150 < 180 days	> 180 < 1 year	Over 1 year	Total
Bulk Electricity	52 154 562	-	50 211 311	49 074 850	1 643 345 021				1 794 785 744
Bulk Electricity - FBE	392 776	-	379 428	362 438	1 210 241				2 344 882
Bulk Electricity - Small Accounts	-	-	-	-	-				-
Bulk Water	56 544 254	45 957 705	55 393 510	49 468 574	1 822 542 252				2 029 906 296
PAYE deductions									-
VAT (output less input)									-
Pensions/Retirement									-
Loan repayments									-
Trade Creditors	28 152 204	10 195 897	20 155 695	9 787 270	28 940 398				97 231 463
Auditor General	256 238	1 378 312	2 234 262	2 047 153	561 676				6 477 641
Other									-
Total	137 500 035	57 531 913	128 374 206	110 740 285	3 496 599 588	-	-	-	3 930 746 027

MATJHABENG LOCAL MUNICIPALITY

FINANCIAL RECOVERY PLAN



FINANCIAL RECOVERY PLAN

1. Purpose

The Financial Recovery Plan (FRP) has been developed in response to the Municipality's current financial situation and strategies that will be applied to ensure recovery and an on-going financially sustainable municipality.

2. Introduction

The Annual Financial Statements of the Municipality for the 2016/17 financial year was prepared on the basis of a going concern with an accumulated surplus of R 2 163 694 575 and assets exceeding liabilities with R 2 163 694 575. However the ability of the municipality to continue as a going concern is dependent on a number of factors.

The municipality reported a deficit of R 870 730 391 at 30 June 2017 and the closing balance for cash and cash equivalents was (R 4 875 486) for the same period.

From the above it is evident that the municipality is not financially viable and without sufficient cash flow it will not survive. The municipality is currently experiencing cash flow challenges resulting in insufficient cash to support its current service delivery obligations. The municipality developed a FRP and was adopted by council on 24 April 2015 and reviewed during May 2015. It is of great importance that the current FRP be reviewed and updated in order to address the current situation.

A high level analysis was undertaken to understand the factors contributing to the cash flow challenges experienced by the municipality. The factors contributing to the negative cash flow position were as follow:

- Lack of a fully cash backed budget.
- Escalation of outstanding debtors across all customer group.
- Actions and spending that give rise to unplanned cash outflows.
- Limitation in revenue generation.
- Inadequate cash flow management.

The Municipal Finance Management Act provides for the criteria for a financial recovery plan in the event of a mandatory or discretionary provincial intervention. Although neither a mandatory nor discretionary intervention is currently applicable to the Municipality, the MFMA guidelines for a FRP have been utilised.

In terms of Section 142(1) (a) of the MFMA, a financial recovery plan must:

- a) Identify the financial problems of the municipality.
- b) Be designed to place the municipality in a sound and sustainable financial condition as soon as possible.
- c) State the principle strategic objectives of the plan, and ways and means for achieving those objectives.
- d) Set out a specific strategy for addressing the municipality's financial problems, including a strategy for reducing unnecessary expenditure and increasing the collection of revenue, as may be necessary.
- e) Identify the human and financial resources needed to assist in resolving financial problems, and where resources are proposed to come from.
- f) Describe the anticipated time-frame for financial recovery, and milestones to be achieved.
- g) Identify what actions are necessary for the implementation of the plan, distinguishing between actions to be taken by the municipality and actions to be taken by other parties.

3. Root causes of the Cash Flow situation

3.1 Lack of cash backed budget

The budget pay rate for the 2017/18 was projected at 85%, the total income pay rate as at 31 December 2017 was 61% which is 24% below the set target.

3.2 Escalation of outstanding debtors.

- The total municipal debt book escalates with an average R 50 000 000 per month.
- The total outstanding debtors as at 31 December 2017 was R 2 716 090 913.
- The outstanding debtors escalated from R 2 465 055 693 in July 2017 to R 2 716 090 913 in December 2017, this represents an increase of R 250 035 219.
- Debtor's age analysis at 31 December 2017:

AGE ANALYSIS OF DEBTORS FOR THE MONTH DECEMBER 2017

Detail	> 30 days	>30 <60 days	> 60 < 90 days	> 90 < 120 days	> 120 < 150 days	> 150 < 180 days	> 180 < 1 year	Over 1 year	Total
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Water	357	31 024	24	443 997	24	772 995	28	945 331	35 327 727	57 235 621	154 474 102	570 599 047	926 823 177
Electricity	700	41 250	13	113 385	10	919 265	12	124 007	11 242 345	10 848 946	37 027 347	120 099 995	256 625 990
Property Rates	069	19 146	7	785 632	6	447 482	6	128 312	5 949 920	6 675 333	30 290 450	166 739 804	249 163 002
Sewerage	578	12 684	9	551 795	9	236 253	9	128 516	9 356 819	9 512 950	57 294 670	240 856 154	357 621 735
Refuse	684	7 702	5	661 419	5	475 683	5	431 101	5 574 355	5 689 510	37 158 615	165 249 690	237 943 058
Housing (Rental)	834	1 043		988 617		932 627		990 942	855 814	858 905	5 073 088	48 483 717	59 227 545
Interest on arrear	466	14 839	14	305 164	13	878 014	13	145 360	12 948 189	12 806 284	82 968 213	435 271 390	600 162 081
Other	637	1 364	1	389 625		959 964	3	782 652	613 019	2 324 603	6 100 768	11 989 057	28 524 325
Total		129 056 325	77 239 635	72 622 283	79 676 221	81 868 188	105 952 153	410 387 255	1 759 288 853	2 716 090 913			

- ✓ 89% of the debt is older than 90 days = R 2 437 172 670.
- ✓ 10% is below 90 days = R 278 918 243
- ✓ 34% of the debt is for water
- ✓ 9.45% and 9.17% is represents electricity and assessment rates respectively.

3.3 Limitations in revenue growth/generation

- The total income percentage as at 31 December 2017 was 62% based on billing.
- Actual revenue received was at R931 994 134 and the budgeted revenue was at R 1 193 278 680 which is 78.10%.
- The actual consumer revenue and assessment rates were R 456 031 337 and the budget was R 740 797 828, which is 61% of the budget.

ACTUAL BILLING BY SOURCE(CONSUMER SERVICES) AGAINST ACTUAL RECEIPTS FOR THE SIX MONTHS PERIOD AS AT 31 DECEMBER 2017									
SOURCE	July-17 proj.	Actual	% Collected	Aug-17 proj.	Actual	% Collected	Sept-17 proj.	Actual	% Collected
Assessment rates	31 174 960	13 959 898	44,78%	23 648 950	16 494 152	69,75%	27 696 008	19 613 073	70,82%
Water	46 766 691	7 436 963	15,90%	28 734 435	10 323 890	35,93%	29 245 595	8 806 257	30,11%
Electricity	55 803 773	28 949 375	51,88%	57 887 791	44 962 645	77,67%	59 516 576	44 541 271	74,84%
Sanitation	15 759 881	5 702 794	36,19%	15 023 464	4 167 539	27,74%	15 006 748	4 093 067	27,27%
Refuse removal	8 744 639	2 529 266	28,92%	9 420 079	3 140 385	33,34%	9 493 840	2 955 016	31,13%
TOTAL REVENUE	158 249 944	58 578 296	37,02%	134 714 721	79 088 611	58,71%	140 958 767	80 008 684	56,76%
			0						
SOURCE	Oct - 17 proj.	Actual	% Collected	Nov-17 proj.	Actual	% Collected	Dec-17 proj.	Actual	% Collected
Assessment rates	24 028 351	26 694 585	111,10%	23 901 055	17 064 669	71,40%	23 720 954	22 240 639	93,76%
Water	31 746 632	10 048 877	31,65%	29 487 946	10 620 542	36,02%	27 108 471	9 036 308	33,33%
Electricity	47 729 758	47 029 756	98,53%	41 597 698	40 897 130	98,32%	41 468 220	33 480 619	80,74%
Sanitation	13 241 834	3 752 303	28,34%	15 023 508	4 560 109	30,35%	15 030 920	4 039 895	26,88%
Refuse removal	9 496 436	3 047 124	32,09%	9 408 384	3 266 301	34,72%	9 457 873	2 576 890	27,25%
TOTAL REVENUE	126 243 011	90 572 645	71,74%	119 418 591	76 408 751	63,98%	116 786 438	71 374 350	61,12%

- The average consumer revenue is +/- R 76 000 000 and the average for other revenue is +/- R 12 000 000 per month.
- The average total revenue is +/- R 88 000 000.
- Only 33.19% of Other Revenue has been collected which is R 50 366 587 against the budget of R 151 745 473.
- It is clear from the above that revenue collection on other revenue is not being prioritised.
- The pay rate of customers for services on the billing was 61%.
- 27 out of the 36 wards have a payment rate of below 50%.

