

THE 2018/19 MTREF FINAL BUDGET REPORT (TM/PAM) (PAMV2018.05.25.01) (RMS 24261)

1.1 Purpose of the report

The report seeks Council to adopt the 2018/19 MTREF final budget as well as revenue raising measures in line with Chapter four (4) of the Municipal Finance Management Act (MFMA) Number 56 of 2003.

1.2 Background

Section 24(1) of the MFMA states that the Council must at least 30 days before the start of the budget year consider approval of the annual budget.

Section 24(2) further states that an annual budget-

- (a) Must be approved before the start of the budget year
- (b) Is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and
- (c) Must be approved together with the adoption of resolution as may be necessary-
 - (i) Imposing any municipal tax for the budget year;
 - (ii) Setting any municipal tariffs for the budget year;
 - (iii) Approving measurable performance objectives for revenue from each source and for each vote of the budget;
 - (iv) Approving any changes to the municipality's integrated development plan; and
 - (v) Approving any changes to the municipality's budget-related policies.

1.3 The 2018/19 MTREF Final Budget Report consists of the following Financial Reports:

1. 2018/19 MTREF Operating Expenditure Proposed Budget and sources of funding;
2. 2018/19 MTREF Capital expenditure Proposed Budget as well funding mix;
3. The regulated budget format table A1- A10
4. The National Treasury Budget Circular 91

1.4 Operating Revenue Framework

For JB MARKS to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality.

The current collection rate of the municipality is at 85% which is below the acceptable norm of 95%. Revenue enhancing measures as well as strict cost curtailing measures are being implemented to ensure that the collection rate increases over the MTREF.

The reality is that the merger came serious financial implications which were not adequately funded by the National Department. For the 2018/19 the municipality will not be receiving any demarcation transitional grant, although the JB Marks municipality will have to continue to service all the outstanding debt of the former Ventersdorp Municipality. Municipal Infrastructure Grant allocated to the municipality over the MTREF has decreased, amid the serious service delivery backlogs that the municipality must address over MTREF.

The fact that the former Ventersdorp LM was faced with serious development backlogs and poverty when compared to the Former Tlokwe LM also put more financial pressure on the financial position of the municipality. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues to be collected.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in JB MARKS and continued economic development;
- Efficient revenue management, which aims to ensure that the collection rate for services is maintained as provided in the budget, although the Ventersdorp Region is still posing a challenge in this regard.
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs especially in the Ventersdorp Region.
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

1.1 Proposed Tariff Structure: 2018/19-2021

The GDP growth rate is forecasted at 1.5 per cent in 2018, 1.8 per cent in 2019 and 2.1 per cent in 2020. Statistics South Africa's December 2017 economic statistics showed an unexpected improvement in the economic outlook, largely as a result of growth in agriculture and mining.

In line the National Treasury Budget Circular 91, the following macro-economic forecasts were considered when preparing the 2018/19 MTREF budget.

Fiscal Year	2017/18	2018/19	2019/20	2020/21
	estimate	forecast		
Consumer Price Inflation (CPI)	5.3%	5.3%	5.4%	5.5%
Real GDP growth	1.0%	1.5%	1.8%	2.1%

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment of service rendered to the community.

Proposed tariffs over MTREF

Service Charges	2017/18	2018/19	2019/20	2020/21
Property Rates	6%	6%	5.4%	5.5%
Electricity (Pending Nersa. Approval)		6.84%		
Water	6%	6%	5.4%	5.5%
Sanitation	6%	6%	5.4%	5.5%
Refuse	6%	6%	5.4%	5.5%
Other Revenue	6%	6%	5.4%	5.5%

The NERSA document proposes a 6.84 per cent guideline increase for municipal electricity tariffs for 2018/19. This is based on a bulk tariff increase for municipalities of 7.32 per cent.

