

**DRAFT BUDGET**

**OF**

**PHOKWANE LOCAL**

**MUNICIPALITY**

**2020/21 TO 2022/23**

**MEDIUM TERM REVENUE AND**

**EXPENDITURE FORECASTS**

**(Draft: subject to further refinement)**

# **1 Executive Summary**

## **1.1 The economic outlook**

The most recent official sector forecast issued by the South African Reserve Bank expects GDP in 2020 to contract by 6.1 per cent, compared to the -0.2 per cent expected just three weeks ago. GDP is expected to grow by 2.2 per cent in 2021 and by 2.7 per cent in 2022. The Bank's headline consumer price inflation forecast averages 3.6 per cent for 2020, 4.5 per cent for 2021, and 4.4 per cent in 2022. The forecast for core inflation is lower at 3.8% in 2020, 4.0 per cent in 2021, and 4.2 per cent in 2022.

## **1.2 Socio-economic Impact**

The National State of Disaster and subsequent lockdown comes amidst already dire macroeconomic conditions which have seen South Africa slump into a technical recession and downgraded to sub-investment grade ("junk" status) and worsening already high levels of unemployment.

The lockdown will likely have a devastating effect on economic activity as non-essential business are forced to shut down completely resulting in a reduction in overall economic output and job losses. National Government, in conjunction with prominent private sector role-players, has introduced various forms of relief programmes to aid small businesses and employees alike during the period of the lockdown to compensate for a loss of income and wages, etc.

The municipality will be impacted negatively due to a loss of revenue streams as businesses, households and communities reel from the economic fallout caused by COVID-19. The Municipality may also be required to expand their scope of basic services and free basic services to respond directly to the socio-economic impacts of the pandemic and prevent the transmission of communicable diseases.

Given the developmental role of Local Government articulated in the Constitution, the municipality will strive to assist Small-Medium Micro Enterprises (SMMEs) and communities to access the information on relief measures to ease the impact of COVID-19 provided by government.

### **1.3 Generic principles for considering a municipal response**

The following core principles have been identified as being relevant in an event of disasters, where governance and financial management practices are still required, but balanced with the need for rapid and impactful responses:

- **Strategic management:**

- (i) Extraordinary operations that are different from day-to-day activities are required.
- (ii) (ii) A balance is required between the controls and speed of decision-making within the applicable legal framework, and the need to be responsive to COVID-19 requirements; and
- (iii) (iii) Disaster-related decisions will be sub-delegated to and exercised by those closest to and critical to the need to respond to the pandemic;

- **Supply chain management:**

- (i) Sourcing rules will be appropriately adapted within the applicable legal framework to enable procurement decisions to be exercised in a manner that achieves the desired procurement outcomes with the required urgency and responsiveness as far as is reasonably possible. MFMA Circular No. 100 already provide guidance in this regard.
- (ii) (ii) Applicable procurement roles will be adapted for the purposes of ensuring adequate emergency preparedness planning and responsiveness to the pandemic; and

- (iii) (iii) Resources will be deployed by organs of state most suitable to respond to the COVID-19 relief procurement needs from a legal, practical, resource and skill capability perspective;
- **Donations and sponsorship:** regulation 48 of the Municipal Supply Chain Management Regulations provides that the accounting officer of a municipality or municipal entity must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorships promised, offered or granted to the municipality, whether directly or through a representative or intermediary, by any person who is
  - (i) a provider or prospective provider of goods or services to the municipality or municipal entity or
  - (ii) a recipient or prospective recipient of goods disposed or to be disposed of by the municipality or municipal entity.

Therefore, the municipality will, as part of the envisaged reporting in terms of MFMA Circular No. 100, report all donations/sponsorships received from the local or international donor community to the National Treasury and the relevant provincial treasury within 30 days of receipt.