DECEMBER 2017 - Payments per ward less than 50%

Councillor	Ward	Registered Indigents	Billings	Income	% Payment to less than 50%
P M I Molelekoa	5	430	2 982 184	982 537	33%
T Mosia	28	613	1 555 878	492 912	32%
H A Mokhomo	31	148	1 088 378	285 524	26%
S J Tsatsa	26	827	1 334 303	347 587	26%
S Ramalefane	10	902	2 301 998	489 163	21%
V R Morris	11	303	2 002 758	331 635	17%
T J Thelingoane	13	286	1 071 127	172 043	16%
P Ramatisa	19	767	1 832 698	287 760	16%
B Ntuli	15	527	2 347 333	367 683	16%
B Nkonka	20	670	2 064 878	307 395	15%
S J Liphoko	4	331	2 061 074	263 298	13%
I Poo	22	769	1 540 617	183 018	12%
N Moloja	18	432	1 580 816	181 701	11%
B H Mahlumba	6	388	992 033	112 010	11%
Z S Moshoeu	12	415	1 803 420	164 851	9%
S E Tshabangu	2	310	959 354	85 180	9%
N E Monjovo	7	563	1 567 328	136 263	9%
S Pholo	21	552	2 467 277	185 705	8%
M Molefi	30	348	2 020 295	112 482	6%
D M Mafa	29	588	1 285 927	44 065	3%
M Chaka	14	902	1 790 924	26 312	1%
M A Mphikeleli	24	0	339 998	4 210	1%
TS Meli	16	873	2 073 711	23 606	1%
T D Khalipha	17	331	1 437 921	15 158	1%
K R Tlake	23	209	289 147	520	0%
BN Ntuli	15	355	2 487 556	40 039	2%
MS Chaka	14	1024	2 104 985	29 378	1%
TS Meli	16	635	2 415 686	25 133	1%

- Not all the indigents are registered, abuse of indigent scheme
- Unaccounted for water and electricity consumption.
- Inadequate and/or ineffective Customer Care
- Incorrect billing.
- Limitation in the growth in the economy.
- Government employees debt
- Government debt.
- Non-market related general tariffs

3.4 Inadequate cash-flow management and controls.

- Currently we only focus on the receipts side of cash-flow management but no proper forecasting is performed.
- The municipality has adequate controls regarding the daily cash management function eg. Daily balancing, safeguarding of cash etc.
- The daily reconciliations concentrate on safeguarding of cash and cash equivalents and expenditure is not controlled within the cash flow limits.

AGE ANALYSIS OF CREDITORS FOR THE MONTH DECEMBER 2017

Detail	< 0 - 30 days	> 30 < 60 days	> 60 < 90 days	> 90 < 120 days	> 120 < 150 days	> 150 < 180 days	> 180 < 1 year	Over 1 year	Total
Bulk Electricity	50 211 311	-	49 074 850	49 428 715	1 594 561 851				1 743 276 726
Bulk Electricity - FBE	379 428	-	362 437	345 993	1 125 445				2 213 303
Bulk Electricity - Small Accounts	-	-	-	-	-				-
Bulk Water	45 957 705	55 393 510	49 468 574	52 346 934	1 785 195 319				1 988 362 042
PAYE deductions									-
VAT (output less input)									-
Pensions/Retirement									-
Loan repayments									-
Trade Creditors	28 424 690	9 080 634	10 353 018	11 008 065	25 506 565				84 372 972
Auditor General	1 378 312	2 234 282	2 047 153	73 493	479 131	9 052			6 221 423
Other									-
Total	126 351 445	66 708 427	111 306 032	113 203 200	3 406 868 311	9 052	-	-	3 824 446 466

- ✓ The outstanding creditors as at 31 December 2017 was R 3 824 446 466.
- ✓ Bulk electricity = R 1 743 276 726
- ✓ Bulk water = R 1 988 362 042
- ✓ Trade creditors = R 84 372 972

➤ Creditors are not paid within 30 days.

3.4 Actions/spending that give(s) rise to unplanned cash outflows

- ✓ Inadequate departmental procurement plans and implementation thereof.
- ✓ Inadequate financial discipline across the municipality.
- ✓ Lack of value for money spending
- ✓ Non adherence to Cost Containment measures

4. Municipal Monthly commitments

The current average monthly commitments is indicated in the table below:

Description	Estimated average monthly amount payable
Eskom	R 44 000 000
Sedibeng	R 44 000 000
Salaries	R 56 000 000
Trade Creditors	R 15 000 000
Total average amount	R 159 000 000

Cognizance should be taken of the fact that these estimates are conservative and only represent the minimum payments pertaining to service delivery.

The above paragraphs clearly indicates that the municipality is not financially viable and does not have sufficient cash-flows to cover our monthly commitments.

4.1 Bulk services arrears

Eskom

Eskom informed the municipality that they will be commencing with the PAJA process, this in layman's terms is the disconnection of electricity. The conditions from Eskom was a 15% upfront payment and 20% annual towards arrears. The municipal current account must be serviced on a monthly basis.

The calculations below gives an indication of the repayment term and the financial implications.

