

① 100514 Scynance



PHOKWANE MUNICIPALITY

14 May 2010

PRESENTATION FORMAT

- Background
- Overall Challenges and MDG 2014 achievement
- Infrastructure Projects 2009/10
- Budget Performance 2009/10, Revenue by Source
- Operating Expenditure By Source
- Budget Growth & Provision of FBS
- Grant Dependency
- Revenue Collection
- Repair and Maintenance

BACKGROUND

- Phokwane Local Municipality consists of the following areas i.e Jan Kempdorp, Ganspan, Hartswater, Pampierstad and the Farming Areas.
- The population is around 63 000
- Economic Profile: Unemployment rate is about 43,7%, with low income levels.
- Main contributing sector to the local economic is agriculture. There's need to diversify the economy.
- Host the biggest irrigation scheme i.e VAALHARTS IRRIGATION SCHEME

CHALLENGES

- Insufficient Machinery & Equipments
- Bulk infrastructure-Aging and Capacity
- Retention and attraction of skilled technical and financial personnel
- Road Infrastructure maintenance and development
- Provision of services to rural farm dwellers
- Provision of recreational facilities
- Slow delivery of houses due to funding
- Policy contradictions i.e. Eskom electrification approach
- Local Economic development i.e. sustainable employment
- Pampierstad WATER SERVICE PROVISION by an external service provider SEDIBENG.

ACHIEVEMENTS INLINE WITH MDG 2014

- Electrification of all municipality licensed areas.

- Formalization of informal settlements

- Provision of water within RDP standards to all urban areas.
Target is to do yard connections.

INFRASTRUCTURE PROJECTS

PROJECT NAME	LOCATION	VALUE	PROGRESS
1. Upgrading of Jan Kemp WWTW	Valspan	R23 933 241,54	In progress
2. Ganspan Water reticulation	Ganspan	R2 405 394	Completed
3. Ganspan Sanitation	Ganspan	R5 274 795,76	Completed
4. Upgradin Of Streets and Storm water	Pampierstad	R17 514 451	In progress
5. Masakeng 840 Sewer reticulation	Valspan	R12 000 000	In progress
6. Ganspan	Ganpan	R2 400 000	In progress

BUDGET PERFORMANCE 2009/2010 FINANCIAL YEAR

<u>REVENUE BY SOURCE</u>	<u>2009/2010 BUDGET</u>	<u>2009/2010 LEVIES up to 31 March 2010</u>	<u>2009/2010 ACTUAL INCOME 31 March 2010</u>
Property rates	8353363	8216289	3653837
Service charges- water	10080000	11401495	5602614
Service charges-sewerage	6385549	5555925	1619380
Service charges-refuse removal	4161076	3430485	897004
Service charges-electricity	31345743	18859428	16553658
Grants	45553000		44860841
Other	15933711		21100115
Total	121812442	47463622	94287449

<u>OPERATING EXPENDITURE BY SOURCE</u>	<u>2009/2010 BUDGET EXPENDITURE</u>	<u>2009/2010 ACTUAL 31 March 2010</u>
Employee related costs	32356578	16687296
Remuneration of Councilors	5021774	2144200
Bulk Purchases	27900638	21813019
Repairs and maintenance	3996995	1592715
External interest paid	253813	190360
General Expenses	25308961	3969697
Contracted services	4789052	731787
Working Capital: Prov. for bad debts	10152830	7614623
Depreciation	6738397	5053798
Departmental Charges	5293404	3970053
TOTAL	121812442	63767548

SURPLUS/DEFICIT

- Surplus/(deficit) on Budget Zero

- Surplus/(deficit) Actual

Expenditure	63,767,548
Income	113,424,578
Surplus	49,657,030

- Surplus/(deficit) Cash

Expenditure	63,767,548
Income	94,287,449
Surplus	30,519,901

BUDGET GROWTH 2008/2009

- The following assumptions were made with the compilation of the 2009/2010 budget:

EXPENDITURE

- 33% increase purchase of electricity - Eskom.
- 12.5% increase in salaries
- 12.5% increase in Medical Aid Contributions (Councils Portion).

FREE BASIC SERVICES PROVISION

- Provision of free basic services to the value of **R9074535** consisting of the following:
 - Water : 6 kilolitre per year for all households – **R1505520**
 - Sewerage : free basic sanitation for 4540 indigent households per year – **R3458521**
 - Refuse Removal : free refuse removal for 4540 indigent households per year – **R2107591**
 - Electricity : 50 kWh per month for 4540 indigent households – **R2002903**

BUDGET GROWTH 2008/209 – continued

- **INCOME**

- The budget was compiled with the following increases on tariffs :
 - 40% increase : Electricity
 - 12.3% increase : Water
 - 8% increase : Sewerage
 - 8% increase : Refuse
 - 8% increase : Property Rates

BUDGET GROWTH 2010/2011

- The following assumptions were made with the compilation of the 2010/2011 budget:

EXPENDITURE

- 28.9% increase purchase of electricity - Eskom.
- 8.5% increase in salaries
- 37.5% increase in Repair and maintenance

FREE BASIC SERVICES PROVISION

- Provision of free basic services to the value of **R9,503,668** consisting of the following:
 - Water : 6 kilolitre per year for all households – **R1505520**
 - Sewerage : free basic sanitation for 4540 indigent households per year-
R3,700,282
 - Refuse Removal : free refuse removal for 4540 indigent households per year –
R2,036,880
 - Electricity : 50 kWh per month for 4540 indigent households – **R2,260,986**

BUDGET GROWTH 2010/2011– continued

- **INCOME**

- The budget was compiled with the following increases on tariffs :
 - 25% increase : Electricity
 - 12% increase : Water
 - 7% increase : Sewerage
 - 7% increase : Refuse
 - 6% increase : Property Rates

GRANT DEPENDENCY

- **Capital Grants Dependency**

$$\frac{18664000}{23464000} \times 100$$
$$= 80\%$$

- **Operating Grant Dependency**

$$\frac{2008 / 2009 \text{ R } 36305001 / \text{ R } 90400353}{\text{R } 90400353} \times 100 = 40.16\%$$

$$\frac{2009 / 2010 \text{ 45553000} / \text{121812442}}{\text{121812442}} \times 100 = 37.40$$