- **Disaster Response Plans:** The Municipality will commit to pre-approved response plans, adjusted as necessary, and guard against deviations from established disaster response frameworks;
- **Risk assessment and mitigation:** As the pandemic rapidly spreads, the municipality will conduct a localised risk assessment to help identify areas of most pressing need. The assessment will reflect on likelihood and impact/magnitude of each risk.
- **Revenue Management:** Revenue streams will be actively protected to mitigate the financial impact of COVID-19. Most business and households will feel the financial impact of COVID-19 (albeit to a varying degree) and will likely reprioritise their own spending patterns;
- **Expenditure Management:** All non-essential spending will be curtailed to optimise savings that can in turn be applied for disaster relief. Strategic

management of priority functional classifications of budget allocations and basic incremental increases to primary mandates and functions to ensure basic operational effectiveness (recurrent budgeting) will be undertaken, with savings and developmental project allocations channelled to areas of need identified through risk assessment while not losing sight of existing capital projects requirements; and records will be maintained for all expenditure incurred to ensure effective internal controls, special adjustments budget allocations and appropriations, and audit purposes

#### **1.4 Budgetary Implications**

In response to the impact of COVID-19, the municipality is currently considering the reprioritization of its funding allocations for the 2019/20 and 2020/21 financial year. Given the prevailing circumstances, municipalities is under pressure to grant some form of relief to consumers, such as holidays on interests, etc. However, we t not to make ahe municipality does not make assumptions about the ability of consumers to pay under these circumstances and prematurely grant relief measures as this is not supported by the National Treasury. The municipality will assess the merits of each case

The municipality will follow the following guiding principles as recommended by National Treasury:

- (i) Where the municipality considers initiatives to reduce the impact of COVID-19 on businesses and economic households such as rebates, payment holidays, relaxation of credit control measures,the municipality –
  - a. will ensure that their liquidity and overall financial sustainability is not compromised;
  - b. in granting rebates to their consumers, will consider all the relevant legislation, regulations such as Municipal Property Rates Act (MPRA), MFMA dealing with revenue management within the disaster management principles;

- c. will ensure that the relaxation of levying of interest for overdue payments for municipal services should be in line with Council's policies, by-laws and other applicable legislation;
  - d. will from a tariff perspective, understand that the prohibition on increasing tariffs in terms of section 28(6) of the MFMA still remains. Any tariff increase required during this national disaster period will be considered on a case by case basis. The municipality is however allowed to decrease its tariffs in-year. With regard to tariffs tabled as part of the draft budget, the National Treasury views this as "indicative" and might change after the public consultation process.
  - e. will as it relate to public consultation consider section 17(3)(a) of the MFMA which requires that the draft budget must be accompanied by draft resolutions that amongst others, impose any municipal taxes and setting any municipal tariff for the specific budget year. If the indicative tariff that was used to consult the public on the draft budget changed significantly post consultation, the municipal council/Administrator will have to consult again on the revised tariff given the impact on the consumer.
  - f. Expenditure side measures and cost savings on the budget will also allow for limitations on increases as the levels of affordability for households and business may be breached.
- (ii) With respect to relief strategies to indigent households, the municipality will consider:
- a. reviewing its indigent policy to factor in the potential economic impact of COVID-19 on poor households; and
  - b. the possibility of an increase in the number of indigent households while the quantum for free basic services remains within the national policy e.g. 6 kilolitres for water. The municipality will ensure that financial sustainability is not compromised in implementing this policy. If the increase is implemented for the remainder of 2019/20 financial year (quarter four), it can be effected as part of the anticipated adjustments budgets allowed for by the Exemption Notice No. 43181 dated 30 March 2020.

(iii) Expenditure related to COVID-19 will be limited to the implementation of the mandates of the municipality as outlined in the Constitution, specifically related to the provision of basic services i.e. water, sanitation, refuse and electricity amongst others. By implication the municipality will avoid creating unfunded mandates.

