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1. MAYORAL BUDGET SPEECH

THE MAYORAL BUDGET SPEECH WILL BE PRESENTED AND DISTRIBUTED DURING THE MEETING OF THE COUNCIL

2. BUDGET RELATED RESOLUTIONS

Section 16 of the Municipal Finance Management Act (MFMA) requires that the municipality must for each financial year approve an annual budget before the start of the financial year. The format and contents of the budget are prescribed by sections 16 to 27 of the MFMA as well as Circular 28 dated 12 December 2005 issued by National Treasury.

3. BUDGET FOR 2009/2010

3.1 APPROVAL OF ANNUAL BUDGET

Council resolves that the annual budget of the Thabazimbi Local Municipality for the financial year 2009/10; and indicative figures for the two projected outer years 2010/11 and 2011/12 be approved as set-out in the following schedules:

- **TABLE A 1 : BUDGET SUMMARY**
- **TABLE A2 : BUDGETED FINANCIAL PERFORMANCE (Revenue and Expenditure by Standard Classification)**
- **TABLE A 3 : BUDGETED FINANCIAL PERFORMANCE (Revenue and Expenditure by Municipal Vote)**
- **TABLE A4 : BUDGETED FINANCIAL PERFORMANCE (Revenue and Expenditure)**
- **TABLE A5 : BUDGETED CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**
- **TABLE A6 : BUDGETED FINANCIAL POSITION**
- **TABLE A7 : BUDGETED CASH FLOWS**
- **TABLE A8 : CASH BACKED RESERVES/ACCUMULATED SURPLUS RECONCILIATION**
- **TABLE A9 : ASSET MANAGEMENT**
- **TABLE A10 : BASIC SERVICE DELIVERY MEASUREMENT**



3.2 Property Rates and other Municipal Tax

Council resolves that property rates reflected in **Annexure A** and any other municipal tax reflected in **Annexure A** are imposed for the budget year 2009/10.

Council should take note that the property rates policy was reviewed in line with section 5 of the Municipal Property Rates Act, 6 of 2004 which state that the municipal council must annually review and if necessary amend its rates policy. The amendment of the policy was done with the sole purpose of amending exemptions to broaden the tax base of the Municipality.

3.3 Tariffs and Charges

Council resolves that tariffs and charges reflected in **Annexure A** are approved for the budget year 2009/10.

3.4 Service Delivery & Budget Implementation Plan

Council resolves that the Service Delivery & Budget Implementation Plan for the budget year 2009/10 reflected in **Annexure B** are approved.

3.5 Integrated Development Plan

Council resolves to adopt and implement the Integrated Development Plan marked **Annexure C**. The Council resolves in addition that the Municipal Manager with the assistance of the relevant Departmental Heads to seek for funding the projects as suggested, where the sources had not been secured yet.

3.6 Budget Related Policies and By laws

Council resolves that the revised policies and By laws for:-

- ❖ Credit Control and Debt Collection Policy and By-law;
- ❖ Indigent Household Consumers Policy;



-
- ❖ Supply Chain Management Policy;
 - ❖ Property Rates Policy and Bylaw; and
 - ❖ Tariffs Policy and Bylaw
- as reflected in **Annexure D;E; F; G and H** be approved.

3.7 Indigents

- Definition of an Indigent. It is a household with a total monthly income of all its occupants with not more than an amount as determined by the Council from time to time. This amount will be determined at the beginning of every financial year and will be applied for the duration of that particular financial year. Definition of an Indigent with Pensioner Status. If the total monthly income of all occupants is equal to the amount received by two state pensioners.
- Council resolves that for the 2009/10 financial year all the indigents are subsidized and that the subsidy will consist of the following:-
 - ❖ Electricity: All registered indigents will receive hundred (100) units of electricity per month fully subsidised. Any meter tampering will result in the subsidisation to be withdrawn. Where the consumption exceeds hundred (100) units per month the consumer will be charged for actual consumption exceeding hundred (100) units at the approved tariff.
 - ❖ Water: All registered indigents consumers will receive the first 10 kilolitres of water fully subsidised. Any meter tampering will result in the subsidisation to be withdrawn. A subsidy, not more than the applicable tariff for the 2009/ 2010 financial year will be applied for the duration of the 2009/ 2010 financial year.
 - ❖ Refuse Removal: All registered indigents shall be subsidised for refuse removal as determined and provided for by the Council in the annual budget from time to time. A subsidy, not more than the applicable tariff for the 2009/ 2010 financial year, will be applied for the duration of the 2009/ 2010 financial year.



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- ❖ Sewerage: All registered indigents shall be subsidised for sewerage services as determined and provided for by the Council in the annual budget from time to time. A subsidy, not more than the applicable tariff for the 2009/ 2010 financial year, will be applied for the duration of the 2009/ 2010 financial year.
 - ❖ Site Rental: All registered indigents shall be subsidised for the payment of site rental as determined and provided for by the Council in the annual budget from time to time. A subsidy, not more than the applicable tariff for the 2009/ 2010 financial year, will be applied for the duration of the 2009/ 2010 financial year.
 - ❖ Property Rates: All registered indigents shall be subsidised for the payment of property rates as determined and provided for by the Council in the annual budget from time to time. A subsidy, not more than the applicable tariff for the 2009/ 2010 financial year, will be applied for the duration of the 2009/ 2010 financial year.

