

**MATJHABENG MUNICIPALITY**

# **AGENDA**

**FOR THE**

**ORDINARY EXECUTIVE  
MANAGEMENT COMMITTEE MEETING**

**CONVENED FOR**

**MONDAY, 07 APRIL 2018**

**AT**

**10:00**

**ROOM 104, 1<sup>ST</sup> FLOOR, CIVIC CENTRE, WELKOM**

# I

## MATJHABENG MUNICIPALITY

CITY OFFICES  
STATEWAY  
WELKOM

2018-05-04

Doctor / Sir / Madam

NOTICE IS HEREBY GIVEN THAT AN EXECUTIVE MANAGEMENT MEETING WILL BE HELD IN ROOM 104, 1<sup>ST</sup> FLOOR BOARDROOM, CIVIC CENTRE, WELKOM, ON MONDAY, 07 MAY 2018 AT 10:00

  
MR T TSOAELI  
MUNICIPAL MANAGER

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### AGENDA

1. OPENING
2. APPLICATIONS FOR LEAVE OF ABSENCE
3. OFFICIAL ANNOUNCEMENTS
4. DISCLOSURE OF INTEREST
5. MOTIONS OF SYMPATHY AND CONGRATULATIONS
6. DEPUTATIONS AND INTERVIEWS
7. MINUTES OF THE PREVIOUS MEETING

Monday, 23 April 2018

Monday, 30 April 2018

8. MATTER FOR DISCUSSION

EM06/2018-EM08/2018

Service delivery update

Updated draft budget 2018/19

## **II**

Update of public participation report  
Performance assessment files  
Land parcels in Allanridge

### **9. CLOSURE**

# INDEX

ITEM NO	ITEM	PAGE
EM06/2018	MONTHLY FINANCE REPORT (CFO) (6/12/2/1) (5/3/2/12)	1
EM07/2018	THREE MONTHS FINANCE REPORT – JANUARY-MARCH 2018 (CFO) (3/2/1)	4
EM08/2018	PROPOSED ORGANISATIONAL STRUCTURE (MUNICIPAL MANAGER) (2/1)	7

**EM06/2018**

**MONTHLY FINANCE REPORT – MARCH 2018 (CFO) (6/12/2/1) (5/3/2/12)**

**PURPOSE**

To submit to the Executive Management Committee the Monthly Finance Report for March 2018 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003.

**BACKGROUND**

Section 71 of the Municipal Finance Management Act no 56 of 2003 states that the Accounting Officer must submit to the Executive Mayor a statement in a prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:

- 1) Actual revenue per revenue source
- 2) Actual borrowings
- 3) Actual expenditure per vote
- 4) Actual capital expenditure per vote
- 5) The amount of any allocations received
- 6) Actual expenditure on allocations received

The compilation of the Section 71 report is as follows:

1. After the billing cycle the Income Department compile the income reports which consist of the following and submit to the Budget Department:
  - Billing and Income per month
  - Top Outstanding debtors for the month
  - Income per ward
  - Debtors age analysis per service
2. After month end the ICT Department runs all the month end reports.
3. The Budget Department then extracts the required income and expenditure information from Solar. This is done with the GS 560 procedures. This report shows the transactions for the month VAT EXCLUSIVE.
4. The Expenditure Department provides the Budget Department with the creditor's age analysis and the top 20 outstanding creditors.
5. The Costing Section provides the Budget Department with the employee related reports and the overtime per department.
6. The Section 71 report is then compiled with all the information received from other sections and extracted from the Solar System.

## DISCUSSIONS

The finance report for March 2018 is attached on.

## FINANCIAL IMPLICATIONS

<b>TABLE 1</b>	<b>Actual For the Month (March 2018)</b>	<b>For Year to date (2017/2018)</b>
All Grants Received	157 771 000	561 992 000
Actual Revenue Received	84 613 104	777 041 429
Actual Expenditure	202 237 397	1 289 435 291
Salaries	55 403 919	510 921 785
Water	27 467 277	186 326 926
Electricity	72 836 572	153 462 946
Other Expenditure	46 529 629	438 723 634
<b>Sub-Total</b>	<b>40 146 707</b>	<b>49 598 138</b>
Loan Redemptions	-	-
<b>Net Surplus/(Deficit) before Capital payments</b>	<b>40 146 707</b>	<b>49 598 138</b>
MIG Payments	20 062 989	92 415 722
INEG Payments	-	882 659
WSIG Payments	3 607 295	5 805 936
<b>Capital Assets procured - Equitable Share</b>	<b>191 813</b>	<b>2 878 080</b>
Fleet & Equipment	-	27 300
Office convention/ Furniture	191 813	2 850 780
<b>Net Surplus/(Deficit) after Capital payments</b>	<b>16 284 610</b>	

Table 1: The municipality had a surplus of R16 284 610 for the month of March after capital payments, This surplus indicates that the expenditure incurred is less than the revenue received for month. This surplus due to grants received for the reporting period.