## 1.5 Consolidated Overview of the 2020/21 MTREF

**Table 1 Consolidated Overview of the 2020/21 MTREF**

<b>Description</b>	<b>Adustment Budegt 2019/20</b>	<b>Draft Budget 2020/21</b>	<b>Draft Budget 2021/22</b>	<b>Draft Budget 2022/23</b>
Total Operating Revenue	339 994 014	342 109 768	359 591 134	377 193 500
Total Operating Expenditure	294 430 553	310 234 639	325 310 110	340 861 126
Surplus/Deficit	45 563 461	31 875 129	34 281 024	3 632 374
Total Capital Expenditure	62 464 043	79 908 370	72 081 482	164 813 845

Total proposed operating revenue amounts to R342 million for the 2020/21 which represents an increase of 0.62% when compared to the 2019/20 adjustment budget. For the two outer years, operational revenue will increase by 5, 10% and 4, 89% respectively.

Total proposed operating expenditure for the 2020/21 amounts to R310 million which represents an increase of 5.36% compared to the 2019/20 Adjustments Budget. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The proposed capital budget amounts to R79 million which is 27, 92% more when compared to the 2019/20 Adjustment Budget.

## 1.6 Operating Revenue Framework

The municipality continues to strive on 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 reality is that we are faced with development backlogs and poverty. The 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.

The municipality's revenue strategy is informed by the following key components:

- National Treasury's guidelines and macroeconomic policy;
- To have growth in economic development;
- Efficient revenue management, which aims to ensure a 60 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- 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;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2020/21 MTREF (classified by main revenue source):

### **Summary of revenue classified by main revenue source**



NC094 Phokwane - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Revenue By Source</b>											
Property rates	2	-	26 023	25 549	27 176	29 076	29 076	23 606	33 331	34 931	36 607
Service charges - electricity revenue	2	-	77 891	77 337	84 572	90 306	90 306	74 571	106 758	113 618	119 071
Service charges - water revenue	2	-	35 538	41 053	41 435	27 108	27 108	30 700	28 741	30 121	31 566
Service charges - sanitation revenue	2	-	13 926	14 777	13 711	11 723	11 723	14 142	12 435	13 032	13 658
Service charges - refuse revenue	2	-	9 000	9 500	8 193	9 538	9 538	9 667	10 008	10 488	10 991
Rental of facilities and equipment		-	109	109	754	843	843	94	500	520	55
Interest earned - external investments		-	2 690	336	3 080	1 042	1 042	1 456	3 014	3 158	3 310
Interest earned - outstanding debtors		-	-	29 868	32 883	32 605	32 605	30 840	30 612	30 298	31 753
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	277	236	974	974	974	130	270	305	330
Licences and permits		-	3 634	2 155	5 904	1 694	1 694	1 085	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		-	147 161	105 210	134 304	133 497	133 497	115 281	116 384	123 058	129 784
Other revenue	2	-	2 182	1 255	4 980	1 588	1 588	2 157	58	62	68
Gains on disposal of PPE		-	(1 820)	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		-	<b>316 612</b>	<b>307 386</b>	<b>357 966</b>	<b>339 994</b>	<b>339 994</b>	<b>303 728</b>	<b>342 110</b>	<b>359 591</b>	<b>377 194</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue for the municipality. Anticipated revenue to be generated amounts to R191 million compared to the R167 for 2019/20. This increase can be mainly attributed to the increased tariff rates for the sale of electricity, water, sewer, refuse and property rates.

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, 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.

The percentage increases of Eskom are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the municipality. It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc.

### 1.6.1 Property Rates Tariff Increases

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The tariff increases are as follows:

<b>PROPERTY RATES</b>	<b>2019/2020</b>	<b>PROPERTY RATES @ 13.33%</b>	<b>2020/2021</b>
Residential	0.015582	Residential	0.0176591
Complex and Town houses	0.015582	Complex and Town houses	0.0176591
Residential-Pensioners	0.015582	Residential-Pensioners	0.0176591
Agricultural	0.00388278	Agricultural	0.0044003
<b>PROPERTY RATES</b>	<b>2019/2020</b>	<b>PROPERTY RATES @ 13.33%</b>	<b>2020/2021</b>
Commercial	0.01665951	Commercial	0.0189205
Industrial	0.01665951	Industrial	0.0189205
Government	0.01665951	Government	0.0189205
Educational	0.01665951	Educational	0.0189205
Transnet	0.01665951	Transnet	0.0189205

The table above depicts tariff increases in terms of property rates with a 13.33% increase.