3.8 Employee Related Costs :

- ❖ The organogram of the Budget and Treasury Office had been reviewed. Council resolves to adopt and implement the organogram for the Budget and Treasury Office, marked as **Annexure I**.
- ❖ The Council resolves further that the following new positions be added to the existing organogram and be filled as soon as possible :
 - Personal Assistant to the Mayor (pl6);
 - Office of the Municipal Manager :
 - Personal Assistant to the Mun Manager (pl6);
 - Chief Internal Auditor (pl1);
 - Risk Management Officer (pl5);
 - Budget and Treasury :
 - Property Rating Officer (pl4);
 - Free Basic Service Administrator (pl6);
 - Div Head Reporting (pl1);

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-
- Asset Control Officer (pl4);
 - Town Planning
 - Assistant Town Planners x 2 (pl3);
 - Admin Assistant Town planning (pl7);
 - Roads and Stormwater
 - Civil Engineering Technician x 2 (pl4);
 - General Workers x 8 (pl16);
 - Bricklayer (pl16);
 - Handyman (pl13);
 - General Workman (pl 6);
 - Senior Electrician (pl6);
 - Vehicle driver (pl12);
 - Truck driver (pl10);
 - Tractor Driver x 2 (pl12);
 - Water
 - Qualified Plumbers x 2 (pl5);
 - Boilermaker (pl9);
 - General Worker (pl16);
 - Snr Superintendant Water (pl5);
 - Artisan (pl6);
 - Waste Water
 - General workers (pump cleaners) x 3 (pl16);
 - Electricity
 - Driver (pl10);
 - General Workers x 4 (pl16);
 - Admin and Council Support
 - Driver / Messenger (pl11);
 - Fleet Controlling Officers x 2(pl14);
 - Public Safety



-
- Traffic Officers x 2 (pl9);
 - General Worker (pl16);
 - Fire Fighting and Prevention
 - Fire Fighters x 2 (pl6);
 - Waste Management
 - Div Head Waste Management (pl1);
 - Superintendent (pl5);
 - Truck Drivers x 2 (pl 10);
 - Parks; Sport and Recreation
 - General Workers x 9 (pl16);
 - Cemeteries
 - General Worker (pl16).

4. EXECUTIVE SUMMARY

4.1 Outcome of the Budget Consultative Process

The following comments were received from the community during public participation

- **Maintenance of Roads**

The community complained about the roads infrastructure and the specially the storm water drainage in

- **Ageing infrastructure**

Concerns were also raised by the community with regards to the aging infrastructure.

- **Billing Procedures**



The community complained about the accuracy of billing done. Concerns were also raised regarding issuing of municipal accounts late and how that is affecting the payments of municipal accounts.

- **Credit control and debt collection policy**

The implementation of the credit control and debt collection policy was emphasized by the Community as it will assist the municipality to recover outstanding debt and also ensure that the projected revenue is collected by the municipality.

- **Property rates policy and tariffs**

The community complained about the increases in the property rates tariff and the impact it will have on the more affluent residents due to the high value of their properties.

- **Indigent Subsidy**

Concerns were raised around registration and verification process of indigents and that many people were not aware of the registration process and the registration should be kept open for those that did not get the opportunity to register.

The following comments were received from the community during IDP rep forums

The members of the IDP representative forum during the reviewing of the analysis phase of the IDP identified key developmental issues.

The focus of the analysis phase review was intended to achieve faster and appropriate delivery of services and create an enabling framework for social and economic development. Based on the assessment of the current situation, Thabazimbi Local



Municipality has identified the following as key development issues from 2008/ 09 and 2009/ 10 which can be summarized as follows:

COMMUNITY AND STAKEHOLDER PRIORITY ISSUES

Backlogs in the Delivery of Basic Infrastructure: Roads, Water and Sanitation

The infrastructure issue which was raised during the 2008/ 09 IDP review was that the condition of roads within all the wards are considered to be inaccessible during the rainy season and the storm water drainage also needs to be improved. The additional infrastructure backlog issues that has been identified during the 2009/ 10 analysis phase is the lack of access to water and sanitation at the appropriate RDP. There are also major arterial routes (i.e. controlled by Dept. of Transport) which are in a very bad condition.

Backlogs in the Delivery of Public Facilities: Crime, HIV/AIDS

The crime rate in Thabazimbi Local Municipality is reaching alarming proportions and must be reduced. Although the crime statistics are not readily available, the residents meetings held with the community has reflected that Public Safety is a key area of concern within specific parts of the municipal area and these will need to be addressed.

The number of people infected and affected by HIV/AIDS within the Thabazimbi municipal area is considered to be increasing and this requires urgent attention. With reference to the HIV/ AIDS statistics, it is evident that a lot needs to be done by Dept of Health in association with the municipality in order to avoid the impact that this epidemic will have on the social and economic development of Thabazimbi.

Poor Access to Shelter

The number of residents who require housing within Thabazimbi still remains high and the municipality should on an on – going basis ensure the availability of serviced land in all



wards for housing and infrastructure purposes. Based on the housing waiting list the housing backlog is currently estimated at 2100 for low income earners and 400 for middle income earners.

Economic Development and Job Creation

The need to revive the economy and improve unemployment was also identified as a critical issue during the 2008/ 09 IDP review. It was also indicated that tourism is the economic mainstay of the Thabazimbi Local Municipality, however, due to a declining economy and an increase in unemployment, the market is unable to absorb the growing labour force.

MUNICIPAL PRIORITY ISSUES

Ensuring the Provision of Basic Service

The municipality committed itself to the provision of the following basic services:-

- The first priority for 2009/ 10 is upgrading and extension of Roads and Stormwater projects
- Bulk water supply and sanitation – maintenance of the bulk water supply and sewer purification plants.
- Electricity supply – Maintenance of the bulk electricity supply and network.

