

BUDGET SPEECH 2020/21 BY MAYOR OF TLM, CLLR JOHN MICHAEL FISCHER AT VIRTUAL COUNCIL MEETING.

30 June 2020

**Honourable Speaker Cllr Thane Hearne;
Our Chief-Whip Cllr Piet Strydom
Members of the Executive Committee
Chairperson of MPAC, Cllr Frik Erasmus
Fellow Councillors
Our Municipal Manager and Management team**

Dumelang! Good morning! Goeiemore!!

It is my honour to present to this virtual Council meeting of Thabazimbi Local Municipality, the Integrated Development Plan, the Medium-term Expenditure Framework and the budget for the 2020/21 financial year and related policies.

Let me start by conveying my heartfelt deepest condolences to the families, relatives and the entire world that have lost their loved ones because of the Covid-19 pandemic that has seen many people losing their lives and more testing positive. It is also sad that as a municipality we currently having 85 coronavirus cases and fast approaching 100. May their souls rest in peace. This is another sad reminder that we all need to take heed of the government's call for social distancing, hygiene practices, sanitizing, wearing of masks and continue staying safe.

HONOURABLE COUNCILLORS

This is the first time in the history of local government that we deliver the budget speech in a manner that is novel because of the unprecedented circumstances; that are occasioned by the Covid-19 regulations which do not permit gatherings of bigger numbers. We were unable to hold our usual public participations with our various communities and stakeholders.

This pandemic has compelled us to move away from customary practice of gathering at central venue to report to you on the annual performance targets, achievements and challenges, as well as programme of action. It has also forced us to venture into the unknown terrain of approving the IDP and Budget through unconventional means of this virtual nature.

It has also changed the way we plan for the next financial year. However, Covid-19 has not stopped us from delivering on the mandate of a better life for all, a mandate to change your lives for better, a mandate to put our people first.

For 2020/2021 our strategic direction set in the 5 year IDP remains unchanged. The IDP review articulates the development needs of our communities and the Municipality whilst also stating the specific initiatives for the 2020/2021 financial year. You will recall that the Municipal Budget funds the delivery of the IDP.

The national lockdown, imposed as a result of the COVID-19 virus, and the various regulations promulgated by National Government under the National State of Disaster, has

unfortunately had a devastating effect on the economy of South Africa and Thabazimbi is no exception.

The tourism, mining and agricultural sectors which forms the backbone of our economy came to an abrupt halt on 26 March this year. This has had an adverse effect on many of our businesses, particularly smaller businesses as well as our ratepayers. Comments received from the public on the 2020/2021 Draft Budget mostly concerned the effect that COVID-19 has, and is having on our economy.

Considering the effects that the COVID-19 Lockdown, our budget have been adjusted and to accommodate the Covid-19 matters.

In this Budget we have considered the impact that COVID-19 has had on our ratepayers as well as on the ability of the Municipality to continue to operate and provide infrastructure and a high level of services that are only fully used during relatively short holiday seasons. Thabazimbi Municipality has been allocated additional R13,9 Million for Equitable Share. This is to assist the Municipality to deal with the impact the COVID-19 has towards payment of services by Municipal Rate payers.

The current three year collective SALGBC salary agreement for Municipal employees came into operation on 1 July 2018. Municipalities must, in terms of section 71 of the Local Government: Municipal Systems Act, Act 32 of 2000 comply with collective agreements.

According to the principles of the agreement, salary increases were approved at 6, 25 % for the 2020/21 financial year. This was

based on the average inflation for the period February 2019 to January 2020, with a minimum of 5%, plus 1, 25%. Salary notch adjustments of approximately 2% have also been included in the salary budget.

The remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs. The proclamation with regard to the 2019/2020 increases was only published during April 2020 and set salary increases at 4%. No indication for 2020/21 has been received and therefore remuneration adjustments for councillors have been factored into the 2020/21 budget at the same rate as the 2019/2020 determination.