### 1.6.2 Sale of Water and Impact of Tariff Increases

<b>WATER:</b>	<b>2019/2020</b>	<b>WATER: @6%</b>	<b>2020/2021</b>	
<b>Residential 0-6kl</b>	<b>R9.19</b>	<b>Residential 0-6kl</b>	<b>R9.74</b>	
<b>6-10kl</b>	<b>R14.03</b>	<b>6-10kl</b>	<b>R14.87</b>	
<b>10-50kl</b>	<b>R16.11</b>	<b>10-50kl</b>	<b>R17.07</b>	
<b>50-100kl</b>	<b>R18.81</b>	<b>50-100kl</b>	<b>R19.93</b>	
<b>100kl&gt;</b>	<b>R22.47</b>	<b>100kl&gt;</b>	<b>R23.81</b>	
<b>Commercial 0-6kl</b>	<b>R14.03</b>	<b>Commercial: 0-6kl</b>	<b>R14.87</b>	
<b>6-10kl</b>	<b>R16.11</b>	<b>6-10kl</b>	<b>R17.07</b>	
<b>10-50kl</b>	<b>R18.81</b>	<b>10-50kl</b>	<b>R19.93</b>	
<b>50-100kl</b>	<b>R22.47</b>	<b>50-100kl</b>	<b>R23.81</b>	
<b>100kl&gt;</b>	<b>R23.91</b>	<b>100kl&gt;</b>	<b>R25.34</b>	
<b>Schools and sport clubs: 0-6kl</b>	<b>R9.19</b>	<b>Schools and sport clubs: 0-6kl</b>	<b>R9.74</b>	
<b>6-10kl</b>	<b>R14.03</b>	<b>6-10kl</b>	<b>R14.87</b>	
<b>10-50kl</b>	<b>R16.11</b>	<b>10-50kl</b>	<b>R17.07</b>	
<b>50-100kl</b>	<b>R18.81</b>	<b>50-100kl</b>	<b>R19.93</b>	
<b>100kl&gt;</b>	<b>R22.47</b>	<b>100kl&gt;</b>	<b>R23.81</b>	
<b>NGO'S: 0-6kl</b>	<b>R0.00</b>	<b>NGO'S: 0-6kl</b>	<b>R0.00</b>	
<b>6-10kl</b>	<b>R0.00</b>	<b>6-10kl</b>	<b>R0.00</b>	
<b>10-50kl</b>	<b>R0.00</b>	<b>10-50kl</b>	<b>R0.00</b>	
<b>50-100kl</b>	<b>R0.00</b>	<b>50-100kl</b>	<b>R0.00</b>	
<b>100kl&gt;</b>	<b>R22.47</b>	<b>100kl&gt;</b>	<b>R23.81</b>	

