

**2019/20 MTREF DRAFT BUDGET EXECUTIVE SUMMARY (TM/tm) (TMV03.20.02)
(RMS 24867)**

MAYORAL SPEECH



Indeed today our City is a better place before 1994. We pride ourselves to be the Marks of Excellence.

Our Municipality has made a huge progress in changing our people's lives, and we will continue to deliver services to our communities such as electricity, water, sanitation and refuse removal.

We will also not fail our people and in this tough and slow economic growth, we will continue to fight the triple challenges of poverty, unemployment and inequality.

In this financial year as the institution we must reflect back on the achievements we have made and challenges we have encountered.

We do have stability in our administration leadership as we have appointed Senior Managers and the Municipal Manager, Mr Lebu Ralekgetho. I can state that our municipality is financially stable and we have reduced all unnecessary spending on procurements of services below R30 000.

We have achieved a milestone in reducing contracted services and services such as cutting of grass, patching of potholes, street sweeping and cleaning of storm water catch pits are now rendered internally.

There is reduction on the wage bill as we have put strict measures on overtime.

As JB Marks as indicated in the back to basics approach we will at all times put people's first, deliver basic services, good governance, sound financial management and building capacity.

As stated in the above statement, we have listened to our people and their needs and did not make any empty promises. We have budgeted and will implement the following capital projects which will also create jobs for our unemployed youths:

Construction and rehabilitation of the Dassierand road which is leading to the Felophepha landfill site.

Construction of the Light Industrial Park; Roads and storm water at Ikageng EXT 7 phase 1; Ikageng Ext 13 water reticulation phase 1; Boikhutso Village bulk water supply; Bulk water supply in Goedgevonden; Roads and storm water in Toevlug phase2; Upgrading of Ikageng sports fields; Roads and storm water in Tshing phase2 and more than 600 households will be electrified in Ext9. We will install ready boards in the entire JB Marks, upgrading of obsolete medium voltages switchgear in Ventersdorp; implementation of the smart metering in Ventersdorp and we will upgrade dolomite infrastructure within the JB Marks.

I'm pleased to announce the appointed developer for the implementation of the N14 Development in the form of Matonoka Holdings (Pty.) Indeed this is a very historic moment for our community of Tshing and the entire Ventersdorp.

The anticipated development dates back since the approval by the then Ventersdorp Municipality. Therefore the JB Marks Municipal Council on its sitting of 04 December 2018 endorsed the N14 Development and mandated the Municipal Administration to finalise all logistical arrangements with the appointed developer in order to start the development process in earnest which is estimated at the cost of R3 billion.

The development's objective is to address the high rate of unemployment, poverty alleviation, access to retailing and other related government services. Further that the N14 Development construction will consist of a shopping mall, RDP's houses, Social Housing, Industrial development and all amenities associated with such development. Furthermore, the development will create temporary and permanent jobs. Amongst others it will also benefit: local economic hub, small business development, attraction of investments, tourism attraction, improve social lifestyle and provide incentives educational development and training opportunities.

The project when fully materialized and duly implemented will not only provide immediate, short-term, medium –term and long –term benefits such as housing, job opportunities and poverty alleviation but lead to the recovery and repositioning Ventersdorp as a viable economic and business hub, giving due effect to the radical economic transformation as alluded to in the National Development Plan (NDP).

I Thank You

CLLR KGOTSO MOSES KHUMALO
EXECUTIVE MAYOR

1.1 Executive Summary

Section 16 of the MFMA states that the Council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

Section 16(2) further states that in order for a municipality to comply with subsection (1), the Mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

1.2 The 2018/19 MTREF Draft Budget Report consists of the following Financial Reports:

1. 2019/20 MTREF Operating Expenditure Proposed Budget and sources of funding;
2. 2019/20 MTREF Capital expenditure Proposed Budget as well funding mix;
3. The regulated budget format table A1- A10
4. Draft 2019/20 Procurement Plan
5. Circular 94

1.2.1 Acronyms

MFMA- Municipal Finance Management Act 56 of 2003

MTREF - Medium Term Revenue and Expenditure Framework

1.3 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 GDP growth rate is forecasted at 1.5 per cent in 2019, 1.7 per cent in 2020 and 2.1 per cent in 2021. The revisions take into account weaker investment outcomes in 2018, a more fragile recovery in household income and slower export demand than expected due to moderating global growth. Consumer inflation has also been revised down due to lower oil prices and food inflation than previously assumed. The main risks to the economic outlook are continued policy uncertainty and deterioration in the finances of state-owned entities.