	Original Budget 2020/2021	Original Budget 2021/2022	Original Budget 2022/2023
Operating Revenue	R417,1 Million	R425,9 Million	R454,8 Million
Operating Expenditure	R412 Million	R421,3 Million	R445,9 Million
Capital Expenditure	R94,2 Million	R159 Million	R179 Million

The total operating Revenue is R417, 1 Million and the total operating Expenditure is R412 Million for 2020/2021 financial year. The total capital budget for 2020/2021 financial year amounts to R94, 2 Million. The capital budget comprises of three grants, namely, Municipal Infrastructure Grant, Water Services

Infrastructure Grant and Integrated National Electrification Programme (**INEP**).

All items of a Capital nature that can result in job creation for our people have also been included in the budget, particularly where this will address ageing water reticulation systems, as well as sewerage projects, and importantly also, storm water projects.

To this end the following items have been included in the Capital Budget:

Projects that will be done through the Municipal Infrastructure Grant are as follows:

Completion of Northam rehabilitation of sport facility	R 1,1 million
Construction of new Cemetery at Regorogile	R 924 thousand
Rooiberg High Mast Light	R 900 thousand
Skierlik High Mast Light	R 1,8 million
Northam Upgrading of Cemetery	R 1,3 million
Upgrading of Rooiberg Cemetery	R 1 million
Regorogile Extension 5 Paving of internal streets phase 3	R 8 million
Northam Extension 5 Upgrading of internal streets Phase 2	R 7,6 million
Upgrading of sport and recreation facility at Raphuti (Ward 4)	R 11 million
Regorogile Upgrading of Stormwater Management (Phase 1)	R 8 million

This brings the total amount being spent on MIG projects to R42 million, the remainder of the grant will go on to funding the Project Management Unit.

Projects that will be done through the 45 million rand Water Services Infrastructure Grant are as follows:

Upgrade of the Thabazimbi and Regorogile bulk water supply and associated infrastructure	R 17,1 million
Upgrade of the Northam bulk water supply and associated infrastructure	R 8,4 million
Upgrade of the Rooiberg bulk water supply and associated infrastructure.	R 9,1 million
The development of a comprehensive WCWDM 5 year strategy	R 7,3 million
Regorogile upgrading of water network (Ward 9,10)	R 937 thousand
Construction of VIP toilets in Rooiberg, Skierlik and Meriting Phase 1	R 937 thousand
Northam Upgrading of Water Reticulation (Ward 7, 8)	R 937 thousand

The final capital grant being received will be an amount of 5.1 million rand from the Integrated National Electrification Programme grant, and the three projects are:

Construction 3km 11kv overhead line Phase 2	R 1,1 million
Pre-Engineering of Smashblock 20MVA substation	R 1,4 million
Electrification of Meriting Informal	R 2,5 million

Settlement Phase 2	
--------------------	--

In summary the proposed Tariff increases for a household for the coming financial year (2020/2021) are as follows:

Type of Service	Percentage
Electricity	6.22% (Nersa Regulator)
Water	6% (NT circular 98)
Sewerage	6% (NT circular 98)
Refuse removal	6% (NT circular 98)

The Municipality will continue to provide relief to the unaffording household through implementation of Municipal Indigent Management Policy. Taking into account the impact of COVID-19 faced by most of customer as the municipality we introduced some relief on Property rates as follows:

Category	Percentage	Rebate
Indigent household		100%
Agricultural properties	6%	55%
Agricultural residential (small holdings)	6%	30%
Agricultural properties use for eco-tourism and hunting / trading and rearing of game	6%	30%
Other properties category	6%	No rebate

Madam Speaker, Thabazimbi Local Municipality has been receiving disclaimer audit opinion for 2015/16, 2016/17 and 2017/18 Financial years respectively. The Municipality has achieved a Qualified Audit Opinion for 2019/20 Financial Year. This is a sign to the right direction and we hope to see more improvement for the coming audits.

I would like to take this opportunity of thanking the Public for their participation and input during the IDP Review - and Budget preparation process.

I also wish to extend my sincere appreciation to the Councillors and the Administration who contributed to compiling the 2020/2021 Operating and Capital Budgets. Particularly those who literally worked night and day to complete the total revision of the Draft Budget and so enable us to table the 2020/2021 Budget today.