Table 1 below is a summary of the 2018/19 MTREF (classified by main revenue source):

Table 1. Summary of revenue classified by main revenue source

NW405 Tlokwe-Ventersdorp - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
Revenue By Source											
Property rates	2	-	-	144,096	171,632	164,403	164,403	164,403	174,268	183,678	193,780
Service charges - electricity revenue	2	-	-	563,551	657,704	664,358	664,358	664,358	704,219	752,388	803,851
Service charges - water revenue	2	-	-	89,577	101,335	101,912	101,912	101,912	108,027	113,860	120,122
Service charges - sanitation revenue	2	-	-	60,271	68,786	62,792	62,792	62,792	66,560	70,154	74,012
Service charges - refuse revenue	2	-	-	52,426	61,489	58,258	58,258	58,258	61,753	65,088	68,668
Service charges - other				-	-	-	-	-	-	-	-
Rental of facilities and equipment				3,728	4,506	3,436	3,436	3,320	3,642	3,897	4,169
Interest earned - external investments				17,262	9,000	7,200	7,200	19,100	18,177	19,158	20,212
Interest earned - outstanding debtors				10,274	10,080	21,500	21,500	15,000	22,790	24,021	25,342
Dividends received				-	-	-	-	-	-	-	-
Fines, penalties and forfeits				70,198	115,663	80,618	80,618	74,980	85,455	90,069	95,023
Licences and permits				4,926	14,784	13,278	13,278	72,000	14,074	14,834	15,650
Agency services				8,577	-	-	-	-	-	-	-
Transfers and subsidies				258,136	343,889	343,889	343,889	343,889	241,906	262,468	289,438
Other revenue	2	-	-	19,683	14,047	10,699	10,699	10,699	11,341	11,954	12,611
Gains on disposal of PPE				-	-	-	-	-	560	-	-
Total Revenue (excluding capital transfers and contributions)				1,302,705	1,572,913	1,532,343	1,532,343	1,590,711	1,512,772	1,611,569	1,722,880

In line with the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the statement of financial performance, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Operating Revenue Mix

Trading services

1. Property rates- constitutes 12% of the total operating revenue at R174 268 000.
2. Electricity - constitutes 47% of the total operating revenue at R704 219 000 and is the largest revenue source of the municipality.
3. Water revenue- constitutes 7.1% of the total revenue at R108 207 000.
4. Sanitation- constitutes 4.4% of the total revenue at R66 560 000.
5. Refuse – constitutes 4.1% of the total revenue at R61 753 000.

Operational Grant funding

Transfers and subsidies

Operational grant funding constitutes only 16% or R241 917 000 of the total revenue and it comprises of Equitable share allocation at R233 655 000, Municipal Finance Management Grant (FMG) at R4 115 000 and Expanded Public Works Programme at R1 947 000, Library Provincial allocation at R1 200 000 and R1000 000 allocated for the Project Management Unit.

1.2 Operating Expenditure Framework

Table 2 below is a high level summary of the 2018/19 budget and MTREF (classified per main type of operating expenditure):

Table 2 Summary of operating expenditure by standard classification item

NW405 Tlokwe-Ventersdorp - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
Expenditure By Type											
Employee related costs	2	-	-	331,801	430,067	419,084	419,084	351,540	439,668	471,545	505,750
Remuneration of councillors				20,972	23,357	30,709	30,709	24,350	32,551	34,309	36,196
Debt impairment	3			158,868	90,501	90,501	90,501	90,501	95,931	101,111	106,672
Depreciation & asset impairment	2	-	-	225,856	216,792	226,792	226,792	226,792	238,132	250,991	264,795
Finance charges				6,941	-	-	-	-	-	-	-
Bulk purchases	2	-	-	402,286	540,650	540,650	540,650	480,500	579,953	622,290	667,717
Other materials	8			74,364	15,086	11,293	11,293	11,293	9,842	10,374	10,944
Contracted services				91,296	105,944	103,883	103,883	96,848	91,541	96,484	101,790
Transfers and subsidies				55,226	-	-	-	-	74,241	76,849	80,845
Other expenditure	4, 5	-	-	76,965	289,157	325,293	325,293	266,381	250,585	264,116	278,643
Loss on disposal of PPE				16,510	-	-	-	-	-	-	-
Total Expenditure		-	-	1,461,084	1,711,554	1,748,204	1,748,204	1,548,205	1,812,443	1,928,067	2,053,352
Surplus/(Deficit)		-	-	(158,379)	(138,641)	(215,861)	(215,861)	42,506	(299,671)	(316,499)	(330,472)
Transfers and subsidies - capital (monetary allocations) (National)				-	-	-	-	-	120,647	135,440	89,163
Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)				-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		-	-	(158,379)	(138,641)	(215,861)	(215,861)	42,506	(179,024)	(181,059)	(241,309)
Taxation				-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		-	-	(158,379)	(138,641)	(215,861)	(215,861)	42,506	(179,024)	(181,059)	(241,309)
Attributable to minorities				-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		-	-	(158,379)	(138,641)	(215,861)	(215,861)	42,506	(179,024)	(181,059)	(241,309)
Share of surplus/ (deficit) of associate	7			-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		-	-	(158,379)	(138,641)	(215,861)	(215,861)	42,506	(179,024)	(181,059)	(241,309)