Institutional Development

Several projects had been identified to improve systems within the municipal administration to increase co-operative and transparent governance.

4.2 Alignment with National, provincial and other District municipalities.

Our analysis review gives an indication of the National and Provincial Legislative requirements and policies that informed and guided the Integrated Development Planning of



Thabazimbi Local Municipality. The review also gave an indication as to how Thabazimbi Local Municipality intends to mainstream and implement the National and Provincial priorities at local level.

The Municipal environmental analysis is also be aligned to the Waterberg District Environmental Management Plan. Various strategies and projects that are informed by local issues were also aligned to the National, Provincial and the District (Waterberg) strategies. It is also important to note that each phase of the IDP had a steering committee through which the Municipality engaged various sector departments and their future plans were incorporated in our plans to ensure vertical and horizontal alignment.

4.3 Past and Current challenges and financial implications

Thabazimbi, like any other municipality, is also faced with challenges of escalating outstanding debt as result of non-payment of municipal accounts. About 40% of municipal consumers within the Thabazimbi Local Municipal area represent farming community. Thabazimbi Local Municipality was amongst the municipalities that implemented the Municipal Property Rates Act with effect from 1 July 2008 (for the 08/09 financial year).

The implementation of the MPRA came with huge challenges as far as convincing our farming community to pay property rates. Prior the implementation of the Act, farm owners were not levied any rates. Although, in terms of the Municipality's Rates Policy, up to 80% rebates were given to the farmers, the municipality still experienced challenges in collecting revenue from some of the farmers and as result has to implement Credit control and debt collection measures on those defaulting farmers.

4.4 Political priorities and linkages to the IDP

The National political priorities form part of the strategic map of Thabazimbi Local Municipality and include inter alia the following critical priorities.



-
- Addressing poverty, unemployment and skills shortage.
 - Addressing infrastructure backlogs
 - Improving service delivery, etc.

All the operating and capital projects in the 2009/10 reviewed IDP have been evaluated through our prioritization system to ensure that the IDP, budget and performance targets are aligned. The IDP forms the basis of this process and all resources are focused on combining the different strategies in attaining our vision.

4.5 Level of services within Thabazimbi Local Municipality

Basic Services: Water, Waste, Energy and Telecommunication

The provision of equitable basic infrastructure especially water and sanitation is central to the developmental local government mandate.

Access to water by different households within the municipality varies with some wards being more serviced with direct water supply on the site than others. It reflects that approximately 11 155 households have direct access to water services. Approximately 4 621 households still relies on boreholes and standpipes in order to access water supply. There are 3 380 households which were provided with water for the first time during 2004 – 2007 within Thabazimbi and this reduced the backlog to approximately 4 504 households which lack access to water at the appropriate standard. The backlogs mainly exist in the informal settlements.

In terms of sanitation, it is indicated that there are approximately 16 927 households that have access to appropriate sanitation facilities. During the 2004 – 2007 there are



approximately 2 588 households which were supplied with the sanitation service for the first time. The backlog is estimated at approximately 3 353 households.

There are approximately 14 426 households who have access to electricity services. There are 2 277 households which were supplied with electricity for the first time during 2004 – 2007 and the total households within the municipality who are said to lack this service are estimated at 5 854 households.

In terms of telecommunication, there are approximately 3 210 households which has telephones within their dwellings, this implies that approximately 88% of the households within the municipality do not have access to home telephones. The minimal usage of home telephones might be exacerbated by the dominance of cellular phones in both urban and rural areas.

There are approximately 13 921 households which benefits from the refuse removal service that is provided by the municipality. During 2004 – 2007 the refuse removal service has been extended to approximately 2 670 households. The households that encounter the backlog are estimated at approximately 6 359 households.

PUBLIC HEALTH AND HIV/ AIDS

Thabazimbi Local municipal area is currently serviced with four hospitals, eight clinics and three mobile clinics. Table 1 below is an indication of accessibility to these two hospitals by the settlement areas within the municipal area and the location of other health facilities (i.e. clinics and mobile clinics) in relation to these settlement areas. As evident from the table 1 below, the majority of the health facilities are clustered within Thabazimbi Local Town and this can be considered to be logically acceptable given the fact that it has a largest concentration of population which implies a greater demand for the health service.

Table 1. Availability of Health Facilities in Thabazimbi

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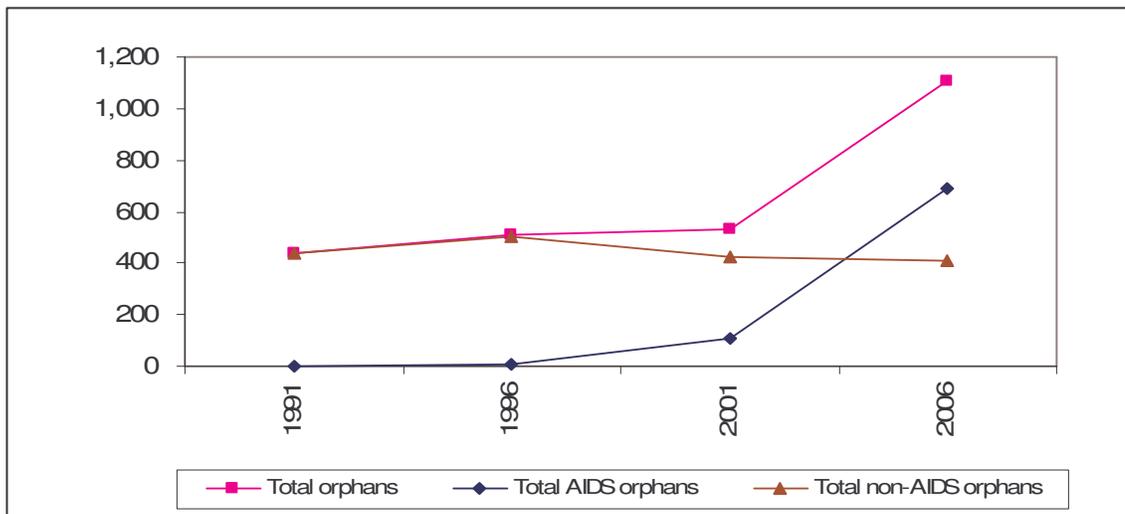