These factors, alongside continued high unemployment and slow growth will continue to exert pressure on municipal revenue generation and collection levels hence a conservative approach is advised for municipal revenue projections.

Serious financial commitment inherited through the merger of the Former Tlokwe and Ventersdorp Municipality are being addressed and the reality is that 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.

In this context, The JB Marks municipality will have to improve its efforts to limit non-priority spending and to implement stringent cost-containment measures.

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
- 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.

1.4 Proposed Tariff Structure: 2019/20-2022

The GDP growth rate is forecasted at 1.5 per cent in 2019, 1.7 per cent in 2020 and 2.1 per cent in 2021. The revisions take into account weaker investment outcomes in 2018, a more fragile recovery in household income and slower export demand than expected due to moderating global growth. Consumer inflation has also been revised down due to lower oil prices and food inflation than previously assumed.

In line the National Treasury Budget Circular 94, the following macro-economic forecasts were considered when preparing the 2019/20 MTREF budget.

Fiscal Year	2018/19	2019/20	2020/21	2021/22
	Estimate	Forecast		
Consumer Price Inflation (CPI)	4.7%	5.2%	5.4%	5.4%
Real GDP growth	0.7%	1.5%	1.7%	2.1%

Source: 2019 Budget Review. Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

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.

Proposed tariffs over MTREF

Service Charges	2018/19	2019/20	2020/21	2021/22
Property Rates	6%	6%	6%	6%
Electricity (Pending Nersa. Approval)		6%	6%	6%
Water	6%	6%	6%	6%
Sanitation	6%	6%	6%	6%
Refuse	6%	6%	6%	6%
Other Revenue	6%	6%	6%	6%

The 2019 Budget Review notes that, the NERSA tariff increases would be announced after the equitable share allocations had been calculated and tabled in the Division of Revenue Bill. In the absence of approved tariff increases for the period ahead, the equitable share formula allocations were calculated using the previously approved Multi-Year Price Determination of an **8 per cent annual bulk price increase for electricity in its calculations.**

Table 1 below is a summary of the 2019/20 MTREF (classified by main revenue source):

Table 1. Summary of revenue classified by main revenue source

R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
Revenue By Source												
Property rates	2	-	144 096	164 403	174 268	171 054	-	-	181 514	192 404	203 949	
Service charges - electricity revenue	2	-	563 551	616 358	652 219	735 328	-	-	779 448	826 215	875 788	
Service charges - water revenue	2	-	89 577	97 912	103 827	112 627	-	-	119 384	126 547	134 140	
Service charges - sanitation revenue	2	-	60 271	50 792	53 760	71 920	-	-	76 235	80 809	85 658	
Service charges - refuse revenue	2	-	52 426	47 258	49 753	65 600	-	-	69 536	73 708	78 131	
Rental of facilities and equipment			3 728	3 436	3 642	3 263			3 237	3 412	3 597	
Interest earned - external investments			17 262	7 200	18 177	18 177			19 122	20 155	21 243	
Interest earned - outstanding debtors			10 274	21 500	22 790	33 450			35 189	37 090	39 092	
Dividends received			-	-	-	-			-	-	-	
Fines, penalties and forfeits			70 198	80 618	85 455	85 432			89 875	94 728	99 843	
Licences and permits			4 926	13 278	14 074	5 320			5 597	5 899	6 217	
Agency services			8 577	-	-	6 665			7 012	7 390	7 789	
Transfers and subsidies			180 395	343 889	241 906	232 506			267 969	290 945	321 307	
Other revenue	2	-	19 683	10 699	11 341	10 948	-	-	11 517	12 139	12 794	
Gains on disposal of PPE			-	-	560	-			500	-	-	
Total Revenue (excluding capital transfers and contributions)			-	1 224 964	1 457 343	1 431 772	1 552 290	-	-	1 666 135	1 771 441	1 889 549

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.

1.5 Operating Revenue Mix

Trading services

1. Property rates- constitutes 11% of the total operating revenue at R181 514 000.
2. Electricity - constitutes 47% of the total operating revenue at R779 448 000 and is the largest revenue source of the municipality.
3. Water revenue- constitutes 7% of the total revenue at R119 384 000.
4. Sanitation- constitutes 5% of the total revenue at R76 235 000.
5. Refuse – constitutes 4% of the total revenue at R69 536 000.

