

## VICTOR KHANYE LOCAL MUNICIPALITY



## EXECUTIVE SUMMARY

2018/2019

Draft Budget

### A. MUNICIPAL ENTITIES / EXTERNAL MECHANISMS

The Municipality does not make use of any entities or external mechanisms for services delivery within the municipal area.

### B. FINANCIAL AND SERVICE DELIVERY IMPLICATIONS

During the year under review, the Council will maintain all municipal services as per the approved tariff structure of the municipality. Tariffs were determined for all the municipal services as reflected in the tariff policy and to such an effect that it is based on cost recovery as far as possible. In the case of those services, on which a shortfall is recorded, said shortfall will be financed through property rates. In the case of shortfalls due to the implementation of the indigent policy, these shortfalls are recovered from the equitable share.

Attached to the budget document are the relevant budget tables as required by the Municipal Budget and Reporting Regulations (Gazette no 32141 dated 17 April 2009).

During the budget year no transfer will be made in terms of Section 12 of the Municipal Finance Management Act, no 56 of 2003.

### C. CONSOLIDATED FINANCIAL POSITION AND MTREF

Operating Budget (OPEX)	-	R 476 118 430
Less: Depreciation	-	(R 36 421 610)
Debt impairment	-	(R 22 491 333)
Operating Budget (Opex)	-	<u>R 417 205 487</u>
Capital Budget (CAPEX)	-	<u>R 36 567 000</u>
Total Budget Tabled (Excluding non-cash items)	-	417 205 487

Total Budget Tabled (Including non-cash items) - R 476 118 430

Revised budget 2017/2018: R 471 196 669 Surplus: R 38 506

Tabled budget 2018/2019  
(Excluding non-cash items): R 417 205 487 Surplus: R 58 925 448

Tabled budget 2018/2019  
(Including non-cash items): R 546,144,417 Surplus: R 12 505

Percentage increase:

Refer to paragraph A for an explanation on budget increase.

Expenditure breakup:

	<u>R,000</u>	
- Employee related costs	139 367	1.029
- Councilor remuneration	3 790	1,74%
- Debt impairment	31 923	-1.0107
- Provision for depreciation	22 491	-0,34
- Finance charges	528	-0.50
- Bulk purchases	152 258	9%
- Repair & Maintenance	22 517	46 %
- General expenditure	47 705	8.5%
- Contributions to Capital	12 090	50 %
Total	<u>439 551 430</u>	

Revenue breakup:

	<u>R'000</u>	
- Property Rates	93 839	7.7%
- Electricity revenue	161 328	9.7%
- Water revenue	57 605	12,93%
- Sanitation revenue	11 647	2,34%
- Refuse revenue	20 739	2,83%
- License & permits	2,835	0,55%
- Interest revenue (Debtors)	30 861	5,57%
- Interest revenue (Investments)	1,412	0,28%
- Rental of facilities	2,687	0,55%
- Other revenue	<u>1 416</u>	20,41%
Total	476 130 935	

Operational Budget:

Own funding	-	384 938 935
External funding	-	85 191 000

Total Capital Budget:

Own funding	-	12 090 000
External funding	-	24 477 000

Projects included in operating budget

Ward committees	-	320 000
Community Development Projects	-	2 200 000
Communication unit	-	300 000
Youth development	-	1,300,000
Strategic planning	-	500 000
Revision of plans (IDP/SDP)	-	500 000

Tariff increases (Avg.)

All tariffs	-	10-13%
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Overall increase/effect on an average account: 12%

Flat rates:

Flat rate		R 387.03
Registered Indigents < R3400	=	R0 p/m + actual consumption

Free basic services

6kl water per month to all indigent registered households.

50 kWh electricity per month to all indigent registered households.



## D. CAPITAL PROGRAM

### Sources of finances:

MIG – Municipal Infrastructure Grant	-	24 477 000
RBIG – Regional Bulk Infrastructure Grant	-	15 000 000
Operating funding (Own funds)	-	<u>12 090 000</u>

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Own funding	-	12 090 000
External funding	-	39 477 000

### Capital Projects:

Executive & Council	-	40 000
Budget & Treasury	-	200 000
Corporate Services	-	200 000
Public safety	-	550 000
Waste Management Solid Waste	-	11 788 000
Waste Management Sanitation	-	3 500 000
Community facilities	-	1 000 000
Parks, sport & recreation	-	2 600 000
Roads & Transport	-	11 924 000
Water services	-	2 065 000
Electricity services	-	3 300 000

## E. MUNICIPAL SERVICES DELIVERY PRIORITIES AND OVERVIEW OF ALIGNMENT WITH THE INTEGRATED DEVELOPMENT PLAN

The Integrated Development Plan of the municipality consists of several issues raised which is summarized under the following five KPA's:

1. Basic Service Delivery
2. Local Economic Development
3. Municipal Financial Viability and Management
4. Municipal Institution Development and Transformation
5. Good Governance and Community Participation

### Basic Service Delivery

It remains a priority for the Victor Khanye Local Municipality to provide clean potable water to the community. The municipality will provide continue to do so and will provide water for new developments. In conjunction with the upgrades to the water infrastructure, sanitation will be improved to cater for the increase in the demand and the growth of Victor Khanye.

With regards to other municipal services, substantial provision was made for the overall improvement of the roads network. As funding sources for these needs as identified in the Integrated Development Plan (IDP), Council will utilize the municipal infrastructure grant (MIG) as well as a contribution from the Nkangala District Municipality which is not part of the budget as it was not received in time.

The budget was drafted with reference to the Integrated Development Plan of the municipality and reference is made via the Capital Program to the IDP.

#### Local Economic Development

Provision was made under vote : Executive & Council for local economic development as an expenditure item. Programs as identified in the IDP will be funded from these provisions.

#### Municipal Financial Viability and Management

Revenue enhancement projects which includes meter reading equipment, electricity and water meter replacements, debt collection strategies as well as the implementation of a revenue enhancement strategy. Provision was made via the relevant votes in the budget

#### Municipal Institution Development and Transformation

Provisions were made for an employee wellness program as well as the training of officials in order to comply with the competency regulations as well as the Organisational Redesigned was also accommodated.

#### Good Governance and Community Participation

In order to comply with the requirement of good governance, Council approved provisions for the review and update of policies and by-laws. Risk assessments were performed and forms the basis for the internal audit plan. Council make use of a shared internal audit committee with the Nkangala District Municipality. MPAC was established and maintained.

With regards to public participation, Council made provision under the vote: Executive & Council for several community outreach programs as well as the upheld of a well established ward committee system.

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