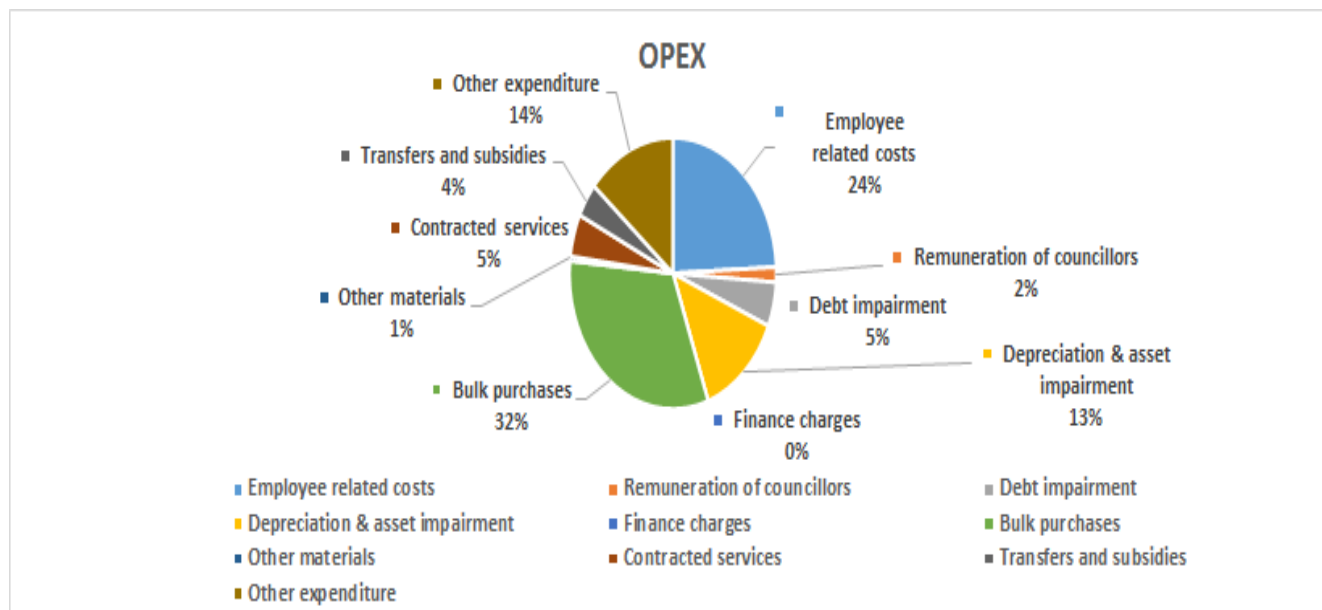
The above table reflects that the municipality does not have enough cash backed reserves to fully finance the entire expenditure over MTREF and as a result there is material deficit of R299 671 000 (2018/19), R316 499 000 (2019/20) and R330 472 000 (2020/21).

This implies that the budget of the municipality is only cash funded (Cash Flow) and not fully funded.

This further implies that the municipality will incur unauthorised expenditure at the end of 2017/18 financial as well in the 2018/19 financial year and over MTREF.

The above table further shows that the municipality does not have enough funds replace assets as and when they get dilapidated.

The graph below gives a breakdown of the main expenditure categories for the 2018/19 financial year.