HOSPITALS	NO. OF BEDS	PROFESSIONALS	CLINICS	MOBILES	SATELLITE OFFICES
Thabazimbi Hospital	56	Doctors x1 Professional Nurses x 18 Specialists x 0	Thabazimbi Town Professional Nurses x 1 Auxiliary Nurses x 3	Matjiesfontein	Schilpadnest
Curamed Private Hospital	19	All General Practitioners Visit Specialist x6 Professional Nurses x7 Staff Nurses x 9 Pharmacists x 3	Regorogile 1 Professional Nurses x 6 Auxiliary Nurses x 5	Rooibokkraal	Dwaalboom
Amandelbult Mine Hospital	48	Doctors x 4 Nursing Manager x 1 Professional Nurses x 19 Enrolled nurses x 5 Auxiliary Nurses x 18 Dispensary x 1 Permanent & 1 Temp. Radiographer	Regorogile 2 Professional Nurse x 1 Auxiliary Nurses x 2	Makoppa	
Swartklip Mine Hospital	42	Doctors x 4 Professional Nurses x 18 Auxiliary Nurses x 15 Enrolled Nurses x 9	2 Clinics in the Shafts Professional Nurses in each x 3 Auxiliary Nurses in each x 3	Kromdraai Mobile Professional x 1 Voluntary Workers Trainers for Kromdraai and Rooiberg x 3	
Northam Platinum Mine Medical Centre		Doctors x4 Professional Nurses x 10 Enrolled Nurses x 1 Auxiliary Nurses x 2	Northam Town Professional Nurses x 12 Auxiliary Nurses x 10 Enrolled Nurses x 9	Rooiberg The same staff from Kromdraai serves the purpose. Kromdraai Mobile Professional x 1 Voluntary Workers Trainers for Kromdraai and Rooiberg x 3	
			Northam Platinum Mine Satiria Clinic x 1		
			Kromdraai Professional Nurses x 2 Auxiliary Nurses x 1 Enrolled Nurse x 1 Contract workers x 2 Trainees x 3		



The statistics prepared by the Development Bank of Southern Africa indicates a drastic increase in the number of people affected with HIV/ AIDS within Thabazimbi. According to the projections, the number of the people affected by the HIV/ AIDS epidemic increased from 7 810 to 14 333 from the period 2001 – 2006. Figure 9 below is an indication of the increased in the number of HIV/ AIDS orphans due to the AIDS endemic within Thabazimbi.

Figure 9: Impact of HIV/ AIDS on Orphanage



Source: DBSA
2006

The detrimental impact of HIV/ AIDS will be beyond than placing the social development

institutions at a pressure to make necessary provisions for accommodating the HIV/ AIDS orphans who are currently increasing at a rapid pace, such that the impact of HIV/ AIDS has a severe impact to the social and economic development of the area and it can lead to the following situations:-

- Low and/ or zero population growth rate, thus affecting the sustainability of projects that are based on certain population projections.
- A significant number of households will suffer a loss of income when the economically active member/ breadwinner dies of AIDS pandemic.

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- Families of HIV/ AIDS victims will be forced to divert their income, which could have been used for other socio – economic activities to conduct burial ceremonies as the African cultures encourages expensive funerals.
- The economy of Thabazimbi in particular will be negatively affected, as income will be lost due to absenteeism caused by ill health, and the necessary training of new incumbents.

On the financial perspective the increase in the number of orphans and object poverty will eventually force the government to spend more on social activities than on capital infrastructure, which propels economic development. This will also impact negatively on the ability of the municipality as investments rely heavily on the availability of capital infrastructure.

PUBLIC SAFETY

Thabazimbi Local is currently serviced with three police stations to cater for public safety. These facilities are located within different areas within the municipality as indicated in the table below.

Table 2. Availability of Police Stations

<i>Location</i>	<i>Level of Service</i>
Thabazimbi	• Main Station
Rooiberg	• Main Station
Cumberland	• Main Station
Hoopdal	• Main Station
Dwaalboom	• Main Station
Northam	• Main Station

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The need and location of future public safety facilities should be informed by the crime statistics and the good road network to ensure that the emergencies are attended to efficiently.

SPORTS, RECREATION FACILITIES AND YOUTH DEVELOPMENT

Sports and recreation facilities play a major role in the overall social development of the society such that these activities provide moral discipline and keep the youth out of the street. The ever – increasing crime and other social ills (i.e. teenage pregnancies, drug abuse etc.) gave rise to the importance of these activities and they should be viewed as the productive alternative that the youth can engage itself with. The existing facilities can be described as follows:-

Table 3. Availability of Sports, Arts, Culture and Recreational Facilities in Thabazimbi Local