1.6 Operational Grant funding

Transfers and subsidies

Operational grant funding constitutes only 16% or R267 969 000 of the total revenue and it comprises of Equitable share allocation at R257 937 000, Municipal Finance Management Grant (FMG) at R3 000 000 and Expanded Public Works Programme at R2 097, Library Provincial allocation at R1 000 000 and R3 934 500 allocated for the Project Management Unit.

1.7 Operating Expenditure Framework

Table 2 below is a high level summary of the 2019/20 budget and MTREF (classified per main type of operating expenditure):

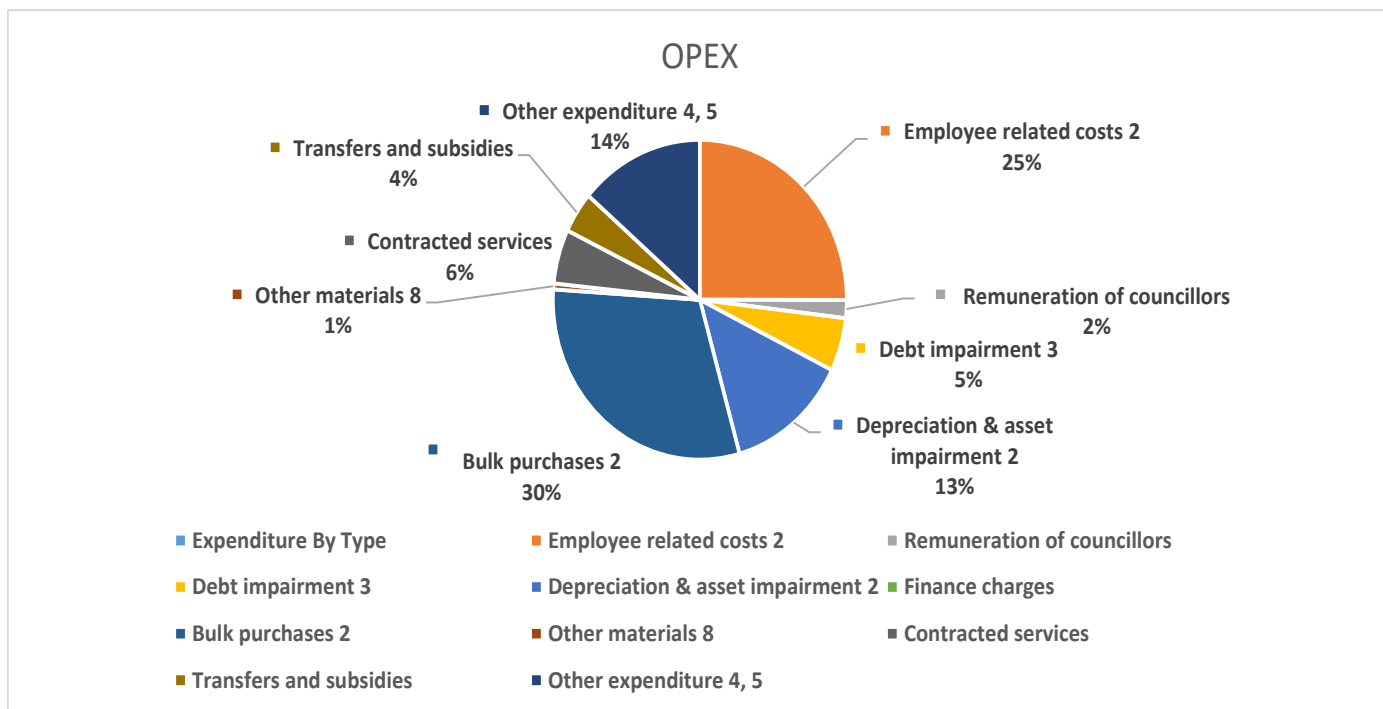
Choose name from list - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure By Type											
Employee related costs	2	-	331 801	419 084	439 668	439 552	-	-	468 123	498 551	530 957
Remuneration of councillors			20 972	30 709	32 551	32 551	-	-	34 244	36 093	38 042
Debt impairment	3		158 868	90 501	95 931	95 931	-	-	100 919	106 369	112 112
Depreciation & asset impairment	2	-	225 856	226 792	238 132	238 132	-	-	250 514	264 042	278 300
Finance charges			6 941			20 000					
Bulk purchases	2	-	402 286	540 650	579 953	526 889	-	-	568 602	613 626	662 717
Other materials	8		74 364	11 293	9 842	10 546	-	-	11 094	11 693	12 325
Contracted services		-	91 296	103 883	91 541	96 057	-	-	102 878	86 299	80 961
Transfers and subsidies		-	-	-	-	77 982	-	-	77 756	81 793	86 311
Other expenditure	4, 5	-	76 965	325 292	250 584	240 758	-	-	256 480	266 996	281 414
Loss on disposal of PPE			16 510								
Total Expenditure		-	1 405 858	1 748 204	1 738 201	1 778 396	-	-	1 870 610	1 965 462	2 083 139
Surplus/(Deficit)		-	(180 893)	(290 861)	(306 429)	(226 107)	-	-	(204 475)	(194 020)	(193 590)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions,			77 741		120 647	120 647			151 610	109 967	125 737
Transfers and subsidies - capital (in-kind - all)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		-	(103 152)	(290 861)	(185 782)	(105 460)	-	-	(52 865)	(84 053)	(67 853)
Taxation											
Surplus/(Deficit) after taxation		-	(103 152)	(290 861)	(185 782)	(105 460)	-	-	(52 865)	(84 053)	(67 853)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		-	(103 152)	(290 861)	(185 782)	(105 460)	-	-	(52 865)	(84 053)	(67 853)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		-	(103 152)	(290 861)	(185 782)	(105 460)	-	-	(52 865)	(84 053)	(67 853)