Employee Related Cost

The Salary and Wage Collective Agreement for the period 01 July 2015 to 31 June 2018 has come to an end. The process is under consultation; therefore, in the absence of other information from the South African Local Government Bargaining Council an increase of **7.5%** has been factored on the 2018/19 salary budget.

Employee related cost increased from R419 084 000 to R439 668 000 and an increase of 7.5% has been factored in 2018/19 financial year and 7.3% for the two outer years pending the conclusion of the bargaining council.

1. Critical vacant positions are budgeted for in 2018/19 MTREF budget.
2. Overtime has been reduced from R31 111 226 2017/18 to R19 000 000 for 2018/19 financial year. Managers will have to put strict measures in place to curb the current abuse of overtime.

Remuneration of Councillors

Remuneration of Councillors has increased by 6% for the 2018/19 and will increase from R30 709 000 2017/18 financial year to R32 551 000. The two outer years will increase by 5.4% and 5.5% respectively.

Councillor allowances will be calculated in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils.

2018/19 Ward allocations

An amount of R120 000 is currently budgeted for ward allocation for each ward Councillor and has all been budgeted under operating budget. The total budgeted allocation amounts to R4 440 000.

Ward Councillors are hereby requested to submit detailed business plans with clear time frames outlining how they intend to spend this allocation within their wards.

Expanded Public Works Programme

The current DoRA allocation for EPWP amount to R3 868 000 and has been reduced to R1 947 000 for the 2018/19 financial year (DoRA). EPWP spending as at February 2018 amounted to R6 064 974 and it is way above the allocation.

Measures will have to be put in place to align the 2018/19 EPWP spending to R1 947 000 as the municipality cannot afford to counter fund EPWP expenditure.

Bulk Purchases

Bulk purchases will increase from R540 650 000 to R579 953 000. Factored in the increase is 6% for Water and 7.32 for electricity pending NERSA Approval on electricity tariffs.

Total Ventersdorp Eskom debt amounted to R50 349 979, to date an amount of R48 100 000 has been paid and the R2 249 979 will be settled in line with the payment agreement in April 2019.

Other Material

Total budget for other material will decrease from R11 293 000 to R9 842 000 due to financial constraints. Included in this vote stores items which comprises of amongst others: is transformers, water meters, street light lamps, petrol and diesel, replacement of water meters, fire hydrants cleaning material etc.

Contracted Services

Contracted services will reduce from R103 883 000 to R91 541 000 in the 2018/19 budget. Included in the contracted services item are dolomite, waste removal contract, legal fees, security services, financial management System, meter reading, specialist to develop housing resettlement programme, land use management etc.

Repairs and Maintenance

Repairs and Maintenance will increase from R118 311 154 to R119 358 564. Included in repairs and maintenance is maintenance of municipal buildings, Rates hall of Ventersdorp, Promosa and Ikageng etc.

Other Expenditure

Other Expenditure which comprises of the following expenditure, telephone, accommodation, catering services, SALGA membership fees, community participation etc. will decrease from R325 293 000 to R250 585 000 during the 2018/19 MTREF. The decrease is mainly due to financial constraints and strict cost curtailing measures that will have to be in place to ensure that unnecessary spending is curbed.