Location	Number / Type	Location / Facilities / Condition
THABAZIMBI	<ul style="list-style-type: none"> • 3 Sports grounds • 1 Kumba ground • 2 School Sport Facilities 	<ul style="list-style-type: none"> • 2 Municipal grounds that include rugby, cricket, bowls, squash, jukskei, basket ball, tennis • Swimming pool, gym • Frikkie Meyer Secondary school and Thabazimbi Primary school
REGOROGILE	<ul style="list-style-type: none"> • 1 Sports ground 	<ul style="list-style-type: none"> • Poor condition, includes soccer, tennis, basket ball
	<ul style="list-style-type: none"> • 1 School Sport Facility 	<ul style="list-style-type: none"> • Mabogo - Pedi Secondary school
IPELEGENG	<ul style="list-style-type: none"> • 1 Sports ground 	<ul style="list-style-type: none"> • Kumba Resources (ISCOR) provides soccer, tennis, athletics facilities

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BEN ALBERTS NATURE RESERVE	<ul style="list-style-type: none"> • 18 holes golf course 	<ul style="list-style-type: none"> • Good Condition
NORTHAM	<ul style="list-style-type: none"> • Sport facilities x 5 	Comprehensive Secondary School Northam Primary School <ul style="list-style-type: none"> • Community Sport Ground
SWARTKLIP	<ul style="list-style-type: none"> • 9 hole Golf course and 1 soccer field 	<ul style="list-style-type: none"> • Good Condition
DWAALBOOM	<ul style="list-style-type: none"> • Sport Facilities x 2 	<ul style="list-style-type: none"> • Good Condition
GROENVLEI SECONDARY SCHOOL	<ul style="list-style-type: none"> • Sport grounds x 1 	<ul style="list-style-type: none"> • Tennis court, netball court and soccer fields need to be upgraded.
LEEUPOORT	<ul style="list-style-type: none"> • Driving Range (golf course) 	<ul style="list-style-type: none"> • Good Condition

As evident from table 3 above, Thabazimbi can be considered to be sufficiently provided with facilities of sports, arts, culture and recreation. The majority of the settlement areas however lack these facilities at the basic level and the existing facilities that are located within Regorogile Township encounter an enormous pressure since they are currently overused.

This therefore presents a challenge to Thabazimbi Local Municipality and other government structures to ensure that facilities for youth development are provided in an equitable manner as a means to develop the youth into respectable and responsible leaders of tomorrow.

4.6 Free and subsidized basic services provided by the Municipality

The 2009/10 budget made provision for the following free basic services to be rendered to registered indigents and all other households of Thabazimbi Local Municipality.

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The following will be provided to all registered indigents (refer also to par 3.8 above):

- 10 kl of water free to approved indigent house holds
- 100kwh of electricity free to approved indigent house holds
- Free refuse removal
- Free Sewer Services
- All registered indigents are exempted from paying assessment rates.

4.7 Proposed tariff increases for 2009/2010 Budget

The proposed tariff increases are as follows:

- ❖ Refuse Removal Services - 9,5% - Detail as per Annexure A.
- ❖ Electricity - 34% - Detail as per Annexure A.
- ❖ Assessment Rates - Detail as per Annexure A.
- ❖ Water - New stepped tariff as per Annexure A.
- ❖ Sewer - 9,5% - Detail as per Annexure A.
- ❖ Sundry Tariffs - 9,5% - As per Annexure A.

4.8 Grants and Subsidies

The grants and subsidies to be received by the municipality are set out in the table below.

FUNDING SOURCE	BUDGET
Equitable Share	35 341 000
Finance Management Grant	500 000
Municipal Systems Improvement Grant	735 000
Municipal Infrastructure Grant	25 855 000

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5 SUPPORTING DOCUMENTATION

5.1 Budget Process Overview (including consultation process and outcomes)

5.1.1 Schedule of key deadlines relating to budget process (MFMA s21(1)(b))

A budget time-table (Schedule of key deadlines) relating to budget process (MFMA s21 (1) (b)) was compiled and tabled before Council of Thabazimbi Local Municipality. The Council took note of it and emphasised the adherence to it.

At the Strategic Workshop from 13 to 15 February 2009 as part of the Budget Process to decide on the strategic objectives for 2009 / 2010 which has informed the draft annual budget.

BUDGET TIME-TABLE 2009/2010

Month	Financial year 2007/2008	Financial year 2008/2009	Financial year 2009/2010
July 2008	Complete final financial transactions for the year	Monthly financial report for June 2008 including expenditure on staff benefits and results of cashflow for 2007/2008	<ul style="list-style-type: none"> - Drafting of IDP Framework Plan and submit to Local Municipalities for process to be followed - Complete Budget Process and Financial Management Calendar
August 2008	Complete Annual Financial Statements for the 2007/2008 financial year and submit it to Auditor-General	Monthly financial report for July 2008	<ul style="list-style-type: none"> - Table budget process and financial calendar to Council. - Phase 1 IDP: Analysis phase – Assessment of performance and changing needs
September 2008	Complete Annual Report	Monthly financial report for August 2008	<ul style="list-style-type: none"> - Update policies, priorities, objectives and determine revenue for next three years - Determine allocations to Local Municipalities - Arrange Lekgotla to determine priorities for next year - Review strategies in terms of Phase 2 of the IDP
October 2008	Auditing of Financial Statements and Performance Audit by office of the Auditor-General	<ul style="list-style-type: none"> - Monthly financial report for September 2008, including expenditure on staff remuneration and cashflow report. - Report of Executive Mayor on implementation of budget and financial state of affairs of the municipality 	<ul style="list-style-type: none"> - Determine allocations to Local Municipalities, review projects and align it with Council's priorities - Phase 3 of the IDP
November 2008	Receive and discuss management letter from Auditors with Auditor-General	Monthly financial report for October 2008	<ul style="list-style-type: none"> - Engage with national and provincial departments to share plans on national expenditure frameworks - Complete phase 4 of IDP-integration - Complete departmental budgets
December	Receive final audit report.	Monthly financial report for	Consolidation of departmental budgets and plans