**Table 2 Comparison between current electricity charges and increases**

Current Tariffs 2019/20 FY		New Tariffs 2020/21 FY @20%	
<b><u>Domestic conventional</u></b>		<b><u>Domestic conventional</u></b>	
Electricity: Basic Charge	R146.22	:Basic Charge	R175.46
0-50kwh	0.9362c/kWh	0-50 kwh	1.12344c/kWh
51-350kwh	1.1746c/kWh	51-350kwh	1.40952c/kWh
351-600kwh	1.7909c/kWh	351-600kwh	2.14908c/kWh
>600kwh	1.9527 c/kWh	>600kwh	2.34324c/kWh
<b><u>Domestic Prepaid</u></b>		<b><u>Domestic Prepaid</u></b>	
<60 Amps : Basic Charge	R146.22	<60 Amps : Basic Charge	R175.46
0-50kwh	0.9362c/kWh	0-50 kwh	1.12344c/kWh
51-350kwh	1.1746c/kWh	51-350kwh	1.40952c/kWh
351-600kwh	1.6517c/kWh	351-600kwh	1.98204c/kWh
>600kwh	1.8367c/kWh	>600kwh	2.20404c/kWh
<b>Commercial Pre-paid</b>		<b>Commercial Pre-paid</b>	
>60 amps :Energy Charge(c/kWh)	1.9623c/kWh	>60 amps :Energy Charge(c/kWh)	2.35476c/kWh
<b><u>Commercial Tariffs</u></b>		<b><u>Commercial Tariffs</u></b>	
Electricity: Business <200 amps :Basic charge :Energy Charge (kwh)	R531.42 1.6601c/kwh	Electricity: Business <200 amps Basic charge :Energy Charge (kwh)	R637.70 1.99212c/kwh

<b>Business &gt;200amps</b>		<b>&gt;200amps</b>	
<b>Demand Charges(R/kVA)</b>	<b>R197.23</b>	<b>Demand Charges(R/kVA)</b>	<b>R236.67</b>
<b>(Bulk consumers)</b>	<b>R3621.72</b>	<b>(Bulk consumers)</b>	<b>R4346.06</b>
:Basic Charge		:Basic Charge	
:Energy Charge (kWh)	<b>1.2484c/kWh</b>	:Energy Charge (kWh)	<b>1.49808c/kWh</b>
<b>Government/Schools &amp; Sport Clubs</b>			
: Basic charge	<b>R136.41</b>	: Basic charge	<b>R163.69</b>
: Energy Charge	<b>1.4460</b>	: Energy Charge	<b>1.7352</b>
<b>Churches/NGO organizations</b>			
<b>basic charge</b>	<b>R136.41</b>	<b>Basic charge</b>	<b>R163.69</b>
<b>energy charge</b>	<b>1.4513</b>	<b>Energy charge</b>	<b>1.74156</b>

### 1.6.3 Sanitation and Impact of Tariff Increases

SEWAGE	2019/2020	SEWAGE @6%	2020/2021
<b>Residential</b>	<b>R113.16</b>	<b>Residential</b>	<b>R135.79</b>
<b>Commercial:</b>		<b>Commercial:</b>	
<b>Basic per toilet per month</b>	<b>R55.86</b>	<b>Basic per toilet per month</b>	<b>R67.03</b>
<b>Basic per basin per month</b>	<b>R25.91</b>	<b>Basic per basin per month</b>	<b>R31.09</b>

### 1.6.4 Waste Removal and Impact of Tariff Increases

REFUSE	2019/2020	REFUSE @6%	2020/2021
<b>Residential</b>	<b>R68.94</b>	<b>Residential</b>	<b>R82.72</b>
<b>Commercial</b>	<b>R107.34</b>	<b>Commercial</b>	<b>R128.80</b>
<b>Bulk holders</b>	<b>R1267.19</b>	<b>Bulk holders</b>	<b>R1520.62</b>
<b>Schools</b>	<b>R54.80</b>	<b>Schools</b>	<b>R65.76</b>

## 1.7 Operating Expenditure Framework

The proposed operating expenditure amounts to R310 million and the proposed operating expenditure budget for 2019/2020 is being estimated at R324 million thus, representing an increase of 4.65%.

