

VICTOR KHANYE LOCAL MUNICIPALITY

BUDGET

2019/2020 to 2021/2022

BUDGET SUMMARY

	Original Budget 2018/2019	Actual Projection 2018/2019	Projected Budget 2019/2020	Year 1 Variance %	Projected Forecast 2020/2021	Year 2 Projected Forecast 2021/2022	Year 3 Projected Forecast 2021/2022
<i>Expenditure</i>	473 400 000	486 471 067	622 919 167	31,6%	631 881 041	665 925 834	
<i>Revenue</i>	-473 407 134	-486 478 201	-456 377 456	-3,6%	-481 117 523	-507 193 558	
<i>Projected surplus</i>	7 134	7 134	166 541 711		150 763 518	158 732 276	

VICTOR KHANYE LOCAL MUNICIPALITY



EXECUTIVE SUMMARY

2019/2020

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

The 2019/2020 operational budget has decreased

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 456 377 453
Less: Depreciation	-	(R 50,917,148)
Debt impairment	-	(R 74,298,740)
Operating Budget (Opex)	-	<u>R 331,161,565</u>
Capital Budget (CAPEX)	-	<u>R 35 667 000</u>

Refer to paragraph A for an explanation on budget increase.

Expenditure breakup:

	<u>R,000</u>	
- Employee related costs	159 123	35,00%
- Councilor remuneration	7,872	
- Debt impairment	74,298	
- Provision for depreciation	50,917	
- Finance charges	2,000	
- Bulk purchases	168,500	
- General expenditure	125, 953	
- Contributions to Capital	12,000	
Total	<u>587 252</u>	

Revenue breakup:

	<u>R'000</u>
- Property Rates	59,257
- Electricity revenue	128,538
- Water revenue	45,181
- Sanitation revenue	9,494
- Refuse revenue	6,290
- Interest revenue (Debtors)	50,358
- Government Grants	110,645
- Other revenue	<u>47,747</u>
Total	<u>456 377</u>

Operational Budget:

Own funding	-	345,732,000	68%
External funding	-	110 645 000	32%

Total Capital Budget:

Own funding	-	12,000,000
District funding	-	13,551,744

Projects included in operating budget

Ward committees	-	227 000
Community Development Projects	-	1,052,000
Youth development	-	310,000
Revision of plans (IDP/SDP)	-	485,000

Tariff increases (Avg.)

All tariffs - 10-17%

Overall increase/effect on an average account: 12%

Flat rates:

Special indigents with no income = R0 p/m + actual consumption
Registered Indigents < R1500 = R425.73 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.

Sources of finances:

MIG – Municipal Infrastructure Grant	-	23,667,000
NDM – Nkangala District Municipality	-	13,551,744
Operating funding (Own funds)	-	<u>12,000,000</u>
Total	-	49 218 744

Own funding	-	12,000,000
External funding	-	37,218,744

Capital Projects:

Land Purchase	-	10,000,000
Fleet Management	-	2,000,000
Landfill site	-	10,000,000
Waste Management Sanitation	-	570,400
Fencing	-	1,000,000
Parks, sport & recreation	-	3,796,600
Roads & Transport	-	8,300,000
Various District Municipality projects	-	<u>23,579,857</u>
Total	-	<u>49 218 744</u>

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.

Electrification to households will be alleviated as the INEP (Electrification Grant) has been increased which makes it possible for the Municipality to address the backlog. Provision was made in the Capital Program.

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.

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, 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.

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.