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Month	Financial year 2007/2008	Financial year 2008/2009	Financial year 2009/2010
2008	Comment on audit report.	November 2008	
January 2009	Table Annual report, audited Financial Statements, Audit Report and comments thereon to Council. Make public Annual Report in terms of section 127(5) of the MFMA.	<ul style="list-style-type: none"> - Monthly financial report including expenditure on staff remuneration and cashflow statement. - Report of Executive Mayor on implementation of budget and financial state of affairs of the municipality. Mid-year assessment on: <ul style="list-style-type: none"> - Service delivery performance against targets and performance indicators and budget implementation plan. - Reports on assessment to National and Provincial Treasury. - Monthly financial report 	<ul style="list-style-type: none"> - Finalise draft budget and table to Executive Mayor - Draft IDP to be completed
February 2009	Forward comments of Council on audit report and possible action plans in terms of the audit report to the Auditor-General, MEC for Finance and MEC for Local Government and Housing.	Monthly financial report for January 2009	<ul style="list-style-type: none"> - Executive Mayor tables draft budget and operational plans to Council. - Inform Local Municipalities on allocation to them in terms of section 37(2) of the MFMA
March 2009	Mayoral Committee consider the Annual Report and submit oversight to Council. report	Monthly financial report for February 2009	Consultation on draft budget with stakeholders as follows: <ul style="list-style-type: none"> - National Treasury - Provincial Treasury - Local Municipalities - Levy payers
April 2009	Oversight report publicise for comments in terms of Section 129(3) of the MFMA.	<ul style="list-style-type: none"> - Monthly financial report for March 2009 including expenditure on staff benefits and results of cashflow for 3rd quarter. - Report of Executive Mayor on implementation of budget and financial state of affairs of Council 	Council approves budget and IDP for next financial year
May 2009	-	Monthly financial report for April 2009	<ul style="list-style-type: none"> - Publish budget - Complete service delivery and budget implementation plan and table to Executive Mayor 28 days after budget has been approved
June 2009	-	Monthly financial report for May 2009	Complete performance contract of section 57 employees, table to council and submit to MEC

5.1.2 Timing, number and type of consultation

The Municipal System Act put public participation at the center of its objectives. Thabazimbi Local Municipality consists of 8 wards of which various meetings were held at each specific



wards. The meetings were held from the 11th of April 2009. Various meetings were also held with other stakeholders like Business forums to discuss the draft budget.

5.1.3 Stakeholders who were involved in consultations

The draft budget as required by the Municipal Finance Management Act was submitted in both electronic and hard copies format to both Provincial and National Treasury for comments. The draft budget was also submitted to Department of Local Government and Housing for comments. Copies of draft budget were also made available to the community of Thabazimbi, farming community and the business forum.

5.1.4 Process of tabling the budget in Council for consultation and consideration for approval

The Draft budget was initially tabled at a Budget and Treasury sub- committee on the 28th of March 2009 where the draft budget was discussed. The sub -committee then recommended that the draft budget be submitted to the executive committee for consideration. The executive committee recommended that the budget be tabled before the Municipal Council on the 11th of April 2009. The Mayor then tabled the draft budget to council on the 11th of April 2009.

5.1.5 Models used for prioritising resource allocation

The IDP Representative Forum communicated the needs and demands of the community to the meeting. The available funding for capital projects was obtained from the Division of Revenue Act of 2009 and the Budget and Treasury Department. Meetings were held by the different departments and the projects as reflected in the IDP were prioritised according to the framework.



5.2 Key Developmental Objectives

Development priorities and objectives are clustered in respect to the following key performance areas:-

- ❖ Infrastructure and service – Infrastructure services including water, sanitation, solid waste, electricity, roads and storm water and

support services including transport, health, libraries, emergency services, housing, etc. in so far as these are applicable to municipalities.

- ❖ Local economic development.
- ❖ Financial viability and management.
- ❖ Democratic governance.
- ❖ Sustainability.
- ❖ Institutional transformation.

All the issues received from the community and municipality was consolidated in a priority list.

5.3 Budget Related Policies and By laws Overview and Amendments

The following budget related policies and By laws were reviewed and is tabled before Council with the draft annual budget. The reviewed policy has been taken through the process of Public participation as Municipal System Act put public participation at the center of its objectives. Once adopted the reviewed policy will be implemented with effect from 1 July 2009.:-

5.3.1 Credit Control and Debt Collection Policy and By-law;

5.3.2 Indigent Policy;

5.3.3 Property Rates Policy and By-law ;

5.3.4 Tariff Policy and By-law;



5.3.5 Supply Chain Management Policy

Copies of these policies are available at the Municipal Offices and are attached hereto as Annexure D; E; F; G and H.

5.4 Budget Assumptions

During the drafting of this budget we were faced with certain challenges that had the potential to hamper service delivery and community development to a major extent if they were not addressed. Strategies were put in place to manage the challenges to such an extent that it will have the minimum effect on community development and accompanying service delivery.