Eskom - Inclusive of interest					
Total outstanding amount	R1 743 276 726,13				
15% upfront payment	R261 491 508,92				
Outstanding balance	R1 481 785 217,21				
Less: December current acc	R50 211 310,81				
Closing Debt	R1 431 573 906,40				
Year	Begin Debt	Payment	Interest	Capital	Closing debt
year 1	R1 431 573 906,40	R286 320 507,61	R218 315 020,73	R68 005 486,88	R1 363 568 419,52
year 2	R1 363 568 419,52	R286 320 507,61	R207 944 183,98	R78 376 323,63	R1 285 192 095,88
year 3	R1 285 192 095,88	R286 320 507,61	R195 991 794,62	R90 328 712,99	R1 194 863 382,89
year 4	R1 194 863 382,89	R286 320 507,61	R182 216 665,89	R104 103 841,72	R1 090 759 541,18
year 5	R1 090 759 541,18	R286 320 507,61	R166 340 830,03	R119 979 677,58	R970 779 863,59
year 6	R970 779 863,59	R286 320 507,61	R148 043 929,20	R138 276 578,41	R832 503 285,18
year 7	R832 503 285,18	R286 320 507,61	R126 956 750,99	R159 363 756,62	R673 139 528,56
year 8	R673 139 528,56	R286 320 507,61	R102 653 778,11	R183 666 729,50	R489 472 799,06
year 9	R489 472 799,06	R286 320 507,61	R74 644 601,86	R211 675 905,75	R277 796 893,31
year 10	R277 796 893,31	R286 320 507,61	R42 364 026,23	R243 956 481,38	R33 840 411,93
year 11	R33 840 411,93			R33 840 411,93	R0,00
2018 Monthly calculation					
Month	Estimated current account payment	Arrears installment	Estimated interest	Estimated monthly payment	Estimated monthly payment exclusive of interets
Jan-18	R50 211 310,81	R23 860 042,30	R19 190 116,88	R74 071 353,11	R54 881 236,23
Feb-18	R48 327 420,53	R23 860 042,30	R17 251 594,00	R72 187 462,83	R54 935 868,83
Mar-18	R48 327 420,53	R23 860 042,30	R17 251 594,00	R72 187 462,83	R54 935 868,83
Apr-18	R48 327 420,53	R23 860 042,30	R17 251 594,00	R72 187 462,83	R54 935 868,83
May-18	R48 327 420,53	R23 860 042,30	R17 251 594,00	R72 187 462,83	R54 935 868,83
Jun-18	R77 538 064,39	R23 860 042,30	R17 251 594,00	R101 398 106,69	R84 146 512,69

The estimated monthly amount payable to Eskom will therefore be +/- R 55 000 000 to cover the monthly billing and the arrears.

Sedibeng

The monthly arranged amount payable to Sedibeng is R 25 000 000, however we can anticipate that Sedibeng will also demand payment of the monthly billing and an amount towards the arrears.

The municipality will therefore have to incorporate future payment agreements in their budget and FRP.

5. Municipal Cost Containment measures

The President announced the cost-containment measures in the State of the Nation address and it was re-emphasised by the Minister of Finance during the Budget Speech. It must further be noted that MFMA Circular 58, 66, 70, 72, 74 and 75 on cost containment measures are still applicable with regard to curbing of non-priority spending. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved as per the financial recovery plan.

The municipality has already embarked on the process of the implementation of cost containment measures. On 24 April 2015, Council resolved that a Financial Recovery Plan should be developed and that Cost Containment Measures should form part of the plan. On 20 May 2015 the Financial Recovery Plan containing the cost containment measures was tabled in Council. The cost containment measures involved the following cutting of cost and or elimination of cost on the following items:

1. Catering for all meetings
2. Office groceries
3. Training of officials
4. Transportation
5. Overtime
6. Advertising fees – limited to notices and adverts
7. Internet usage – be limited to government websites
8. Printing cost – centralization of printing and limit colour printing
9. Matjhabeng News
10. No new appointments
11. Procurement of furniture
12. Telephone usage (both landlines and cell phones)

The above austerity measures have been reviewed by analysing cost driving votes, this measure will ensure that all non-priority spending are eliminated.

6. Strategic objectives of the Financial Recovery Plan

The principle objective of the FRP is to ensure financial viability and sustainability of the municipality, to ensure its ability to meet its obligations in terms of the SDBIP and IDP. In order to achieve the objective as stated above the municipality will have to develop plans to address all the challenges identified above. These plans should be developed by all departments of the municipality. Each business unit should indicate where costs will be saved and how revenue will be increased or generated. The FRP should also be accepted by all employees and councillors in the municipality and should form part of the Operational Plans and Procurement Plans. The FRP should be aligned to all planning documents of the municipality and performance should be reported to on a quarterly basis.

The following has been identified as key objectives:

1. Debt Collection
2. Asset Management
3. Cost reduction
4. Billing
5. Internal Control
6. Revenue Enhancement