1.3 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

NW405 Tlokwe-Ventersdorp - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional											
Governance and Administration	1	-	-	14,592	12,334	8,734	8,734	-	630	-	-
Executive and Council				3,817	2,581	2,757	2,757	-	-	-	-
Finance and Administration				10,774	9,753	5,976	5,976	-	630	-	-
Internal Audit				-	-	-	-	-	-	-	-
Community and public safety		-	-	14,656	33,182	27,729	27,729	-	24,516	1,937	-
Community and Social services				239	5,890	5,388	5,388	-	3,370	-	-
Sport and Recreation				13,867	14,250	9,050	9,050	-	8,500	1,937	-
Public Safety				545	12,468	12,717	12,717	-	12,646	-	-
Housing				5	574	574	574	-	-	-	-
Health				-	-	-	-	-	-	-	-
Economic and Environmental services		-	-	56,041	55,455	42,215	42,215	-	31,093	19,803	23,885
Planning and Development				4,786	11,720	10,720	10,720	-	15,593	12,000	8,885
Road Transport				51,255	42,500	30,258	30,258	-	15,500	7,803	15,000
Environmental Protection				-	1,235	1,237	1,237	-	-	-	-
Trading Services		-	-	127,326	140,527	164,652	164,652	-	76,208	113,700	65,278
Energy Sources				35,898	58,300	25,545	25,545	-	24,917	19,200	19,200
Water Management				57,165	57,596	55,056	55,056	-	45,386	80,500	17,078
Waste Water Management				34,263	20,500	84,051	84,051	-	5,905	14,000	29,000
Waste Management				-	4,131	-	-	-	-	-	-
Other				-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	-	-	212,615	241,498	243,329	243,329	-	132,447	135,440	89,163
Funded by:											
National Government				76,421	116,300	142,759	142,759	-	120,547	135,440	89,163
Provincial Government				-	1,200	1,200	1,200	-	-	-	-
District Municipality				-	-	-	-	-	-	-	-
Other Transfers and Grants				-	-	-	-	-	-	-	-
Transfers Recognised - Capital	4	-	-	76,421	117,500	143,959	143,959	-	120,547	135,440	89,163
Public Contributions & Donations	5			-	-	-	-	-	-	-	-
Borrowing	6			-	-	-	-	-	-	-	-
Internally Generated Funds				136,194	123,998	99,370	99,370	-	11,900	-	-
Total Capital Funding	7	-	-	212,615	241,498	243,329	243,329	-	132,447	135,440	89,163

The 2018/19 MTREF capital budget has decreased by R110 882 000 when compared to the 2017/18 financial year and will keep decreasing over MTREF. The main reason for the decrease is that the municipality does not have cash backed reserves as depicted in the cash flow below to internally fund the capital budget and will really on grant funding over MTREF.

Total capital budget for the 2018/19 MTREF budget amount to R132 447 000 and is funded from National Grants at R122 547 000 and internally generated at R11 900 000.

Most of internally CAPEX funding is channelled towards revenue generating assets as depicted below.

Internally generated funds: JB Marks Municipality

	Project Description	Amount
	Water Tanker	R1000 000
	Grader	R2 200 000
	Tipper Truck	R800 000
	Front end loader	R1 200 000
	2 cars Public Safety	R1 400 00
	Long base bakkie Museum	R300 000
	Cherry picker	R1000 000
	Desk and laptops	R500 000
	Furniture and Flooring	R130 000

Grant Funding Projects			
1	Ikageng Proper Sewer Upgrade (Phase D)	MIG	R 4 500 000.
2	Construction of Ikageng Ext 7 Taxi Rank & Hawker Stalls	MIG	R 3 592 690.
3	Light Industrial Park in Ikageng	MIG	R 12 000 000.
4	Construction of roads & stormwater at Ikageng Ext 7	MIG	R 6 500 000.
5	Appeldraai Internal Road Development Phase 3	MIG	R 5 000 000.
6	Construction of North West 405 Disaster Management Centre	MIG	R 11 246 000.
7	Construction of Boikhutso Village Bulk Water Supply	MIG	R 10 000 000.
8	Construction of Goedgevoeden Village Bulk Water Supply	MIG	R 1 500 000.
9	Construction of Ikageng Ext 13 Water Reticulation	MIG	R 8 500 000.
10	Construction of Ikageng Extension 13 Sewer Reticulation	MIG	R 1 405 309.
12	PMU	MIG	R 1 000 000.
	TOTAL		R 65 244 000
	Electrification of Boikhutso Phase 2	INEP	R 3 317 000
	Electrification of Boikhutsong Phase 2	INEP	R 3 317 000
	Electrification of Ikageng Greenfields	INEP	R 2 867 500
	Electrification of Matlwang	INEP	R 1 897 500
	Electrification of Ikageng Ext 9	INEP	R 7 517 500
	Electrification of Lindequestdrift	INEP	R 5 000 000
	Sliplining Extention	RBIG	R 12 386 000
	Upgrade of Waste Water Treatment	WSIG	R 20 000 000

1.3.1 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual collection rate. In other words the *actual collection rate* of billed revenue.