Some of the challenges that have been addressed are summarized as follows:

- Extending, upgrading and maintaining of infrastructure.
- Maintenance in many areas is purely reactive and there is a need to migrate towards preventative maintenance.
- International economic decline.
- 32% increases in the Eskom tariffs.
- Slow, pace of electrification in rural areas due to delays in building of houses.
- Illegal water and electricity connections
- Solid waste management in rural areas.
- Old water and electricity meters
- Inaccurate Data with regard to zoning of properties within municipal jurisdiction, information not updated in the deed's office

As mentioned in this report strategies have been put in place to address the challenges mentioned above and to minimize the effect they may have on service delivery. Although



budget planning and implementation is important to ensure a realistic and workable financial plan, budget control should not be underestimated. Municipal officials need to ensure that the relevant departmental budgets do not overspend and that these budgets are spent in accordance with the intention of the Council. Each Manager will be responsible for ensuring that outputs are delivered effectively and efficiently within their allocated budgets. The finances of the Municipality need to be managed in such a manner that funds are available when needed.

Inflation outlook and its impact on Thabazimbi Local Municipality activities:

The following key factors have been taken into consideration in the development of the 2009/2010 budget.

- National Treasury has advised municipalities to levy their rates and taxes taking into account their local economic conditions, affordability levels and they must also remain broadly in line with macro-economy policy, and that the Reserve Bank inflation target range still remain between 3% to 6%.
- The latest forecasts for 2009/ 2010, 2010/2011 and 2011/2012 however are :

	2009/10	2010/11	2011/12
Gross Domestic Product (GDP) Growth	3.5%	3.8%	4.3%
Inflation Forecast – Consumer Price Index (CPIX)	7.5%	6.7%	5.6%

- The employee related cost comprises 33,25% of the total expenditure budget and a salary increase of 10,5% across the board was assumed.

Other Assumptions

- That RED’s will only be up and running after June 2010.
- Growth in the Municipal tax base
- Impact of the National, provincial and local priorities



-
- The Equitable Share Grant was taken as per DORA and thereafter escalated at the inflation rate assumed in this report.

5.5 Funding the Budget (including fiscal overview and sources of funding)

- Rates, Tariff and other charges

The schedule for tariffs is attached, marked **Annexure A**. The Schedule is tabled before Council as part of the draft annual budget.

- Grant allocations

Grants and Subsidies are reflected in the attached supporting table 4 – Grants and Subsidy allocation

Fiscal Overview

- **Financial Statements**

The 2007/08 Financial Statements have been completed and submitted to and had been audited by the Auditor General.

- **Bank and Cash**

According to the Cashbook balance of the municipality, the cash position of the municipality is not healthy. However, investigations indicated that the cashbook balance are not a true reflection of the status quo, and was rectified by means of a council resolution during January 2009.

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- **Capital Budget for the 2008/2009 Financial Year**

The total capital budget approved by Council for the 2008/09 financial year amounted to R24 359 751. The expenditure as at 30 December 2008 are set out below.

FUNDING SOURCE	BUDGET (m)	EXPENDITURE (m)	VARIANCE (m)
Loans	0	0	0
MIG	17,707	8,499	9,208
Own/ Equitable Share	7,575	5,908	1,667
Grand Total	25,282	14,407	10,875

- **Consumer Debtor**

The following table reflects the age analysis of debtors as at 30 December 2008 :

Service	Total Outstanding	30 Days	60 Days	90 Days	120 Days
Water	6,333,547	864,297	683,422	523,322	4,262,506
Electricity	4,064,206	1,941,053	572,832	877,346	672,975
Rates	13,330,609 4,627,412	1,843,521	954,927	728,137	9,804,024
Refuse	4,048,970	884,359	782,204	356,206	2,604,643
Sanitation		347,951	672,710	625,623	2,402,686
Miscellaneous	9,314,945	192,814	634,287	255,752	8,232,092
TOTAL	41,719,689	6,073,995	4,300,382	3,366,386	27,978,926

The following table reflects the movement of debtors over the last three years.

30 June 2006	30 June 2007	30 June 2008
37 045 185	44 192 845	42 128 054

❖ The importance of effective credit control cannot be over-emphasized. In order to improve the Municipality's cash flow situation, mechanisms have been put in place to collect outstanding amounts. However, a concern relating to the



accuracy of debtor's information remains, including the registration of all possible indigent consumers.

- **Trade Creditors.**

All trade creditors are paid on time and Council is not in arrears in respect of any amounts owed for bulk purchases or third party payments.

- **Investments**

Investments vary on a continuous basis and are mainly short-term in respect of conditional grants and subsidies received for capital projects.

- **Important Financial Indicators**

A summary of key financial indicators for the last two years is as follow:-

	2007	2008
➤ Consumer Debtors	44 192 845	42 128 054
➤ Provision for Bad Debts	(16 716 992)	(15 432 713)
➤ Cashbook	(8 543 775)	(11 572 195)
➤ External Loans	18 938 524	16 184 471
➤ Investments	22 831 417	26 819 197
➤ Un-appropriated Surplus	18 758 892	12 333 484

5.6 Disclosure of Allocations made by the Municipality

- ❖ No allocations were made by the Thabazimbi Local Municipality to:-
- ❖ Other municipalities;
- ❖ Municipal Entities and other external service delivery mechanisms;
- ❖ Any other organs of state; and
- ❖ Any other organisation outside government



5.7 Disclosure on Salaries

- Budgeted salaries and remuneration

EXPENDITURE	2008/2009 APPROVED BUDGET		2009/2010 DRAFT BUDGET	
	R	%	R	%
Salaries, Wages & Allowances	40,573,955	29.48	Complete after approval	
Councilor's Remuneration	4,123,068	3.00		

The above table is a comparison of the total expenditure related to salaries and benefits for the mentioned financial years as per the budget for 2009/2010.