The following table is a high-level summary of the 2019/20 budget and MTREF (classified per main type of operating expenditure):

### Summary of operating expenditure by standard classification item

NC094 Phokwane - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>Expenditure By Type</b>											
Employee related costs	2	-	80 366	85 154	106 514	78 721	78 721	69 765	85 741	89 847	94 157
Remuneration of councillors		-	6 946	7 187	7 286	6 870	6 870	5 450	7 200	7 545	7 907
Debt impairment	3	-	60 619	-	28 078	50 379	50 379	-	53 081	55 629	58 299
Depreciation & asset impairment	2	-	84 278	1	14 528	14 308	14 308	-	10 230	10 908	11 504
Finance charges		-	6 860	0	150	150	150	-	150	157	165
Bulk purchases	2	-	106 567	44 868	70 571	110 000	110 000	213 490	115 280	120 813	126 612
Other materials	8	-	13 268	10 716	12 057	10 121	10 121	3 965	11 187	11 795	12 356
Contracted services		-	15 383	18 967	16 123	13 776	13 776	9 660	14 213	14 825	15 503
Transfers and subsidies		-	990	2 386	1 095	-	-	-	1 250	1 310	1 373
Other expenditure	4, 5	-	11 130	12 448	14 445	10 104	10 104	5 930	11 903	12 480	12 984
Loss on disposal of PPE		-	1 111	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		-	<b>387 518</b>	<b>181 728</b>	<b>270 847</b>	<b>294 431</b>	<b>294 431</b>	<b>308 260</b>	<b>310 235</b>	<b>325 310</b>	<b>340 861</b>

The main reason for these increases is due to the following expenditure line items when comparing 2019/20 and 2020/21 financial year:

The budgeted allocation for employee related costs for the 2020/21 is R85 million, which equals 27.63% of the total operating expenditure. The salary increase factored into this

budget at a percentage increase of 6.25%. An annual increase of 4.8 respectively has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Sedibeng.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure is an area in which cost savings and efficiencies can be achieved.

#### **1.7.1 Free Basic Services:**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigent Policy. The target is to register more indigent households during the 2020/21 financial year, a process reviewed annually.

Provision is made in the 2020/2021 budget for the free basic services that consist of the following:

- Water : 6 Kilolitre per month for 4200 indigent households
- Sewerage : Free basic sanitation for 4200 indigent households per month
- Refuse Removal : Free refuse removal for 4200 indigent households per month
- Electricity : 50 kWh per month for 4200 indigent households

## 1.8 Capital expenditure

The following table provides a breakdown of proposed capital projects

<b>Projects</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Highmast Lighting for Pstad and Gpan	2 196 066	2 307 971	
Bulk Metering of Pstad WTW	2 000 000		
Reseal & Rehabilitation Programme (55km)	17 939 156	22 423 946	
Refurbishment of Jankempsdorp WWTW	3 500 000	1 500 000	
Upgrade of Pstations & Bulk Line in Pstad	18 434 214	6 797 631	
Feasibility Study of BWS for Phokwane	3 000 000		
Upgrade of Existng WaterNetwork in Pstad	13 851 934	13 851 934	
New Pstation and Bulk Lines in Masakeng	11 500 000	10 000 000	
Electrification of Nkandla: Phase 2	6 600 000		
Electrification of Guldenskat 608 stands		15 200 000	
Upgrading of Bulkwater lines in Hwater			60 677 722
Upgrading of bulk sewer line in Hwater			15 845 934
Refurbishment of Pstations in Jankemp			18 890 189
New bulk sewer line for Nkandla			17 000 000
Landfill sites in Pstad, Jankemp& Hwater			25 400 000
Replacement of 11.5km pipes in Jankemp			27 000 000
Bossieslaaner	300 000		
Grasscutter	300 000		
Weed hitter	32 000		
Sprinkler	5 000		
Petrol /chain saw	20 000		
Pothole cutter	40 000		
Blades	50 000		
Bomag compactor	20 000		
Road Marking machine	120 000		
<b>TOTAL</b>	<b>79 908 370</b>	<b>72 081 482</b>	<b>164 813 845</b>



## 1.9 Municipal manager's quality certificate

I BAMBA NDWANDWE, The Administrator of Phokwane Municipality, hereby certify that the draft budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: BAMBA NDWANDWE

The Administrator

Signature: \_\_\_\_\_

Date: \_\_\_\_\_