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EMALAHLENI LOCAL MUNICIPALITY

DRAFT IDP / BUDGET COMMUNITY OUTREACH PRESENTATION

MAY 2020



PRESENTED BY: EXECUTIVE MAYOR L.M MALATJIE



PURPOSE OF THE MEETING

To consult the community on:

- Municipal 2020/2021 draft IDP and Budget
- proposed tariff increases: Operational and Capital Projects for 2020/2021 FY



INTRODUCTION (BUDGET ASSUMPTIONS)

- The impact of Covid-19 pandemic on municipal socio-economic profile (LED, unemployment, poverty, revenue enhancement and budget)
- Reprioritisation of the budget as a response to Covid-19 e.g.: water, sanitation and LED (Local Economic Development)
- Proposed tariff increase linked to inflation rate
- Successful implementation of municipal revenue enhancement strategies and cost curtailment measure through implementation of Municipal Financial Recovery Plan.
- Introduce conservation fees to encourage consumers to preserve water and electricity (the more you use, the more you pay) .
- Budget is based on 70% projected collection rate

BUDGET MAIN CHALLENGES FOR 2020/2021

- Unemployment rate
- Closure of Businesses (impact of Covid-19 lockdown)
- Exponential population growth vs low economic growth
- Service delivery backlog (water, electricity and housing)
- Ageing infrastructure and high distribution losses
- Vandalism and theft of municipal assets
- Low payment rate

OPERATING REVENUE FOR 2020/2021

- Budgeted revenue for 2020/2021 is **R3,7billion**, showing an increase of **7,9%**.
- This increase is attributed to the following:
 - Tariff increase of 4,9% on service
 - The principle of the more you use, the more you pay.
 - Additional billed properties and reducing of a property rates discount from 40% to 35%.
 - An increase of 8.1% on electricity tariff subject to NERSA approval.
 - Other national government grants

OPERATING EXPENDITURE BUDGET for 2020/2021

- The operational budget provides for the total operating expenditure for 2020/2021 financial year for **R4,5billion.**
- To cover the following:
 - Employee related cost;
 - Bulk purchases(Electricity and Water);
 - Payment on interest on Eskom account; and
 - Infrastructure maintenance cost:
 - Water treatment plan;
 - Roads;
 - Landfill site,
 - Financial system;
 - Provision of Security;
 - Transportation of Portable Water

PROPOSED TARIFFS INCREASE FOR 2020/2021

Proposed tariff increase for 2020/2021			
Services description	2019/2020	2020/2021	
Property rates	5.20%	4.9%	<ul style="list-style-type: none"> The property rates will be levied on the total market value of the property in accordance with the Property Rates Policy. The first R50,000 of the market value of residential properties will be exempted from property rates and an additional 35% discount of the value of the property. The 40% discount has been reduced to 35% to enhance the property rate revenue.
Electricity	13.81%	8.1%	<ul style="list-style-type: none"> As per the NERSA's approval in 2019. Awaiting final approval from NERSA. Incline block tariffs will be introduced (the more the usage the more the price)
Water	10.45%	4.9%	<ul style="list-style-type: none"> Introduction of a water conservation fee on residential to encourage saving of water and to discourage the abuse of water. The water conservation fee will be implemented on an incremental block tariff basis, meaning that the more the usage of water, then the higher the price or fee. The water conservation fee will be triggered when consumption is 31kl and more.
Sanitation	9.40%	4.9%	<ul style="list-style-type: none"> Sewer levy is based on water consumption. In 2020/2021 financial year Sewerage levy will be limited to a maximum of 60% of water consumption for residential only.
Refuse	14.54%	4.9%	<ul style="list-style-type: none"> The refuse removal service tariff is mainly affected by a high labour component, the petrol price increase above the inflation and an increase in vehicle maintenance of refuse vehicles.