- Breakdown of salaries, remuneration and benefits

The detailed breakdown of the salaries, wages, remuneration and benefits are depicted in the attached:-

- ❖ Supporting table 6 – Disclosure of salaries, allowances and benefits
- ❖ Supporting table 6a – Summary of total salaries, wages, allowances and benefits

5.8 Monthly Cash Flows by Source

The monthly cash flows are reflected in the attached:-

- ❖ Supporting table 7 – Monthly Cash Flows

5.9 Measurable Performance Objectives

Annual Measurable Performance Objectives are to be finalised by the Municipal Manager before 30 June 2009.



5.10 Implementation of the MFMA and other legislation

- Municipal Finance Management Act

On July 1, 2004 the Municipal Finance Management Act officially came into effect. This legislation provides for significant changes in the way municipalities in South Africa manage their financial affairs. The legislation not only deals with accounting and finance issues but also deals with general management issues.

While the official date for the legislation was July 1, 2004 the implementation will be phased in up to a maximum of five years. This is due to the fact that the changes required are significant and far-reaching. Councils require time to make the necessary changes and ensure that employees understand and are trained in the required changes.

In terms of implementation, Thabazimbi Local Municipality has been classified as a medium capacity municipality. The Municipality has made significant progress in the implementation of the MFMA as can be read from the table below.



**IMPLEMENTATION OF MUNICIPAL FINANCE MANAGEMENT ACT
MONITORING TOOL**

CHAPTER	SECTION	CONTENTS	LEGISLATIVE COMPLIANCE DATE	STATUS OF MUNICIPALITY
4	15	Budgets: Appropriation of funds	With effect from 01 July 2005	Complies
	16	Tabling and approval of budgets before start of financial year	Immediately, with 2005/06 budget to be tabled in Council no later than 31 March 2005 and annually thereafter before 31 March	Complies
	17(1)(c), (d)(ii) and (3)(b)	Contents of budgets and supporting documents	Applies to 2006/07 budget	Complies
	18	Funding of expenditure	With effect from 2005/06 budget year	Complies
	19	Capital Projects	Applies to 2006/07 budget	Complies
	21	Budget preparation process	Budget preparation plan to reach Council before 31 August and annually thereafter	Complies
	22	Publication of annual budget	Immediately after 31 March 2005	Complies
	23	Consultations on budget (Community participation)	Applies to 2006/07 budget	Complies
	24(2)(c)(iii)	Approval and submission of budgets	Applies to 2006/07 budget	Complies
	25	Failure to approve budgets	Immediate	Complies
26, 27	Consequences of failure	Immediate	Complies	
	28	Municipal Adjustment budgets	With effect from 01 July 2005	Complies

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CHAPTER	SECTION	CONTENTS	LEGISLATIVE COMPLIANCE DATE	STATUS OF MUNICIPALITY
	29,30,31,32	Unforeseen, unavoidable, unauthorized, irregular expenditure	Immediate	Complies
	33	Contracts with future budget implications	Immediate	Complies
5	35	Promotion of co-operative governance	Immediate	Complies
	37	Promotion of co-operative governance	Applies to 2005/2006 Budget	Complies
	38,39,40	Stopping of funds to municipalities	With effect from 1 July 2005	Complies
6	45	Short-term debt repayment	Immediate with S45(4)(a)	Complies
	46,47,48,49,50	Long-debt, debt security, disclosure and guarantees	Immediate	Complies
7	52	Responsibilities of Mayors	Immediate	Complies
	53 1(c)(ii)&(iii), & (3)	Service delivery and budget implementation plans	Applies to 2005/06 SDBIP	Complies
	54(1)(b), (c), (d)(i), (3)	Mayor – serious financial problems	Delayed till 30/6/2006 Applies to 2006/07 budget	Complies
8	60,61	MM to be accounting officer, Fiduciary responsibilities	Immediate	Complies
	62(1)(c) & (f)(i)(ii)(iii)	Internal audit	Applies to 2005/06 budget	Complies
	62(1)(f)(iv)	Full and proper records and supply chain management Asset and liability management	Delayed till 30/6/2006 Applies to 2006/07 budget	Complies
	63(2)	Asset & liability management Revenue and expenditure management	Delayed till 30/6/2006 Applies to 2006/07 budget	Complies
	63(1)	Expenditure on staff benefits	Immediate	Complies
	64,65	Funds transferred to organizations & budget preparation	Immediate with S65(2)(j) with effect from 01 July 2006	Complies

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CHAPTER	SECTION	CONTENTS	LEGISLATIVE COMPLIANCE DATE	STATUS OF MUNICIPALITY
	66	Monitoring of revenue & expenditure Submission of draft SDBIP	Immediate with reports setting out totals for category {i.e. (a) to (g)} by 31 January (for July to December) and 31 July (for January to June) each year	Complies (Quarterly)
	67,68	Shortfalls & overspendings	Immediate	Complies
	69(1)&(2)	Monthly budget statements	Immediate	Complies
	69(3)	Expenditure by vote	Applies to 2005/06 SDBIP	Complies
	70	Monthly budget statements DORA	Immediate	Complies
	71(1)(a)(b)(g) (iii), (2)(3)&(4)	Midyear budget & performance assessment	Applies to 2005/2006	Complies
	71(1)(c)&(d) & (g)(iii)	SDBIP	Delayed till 30/6/2005 Applies to 2005/06	Complies
	71(1)(e), (f), (5,6,7)	Reports on failure to implement Budget	With effect from 01 December 2004	Complies
	72(1)(a)(i)(ii) (iv) (1)(b), (2)&(3)	General reporting obligation Information for web-sites	Applies to 2005/06	Complies
	72 (1)(A)(1) (ii)		Applies to 2005/06	Complies
	73		With effect from 01 July 2005	Complies
	74		Immediate	Complies
	75		Applies to 2006/07	Complies