Table 2 Summary of operating expenditure by standard classification item

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 R52 865 000 (2019/20), R84 053 000 (2020/21) and R67 853 000 (2021/22), however compared to the previous years as well the current budget implemented the deficit is gradually decreasing.

The graph below gives a breakdown of the main expenditure categories for the 2019/20 financial year.



Employee Related Cost

Employee related cost increased from R439 552 000 to R468 123 000 and constitutes 25% of the total Expenditure budget. Critical vacant positions are budgeted for in 2019/20 MTREF budget.

Remuneration of Councillors

Remuneration of Councillors has increased from R32 551 000 to R34 244 000 and constitute 2% of the total expenditure budget and will increase to R36 093 000 and R38 042 in the two outer years.

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.

Expanded Public Works Programme

The EPWP grant has increased from R1 947 000 to R2 097 000 which constitutes an increase of only R150 000. Spending on EPWP will be aligned to the MTREF allocation in line with DoRA.

Bulk Purchases

Bulk purchases will increase from R526 889 000 to R568 602 000, which constitute 30% of the total Operating Budget. Factored in the increase is 6% for Water and 6% for electricity pending NERSA approval on electricity tariffs.

Other Material

Total budget for other material will increase from R10 546 000 to R11 094 000, which constitutes 1% of the total operating expenditure budget. Included in this vote are 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 R96 057 000 to R102 878 000 in the 2019/20 budget and constitutes 6% of the total operating expenditure 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.

Transfers and Subsidies

Expenditure relating to transfer and subsidies will decrease from R77 982 000 to R77 756 000 and constitute 4% of the total expenditure budget.

Other Expenditure

Repairs and Maintenance will increased from R240 758 000 to R256 480 000 and constitute 8% of the operating budget. Included in this vote is maintenance of municipal buildings, Rates hall of Ventersdorp, Promosa and Ikageng, telephone expenditure, fuel, catering, Salga membership etc.