BUDGET SUBSIDY PROVISION FOR INDIGENTS

Indigent subsidy broken down as follows:	2019/2020	2020/2021
Electricity (50 units)	R59.77	R64.61
Refuse	R74.16	R77.79
Basic Sewer and additional sewer	R30.41	R31.90
Water Consumption (6 Kilolitre)	R54.08	R56.73
Subtotal	R218.43	R231.03
Plus 15% VAT	R32.76	R34.65
TOTAL	R251.19	R265.68

SOURCES OF FUNDING OF THE CAPITAL PROJECTS FOR 2020/2021 FINANCIAL YEAR

- The proposed capital budget for the 2020/2021 financial year amounts to R249,4million.

CAPITAL PROGRAM AS PER IDP	AMOUNTS
Nkangala District Municipality (NDM)	R17 810 982
Municipal Infrastructure Grant (MIG)	R113 188 700
Integrated National Electrification Program	R41 001 000
Water Service Infrastructure	R30 000 000
Financial Management Grant	R1 000 000
Own Funds	R46 410 000
TOTAL CAPITAL PROGRAM	R249 410 682



Proposed 2020/2021 IDP



CAPITAL PROJECTS

2020/2021 WATER PROJECTS

PROJECT AND LOCATION	WARD (Beneficiaries)	SOURCE OF FUNDING	BUDGET
Construction of Engineering Services for Klarinet and Siyanqoba Phase 2 Link and Bulk Water Supply Lines	12 & 15 (Klarinet and Siyanqoba)	Municipal Infrastructure Grant (MIG)	R10 000 000
Replacement of Bulk Line from B to C	18, 24, 33, 34 (Ext 8, Del Judor and Reyno Ridge)	Water Service Infrastructure Grant (WSIG)	R30 000 000
Installation of Pressure Management Devices	Whole of Emalahleni	Municipal Own Funding	R4 000 000

2020/2021 SANITATION PROJECTS

PROJECT AND LOCATION	WARD (Beneficiaries)	SOURCE OF FUNDING	BUDGET
Upgrading of Klipspruit Waste Water Treatment Works and New Ferrobank Outfall Sewer Pipeline	23 and 1 (Empumelelweni Hlalanikahle)	Municipal Infrastructure Grant	R46 188 700
Klarinet : Construction of Engineering Services-Phase 2 Link and Bulk Sanitation	12 & 15 (Klarinet and Siyanqoba)	Municipal Infrastructure Grant	R10 000 000
Upgrading of Ferrobank Sewerage Treatment Works	Emalahleni area	Municipal Infrastructure Grant	R15 000 000
Upgrading of Naauwpoort Waste Water Treatment Works	Emalahleni area	Municipal Infrastructure Grant	R10 000 000

2020/2021 ELECTRICAL PROJECTS

PROJECT AND LOCATION	WARD (Beneficiaries)	SOURCE OF FUNDING	BUDGET
Installation of Community Lighting Infrastructure	All Wards	Municipal Infrastructure Grant (MIG)	R3 000 000
Electrification of 476 stands Siyanqoba Phase 3	12 (Siyanqoba)	Department of Energy (DOE)	R8 092 000
Electrification of 300 stands in Empumelelweni Extension	29 (Empumelelweni)	Department of Energy (DOE)	R5 100 000
Electrification of 311 stands in Hlalanikahle F	(Hlalanikahle)	Department of Energy (DOE)	R5 287 000
Electrification of 295 stands in Phola	30 (Phola)	Department of Energy (DOE)	R5 015 000
Electrification of 500 stands in Thubelihle	25	Department of Energy (DOE)	R8 500 000
Siyanqoba Bulk Phase 4	12	Department of Energy (DOE)	R9 007 000

2020/2021 ROADS AND STORMWATER PROJECTS

PROJECT AND LOCATION	WARD (Beneficiaries)	SOURCE OF FUNDING	BUDGET
Construction of Roads and Stormwater in Thubelihle Extension 5	25 Thubelihle.	MIG	R10 000 000
Construction of Internal Roads in Empumelelweni Phase 1	29 Empumelelweni	MIG	R5 000 000
Mathews Phosa & Collins Ave Road Rehabilitation & Upgrade	1,2,3,4,5,6,7,8,9,2 3,29	NDPG	R15 000 000