<b>TABLE 2</b>	<b>Actual For the Month (March 2018)</b>	<b>For Year to date (2017/2018)</b>
Total Billings	149 976 542	1 325 066 919
Less: Indigent Billings	3 613 283	31 279 430
Actual Billings	146 363 259	1 293 787 489
Actual Revenue Received	83 311 193	751 134 894
Consumer Revenue	72 168 453	673 982 521
Other	11 142 740	77 152 3373
<b>Grants &amp; Subsidies</b>	<b>157 771 000</b>	<b>561 992 000</b>

<b>Pay rate for March 2018 (Total Billings)</b>	<b>57%</b>
<b>Total income percentage - March 2018</b>	<b>58%</b>
<b>Total income percentage – YTD</b>	<b>60%</b>

The pay rate for March 2018 was 57%

The total income percentage March 2018 was 58%.

In order for the municipality to be financially sustainable the pay rate will have to be increased to 80% monthly on the consumer services.

### **LEGAL IMPLICATIONS**

The Finance Report is submitted in compliance with Section 71 of the MFMA no 56 of 2003.

### **RECOMMENDATION**

1. That the Finance Report for March 2018 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003, BE NOTED.
2. That the Finance Report for March 2018 in terms of Section 71 of the Municipal Finance Management Act, number 56 of 2003, BE SUBMITTED TO PROVINCIAL AND NATIONAL TREASURY.

**EM07/2018**

**THREE MONTHS FINANCE REPORT – JANUARY-MARCH 2018 (CFO) (3/2/1)**

**PURPOSE**

To submit to the Executive Management Committee three Months Finance Report for January – March 2018 in terms of Section 52(d) of the Municipal Finance Management Act, number 56 of 2003.

**BACKGROUND**

Section 52(d) of the Municipal Finance Management Act no 56 of 2003 states that the Accounting Officer must submit to the Executive Mayor a statement in a prescribed format on the state of the municipality's budget reflecting the following particulars for that quarter and for the financial year up to the end of that quarter:

- 7) Actual revenue per revenue source
- 8) Actual borrowings
- 9) Actual expenditure per vote
- 10) Actual capital expenditure per vote
- 11) The amount of any allocations received
- 12) Actual expenditure on allocations received

The compilation of the Section 52 report is as follows:

- 7. After the billing cycle the Income Department compile the income reports which consist of the following and submit to the Budget Department:
  - Billing and Income per month
  - Top Outstanding debtors for the month
  - Income per ward
  - Debtors age analysis per service
- 8. After month end the Information Communication Technology Department runs all the month end reports.
- 9. The Budget Department then extracts the required income and expenditure information from Solar. This is done with the GS 560 procedures. This report shows the transactions for the month VAT EXCLUSIVE.
- 10. The Expenditure Department provides the Budget Department with the creditor's age analysis and the top 20 outstanding creditors.
- 11. The Costing Section provides the Budget Department with the employee related reports and the overtime per department.



12. The Section 52(d) report is then compiled with all the information received from other sections and extracted from the Solar System

## DISCUSSIONS

The finance reports for January – March 2018 are attached on **page 1 to 11 of the Annexures.**

## FINANCIAL IMPLICATIONS

<b>TABLE 1</b>	<b>Budget for three months</b>	<b>Actual for three months (2017/2018)</b>
Actual Revenue Received	479 349 340	249 268 294
All Grants Received	140 748 000	157 771 000
<b>Total Income</b>	<b>620 097 340</b>	<b>407 039 294</b>
<b>Actual Expenditure</b>	<b>580 705 415</b>	<b>393 185 696</b>
Salaries	176 727 823	172 377 688
Water	109 856 301	42 467 277
Electricity	103 016 971	76 874 837
Other Expenditure	191 104 320	101 465 894
<b>Net Surplus/(Deficit) before Capital payments</b>	<b>39 391 925</b>	<b>13 853 598</b>

MIG Payments	24 596 177
INEG Payments	-
WSIG Payments	3 607 295

<b>Capital Assets procured - Equitable Share</b>	<b>279 960</b>
Fleet & Equipment	-
Office convention/ Furniture	279 960

<b>Net Surplus/(Deficit) after Capital payments</b>	<b>-14 629 834</b>
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Table 1: The municipality had a deficit of R14 629 834 for the quarter after capital payments, this indicates that the expenditure incurred is more than the revenue received for quarter.