1.8 Capital expenditure

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

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome
R thousand	1										
Capital Expenditure - Functional											
<i>Governance and administration</i>		-	17 668	8 734	630	6 810	-	-	-	-	-
Executive and council			-	2 757	-	1 016	-	-	-	-	-
Finance and administration			10 774	5 976	630	5 794	-	-	-	-	-
Internal audit			6 894	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	17 926	27 729	24 516	26 148	-	-	17 391	22 533	20 870
Community and social services		-	4 031	5 388	3 370	3 757	-	-	6 957	12 174	10 435
Sport and recreation		-	13 867	9 050	8 500	4 487	-	-	10 435	10 359	10 435
Public safety		-	-	12 717	12 646	17 904	-	-	-	-	-
Housing		-	-	574	-	-	-	-	-	-	-
Health		-	28	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	51 805	42 215	31 093	42 774	-	-	38 524	28 261	20 435
Planning and development		-	-	10 720	15 593	16 535	-	-	-	-	-
Road transport		-	51 805	30 258	15 500	25 842	-	-	38 524	28 261	20 435
Environmental protection		-	-	1 237	-	397	-	-	-	-	-
<i>Trading services</i>		-	127 326	164 652	76 208	107 844	-	-	106 355	47 891	71 326
Energy sources		-	35 898	25 545	24 917	35 131	-	-	38 135	16 696	17 614
Water management		-	57 165	55 056	45 386	44 662	-	-	62 762	31 196	41 739
Waste water management		-	34 263	84 051	5 905	20 225	-	-	5 458	-	11 973
Waste management		-	-	-	-	7 826	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	-	214 725	243 329	132 447	183 576	-	-	162 270	98 685	112 630
Funded by:											
National Government		-	67 602	142 759	120 547	125 009	-	-	131 835	98 685	112 630
Provincial Government		-	10 191	1 200	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	77 793	143 959	120 547	125 009	-	-	131 835	98 685	112 630
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds	7	-	136 933	99 370	11 900	58 566	-	-	30 435	-	-
Total Capital Funding	7	-	214 725	243 329	132 447	183 576	-	-	162 270	98 685	112 630

The 2019/20 MTREF capital budget will decrease from R183 576 000 to R162 270 000 when compared to the 2018/19 financial year and will keep decreasing over MTREF. The main reason for the decrease is that the municipality does not have enough cash backed reserves as

depicted in the cash flow below to sufficiently fund capital budget and will really on grant funding over MTREF.

Total capital budget for the 2019/20 MTREF budget amount to R162 270 000 and is funded from National Grants at R131 835 000 and internally generated at R30 435 000.

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

DRAFT CAPITAL BUDGET FOR THE 2019 20 FINANCIAL YEAR							
No	Project Name	SA 9	2019/20	2020/21	2021/22	Source of Funding	SA 9
1	Light Industrial Park in Ikageng	New	6 956 522	12 173 913	10 434 783	MIG	Parks
2	Construction of roads & stormwater at Ikageng Ext 7 Phase 1	New	6 784 953	5 652 174	3 478 261	MIG	Roads & StormWater
3	Construction of Ikageng Ext 13 Water Reticulation Phase 1	New	7 406 734	8 260 870	2 608 696	MIG	Water
4	Construction of Sewer reticulation and top structures in extension 11	Existing	1 474 288	-	-	MIG	Sanitation
5	Construction of Water reticulation in extension 11	Existing	713 043	-	-	MIG	Water
6	Construction of Boikhutso Village Bulk Water Supply	New	8 599 924	-	8 695 652	MIG	Water
7	Construction of Ikageng Extension 13 Sewer Reticulation	New	3 983 361	-	11 973 043	MIG	Sanitation
8	Construction of the bulk water supply in Goedgevoeden	New	11 259 870	4 347 826	4 347 826	MIG	Water
9	Construction of roads & stormwater at Ikageng Ext 7 Phase 2	New	6 521 739	7 826 087	3 478 261	MIG	Roads & StormWater
10	Construction of roads and stormwater in Toevlug phase PHASE 2	New	434 783	5 652 174	4 347 826	MIG	Roads & StormWater
11	Construction of roads and stormwater in TSHING PHASE 2	New	434 783	6 956 522	6 086 957	MIG	Roads & StormWater
	Upgrading of Ikageng Sports fields	Existing	10 434 783	10 359 130	10 434 783	MIG	Sports Facilities
	PMU		-	-	-	MIG	
Sub ToTal MIG			65 004 783	61 228 696	65 886 087		
1	Electrification of Tshing Extension 9 with 1176 proposed connections in ward 34.	New	18 652 174	16 695 652	17 613 913	INEP	Electricity
2	Electrification of Ikageng Ext 13: Phase 2 with 455 proposed connections in ward 26.	New	13 395 652	-	-	INEP	Electricity
Sub ToTal INEP			32 047 826	16 695 652	17 613 913		
1	Upgrading of the Ikageng Pump Station PHASE C	Existing	13 043 478	-	-	RBIG	Water
2	Upgrading of WTW - New clarifiers and filters PHASED D	Existing	21 739 130	18 586 957	26 086 957	RBIG	Water
Sub Total RBIG			34 782 609	18 586 957	26 086 957		
1	Upgrading of Dolomite Infrastructure	New	2 608 696	-	-	Own Funding	Roads
2	Construction of Flood line Canal	New	4 347 826	-	-	Own Funding	StormWater
3	Upgrading of Dolomite Infrastructure	New	6 956 522	-	-	Own Funding	Roads
4	Rehabilitation of road from Dassierand - Phelophepha Landfill site	Existing	10 434 783	-	-	Own Funding	Roads
5	Upgrade of obsolete Medium Voltage Switchgear in Ventersdorp	Existing	4 347 826	-	-	Own Funding	Electricity
6	Installation of readyboards within JB Marks	New	1 739 130	-	-	Own Funding	Electricity
Sub Total Own Funds			30 434 783	-	-		
		New	-	2 173 913	3 043 478		Roads
Sub Total Neighbourhood Grant			-	2 173 913	3 043 478		
TOTAL CAPEX BUDGET			162 270 000	98 685 217	112 630 435		