NW405 Tlokwe-Ventersdorp - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates				128,473	155,887	139,743	139,743	139,743	151,613	165,310	174,402
Service charges				758,115	787,574	754,221	754,221	754,221	799,475	892,214	941,286
Other revenue				24,356	59,836	33,413	59,413	59,413	61,558	38,027	40,311
Government - operating	1			275,235	226,889	226,889	226,889	226,889	241,917	262,468	289,438
Government - capital	1			-	117,000	117,000	117,000	117,000	120,647	135,440	89,163
Interest				27,536	19,080	28,700	28,700	28,700	40,967	43,179	45,554
Dividends				-	-	-	-	-	-	-	-
Payments											
Suppliers and employees				(1,050,636)	(1,404,262)	(1,430,912)	(1,230,912)	(1,230,912)	(1,413,586)	(1,480,958)	(1,526,148)
Finance charges				(6,469)	-	-	-	-	-	-	-
Transfers and Grants	1			-	-	-	-	-	(8,315)	(8,834)	(9,392)
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	156,611	(37,995)	(130,945)	95,055	95,055	(5,725)	46,846	44,615
CASH FLOW FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				-	-	-	-	-	560	-	-
Decrease (Increase) in non-current debtors				4,020	24,000	34,000	34,000	34,000	33,600	36,000	40,000
Decrease (increase) other non-current receivables				-	178,000	201,000	-	-	-	-	-
Decrease (increase) in non-current investments				-	-	-	-	-	-	-	-
Payments											
Capital assets				(212,615)	(241,498)	(243,329)	(180,329)	(180,329)	(132,447)	(135,440)	(89,163)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	(208,595)	(39,498)	(8,329)	(146,329)	(146,329)	(98,287)	(99,440)	(49,163)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans				-	-	-	-	-	-	-	-
Borrowing long term/refinancing				-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits				(13,548)	-	-	-	-	-	-	-
Payments											
Repayment of borrowing				(7,914)	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	(21,462)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	(73,446)	(77,493)	(139,275)	(51,275)	(51,275)	(104,011)	(52,594)	(4,548)
Cash/cash equivalents at the year begin:	2			195,470	153,051	144,042	220,275	220,275	169,000	64,989	12,395
Cash/cash equivalents at the year end:	2			122,024	75,558	4,767	169,000	169,000	64,989	12,395	7,846

The above table shows that the cash and cash equivalents of the municipality are largely depleted due liabilities that came as a result of the merger as well ambitious funding of capital projects from internally generated reserves that happened in the previous years including the current financial year.

The above Cash Flow further indicates that the municipality does not meet the working capital requirement, i.e. the municipality does not have enough cash to finance its daily operations. This is depicted by the deficit of R5 725 000 on receipts minus payments and over MTREF.

Cash and cash equivalents shows material decrease over MTREF, this is be an indication that the municipality is no longer financially sustainable and will experience serious financial problem in the near future if cost curtailing measures are not implemented.

However funds can increase with consistent and strict implementation of the debt collection and credit control measures (Ventersdorp Region), installing and replacing of electricity and water meters, strict implementation of cost curtailing measures as well as curbing of contractually over committing the municipality.

Recommendations

1. That Council adopt the 2018/19 MTREF final budget;
2. That Council adopts all tariffs as presented in line with the CPI, with exception of the Electricity tariffs which will be increased in line the NERSA approval;
3. That the Council notes that the municipality is facing financial constraints and that the Provincial Treasury has been requested to assist the municipality with the development of a financial recovery plan;
4. That cost curtailment measures will have to be implemented with immediate effect to ensure that the current financial situation is addressed accordingly;
5. That the municipality will incur unauthorised, fruitless and wasteful expenditure due to the current financial position of the municipality;
6. That the municipality cannot be contracted further as there is minimal cash available at the disposal of the municipality;
7. That priority spending is channelled towards basic service delivery and revenue generating assets;
8. That Council will ensure that the Debt Collection and Credit Control Policy is consistently implemented in all areas within the jurisdiction of the municipality;
9. That 2018/19 MTREF budget funded with risks, should the current collection rate drop the municipality will not be able to finance some of the expenditure estimates as projected in the budget.

**CLLR KGOTSO KHUMALO
EXECUTIVE MAYOR**