<b>TABLE 2</b>	<b>Actual for three months (2017/2018)</b>
Total Billings	433 342 435
Less: Indigent Billings	10 509 236
<b>Actual Billings</b>	<b>422 833 199</b>
<b>Actual Revenue Received</b>	<b>245 646 468</b>
Consumer Revenue	217 951 183
Other	27 695 285
<b>Grants &amp; Subsidies</b>	<b>157 771 000</b>

<b>Pay rate for third quarter (Total Billings)</b>	<b>58%</b>
<b>Total income percentage - third quarter</b>	<b>59%</b>
<b>Total income percentage – YTD</b>	<b>60%</b>

The pay rate for the third quarter was 58%

The total income percentage for the third quarter was 59%.

In order for the municipality to be financially sustainable the pay rate will have to be increased to 80% monthly on the consumer services.

### **LEGAL IMPLICATIONS**

The budget report is submitted in compliance with Section 52(d) of the MFMA no 56 of 2003. Section 52(d) stipulates that the mayor of the Municipality must, within 30 days of the end of each quarter, submit a report to council on the implementation of the budget and the financial state of the Municipality.

### **RECOMMENDATION**

1. That the Finance Report for the Quarter (January - March 2018) in terms of Section 52(d) of the Municipal Finance Management Act, number 56 of 2003, BE NOTED.
2. That the Finance Report for the Quarter (January - March 2018) in terms of Section 52(d) of the Municipal Finance Management Act, number 56 of 2003, BE SUBMITTED TO PROVINCIAL AND NATIONAL TREASURY.

EM08/2018

**PROPOSED ORGANISATIONAL STRUCTURE (MUNICIPAL MANAGER) (2/1)**

To table the Proposed Organisational Structure of the Matjhabeng Local Municipality to Executive Management for discussion.

**INTRODUCTION AND BACKGROUND**

At its meeting held on 16 January 2018 **COUNCIL RESOLVED:**

- “1. That the item BE **NOTED AND REFERED BACK** for re-submission at the next Ordinary Council meeting.
2. That Municipal Manager **MUST IDENTIFY** all critical positions that Council should approve to be filled.
3. That the Whips of different political parties **MUST MEET** with the Municipal Manager to deliberate on the Organogram, clarify matters, agree and present their consensus and their disagreements to Council, to deal with disagreements.”

**DISCUSSION**

The various directorates reviewed the proposed organisational structure to align it with current Municipal’s financial needs and functions. The costs related to the new proposed organisational structure could not be sufficiently brought down to acceptable level. The Executive Management Committee then resolved to submit the current structure to Council with the following adjustments:

- a. The proposed organogram is based on the structure approved in 2009.
- b. Crucial vacant positions were identified and retained in the proposed organogram.
- c. Vacant positions that are not crucial, and have been vacant for some time have been removed from the proposed structure.
- d. Staff complements for non-crucial positions that currently have incumbents, were as far as possible reduced and equated to the number of “warm bodies” that are in such positions.

Attached as separate cover are the financial implications tables of the Proposed Macro and Micro Organizational Structure of the Matjhabeng Local Municipality. Also attached are the comparative tables that indicate cost movements from the earlier submissions made to Council in 16 January 2018.

## **8**

The total cost of the Organisational Structure tabled in Council on 16 January 2018 was R1,096,368,695. After the exercise conducted by directorates to reduce non-crucial posts in the proposed structure, the total cost of the organogram has come down to R785, 761,766.

### **LEGAL REQUIREMENTS**

- Constitution of the RSA, Act 108 of 1996 (156 & 229)
- Local Government Municipal Structures Act, Act 117 of 1998
- Local Government Municipal Systems Act, Act 32 of 2000, as amended by Act No. 7 of 2011
- Municipal Finance Management Act, Act 56 of 2003 IDP of the Municipality

### **POLICY POSITION**

Council's Approved Organization Structure as approved in 2009.

### **SUBMITTED FOR DISCUSSION**