2020/2021 OTHER PROJECTS

PROJECT AND LOCATION	WARD (Beneficiaries)	SOURCE OF FUNDING	BUDGET
Furniture and Equipment	Whole of Emalahleni	Municipal Own Funding	R610 000
Machinery and Equipment	Whole of Emalahleni	Municipal Own Funding	R1 300 000
Machinery and Equipment (mSCOA)	Whole of Emalahleni	Financial Management Grant	R1 000 000
Construction of Bleesboklaagte Cemetery Phase 3	12 Bleesboklaagte	Municipal Infrastructure Grant	R2 000 000
Construction Work at SY Mthimunye Stadium Phase 3	13 Kwa Thomas Mahlanguville	Municipal Infrastructure Grant	R2 000 000
Upgrading of Sewer systems in Hostels	Whole of Emalahleni	Municipal Own Funding	R2 000 000
Purchase of Light delivery Vehicles (17 Vehicles)	Whole of Emalahleni	Municipal Own Funding	R10 000 000
5 Ton Double Cab Pick Up Truck	Whole of Emalahleni	Municipal Own Funding	R4 500 000
Cherry Pickers	Whole of Emalahleni	Municipal Own Funding	R4 500 000
Crane Truck	Whole of Emalahleni	Municipal Own Funding	R4 000000
Tipper Truck	Whole of Emalahleni	Municipal Own Funding	R3 500 000
Sewer Jetting Machine	Whole of Emalahleni	Municipal Own Funding	R6 000 000
Purchase of Water Cars/Trucks(100000 litres) x 3	Whole of Emalahleni	Municipal Own Funding	R6 000 000

2020/2021 NKANGALA DISTRICT PROJECTS

DESCRIPTION	DRAFT BUDGET 2020/2021
AIDS Day	R60 000
VIP Toilets and Septic Tanks	R500 000
Blue and Green Drop Assistance	R200 000
Awareness Campaign: Disaster Management	R80 000
Refurbishment of Bulk Water Valves	R6 970 982
Refurbishment of Street Town Roads	R4 000 000
Empumelelewni Bus and Taxi Road	R6 000 000
TOTAL	R17 810 982

- Capital projects from Nkangala District Municipality are preliminary figures and subject to change after Nkangala District Municipality tabled their final budget.

2020/2021 DEPARTMENT OF HUMAN SETTLEMENTS PROJECTS

PROJECT NAMES	AREAS (Beneficiaries)	BUDGET
IRDP PH1 / BIGEN WHBO / VIKINDUKU /TURNKEY/ IMPLEMENTING AGENT /PHOLA (IRAQ)	Phola area	R 31 725 192
IRDP PH1 / ISIBUKO SE AFRICA / TOWN PLANNING / NAAUWPOORT	19	R 459 240
IRDP PH2/KLARINET INTEGRATED HOUSING DEVELOPMENT/2011-2012 (591)	Various areas	R 12 600
Moteko (22) Siyanqoba (to complete the remaining 832 houses, province has appointed 5 contractors, which are Balethayhva (100), Rospa (300) Roswika (100), TSSN (100) T&Z (232)	All wards	R 98 210 000
Vuka Magagula(200 units) :Duvha Park (Province has appointed Refologile Enterprise to build the remaining 130 houses left by Vuka Magagula)	17, 18, 19, 20, 21, 33 and all wards (backyards dwellers)	R14 950 000
FINANCIAL - 1.2 HOUSING FINANCE LINKED INDIVIDUAL SUBSIDY PROGRAMME (25)	Various areas	R1 216 260
TSSN(400 units): Empumelelweni Ext 1,3,4,5,6,7,11	3, 7, 23,29	R 15 000 000
Informal Settlements TSSN (1000units) Siyanqoba	All wards	R 12 000 000
Upgrading of informal settlements programme- Thubelihle Ext 5-Ga Nala Balathahya 495 units	25,26	R 10 000 000
IRDP- Phase 2 (Catalytic Project) Klarinet Ph2 (Housing Dev. Agency) (including MNS informal settlements)	1-34	R 28 777 936
IRDP ph1/HDA/Corridor Hill Ext 1 - Phase 1	All wards	R 700 000

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Thank You