1.9 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 seeks to improve financial understanding 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 provided for as cash inflow based on actual collection rate. In other words the *actual collection rate* of billed revenue.

NW405 J B Marks - Table A7 Budgeted Cash Flows

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	128 473	139 743	151 613	145 396	145 396		163 362	173 164	183 554
Service charges		-	758 115	754 221	799 475	824 904	824 904		887 913	941 188	997 659
Other revenue		-	24 356	33 413	61 558	44 372	44 372		34 553	36 419	38 385
Government - operating	1	-	275 235	226 889	241 917	232 506	232 506		267 969	290 945	321 307
Government - capital	1	-	-	117 000	120 647	120 547	120 547		151 610	109 967	125 737
Interest		-	27 536	28 700	40 967	18 177	18 177		54 311	57 244	60 335
Dividends		-	-	-	-	-	-		-	-	-
Payments											
Suppliers and employees		-	(1 050 636)	(1 430 912)	(1 413 586)	(1 346 752)	(1 346 752)		(1 438 258)	(1 513 258)	(1 606 415)
Finance charges		-	(6 469)	-	-	-	-		-	-	-
Transfers and Grants	1	-	-	-	(8 315)	(6 524)	(6 524)		(5 760)	(5 909)	(6 330)
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	156 611	(130 945)	(5 725)	32 626	32 626	-	115 700	89 759	114 233
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	(15 431)	-	560	-	-		500	-	-
Decrease (increase) in non-current debtors		-	(3 795)	34 000	33 600	33 600	33 600		-	-	-
Decrease (increase) other non-current receivables		-	-	201 000	-	-	-		-	-	-
Decrease (increase) in non-current investments		-	(4 020)	-	-	-	-		-	-	-
Payments											
Capital assets		-	(214 725)	(243 329)	(132 447)	(183 576)	(183 576)		(162 270)	(98 685)	(112 630)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(237 971)	(8 329)	(98 287)	(149 976)	(149 976)	-	(161 770)	(98 685)	(112 630)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-		-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-		-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-		-	-	-
Payments											
Repayment of borrowing		-	7 914	-	-	(20 000)	-		-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	7 914	-	-	(20 000)	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		-	(73 446)	(139 275)	(104 011)	(137 350)	(117 350)	-	(46 070)	(8 926)	1 602
Cash/cash equivalents at the year begin:	2	-	195 470	144 042	169 000	246 646	246 646		230 000	183 930	175 004
Cash/cash equivalents at the year end:	2	-	122 024	4 767	64 989	109 297	129 297		183 930	175 004	176 607

The above table shows that the cash and cash equivalents status of the municipality is steadily increase over MTREF and further gives relief that capital projects which are going to be funded internally will be successfully undertaken.

Net cash from operating activities shows a positive balance of R115 700 000, whereas cash and cash equivalent at year end is projected to have a positive balance of R183 930 000 and the positive balance will remain over MTREF.

2. RECOMMENDATIONS:

- 2.1 That Council take cognisance of the 2019/20 MTREF budget ;
- 2.2 That the Operating Revenue Budget will increase from R1, 5 billion to R1, 6 billion;
- 2.3 That the Operating Expenditure Budget will increase from R1, 7 billion to R1, 8 billion;
- 2.4 That the Capital budget will decrease from R183, 5 million to R162 million.
- 2.5 The cash flow estimates is steadily showing an improvement and cash and cash equivalent is estimated at R183 million at year end.
- 2.6 That the draft budget be subjected to community consultation in line with 23(1) (a) of the MFMA.
- 2.7 That the draft budget be submitted to National and Provincial Treasury in line with the MFMA.

CLL K KHUMALO
EXECUTIVE MAYOR
DATE _____