



**GREATER SEKHUKHUNE DISTRICT MUNICIPALITY**



**MEDIUM TERM BUDGET  
2010-2012**



**Development Oriented  
Leader in  
Service Delivery**

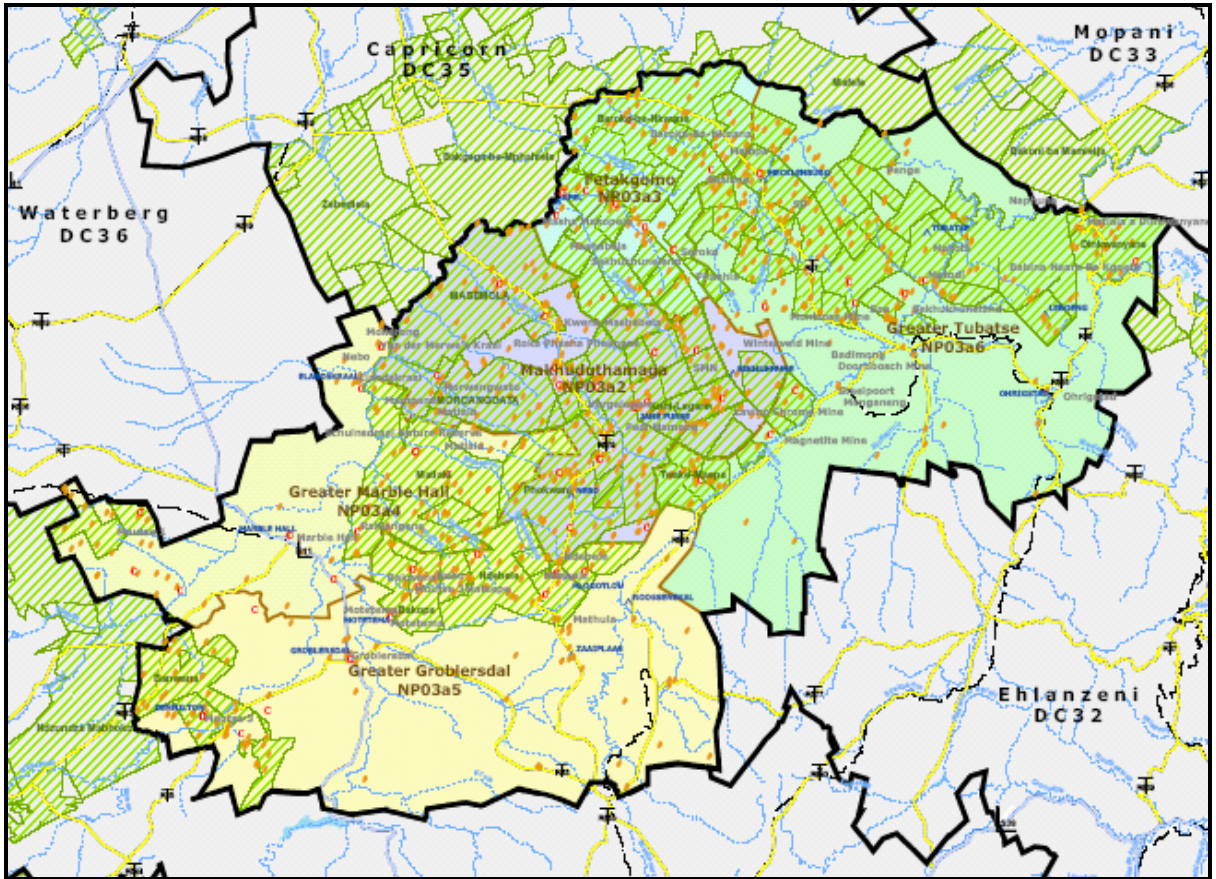
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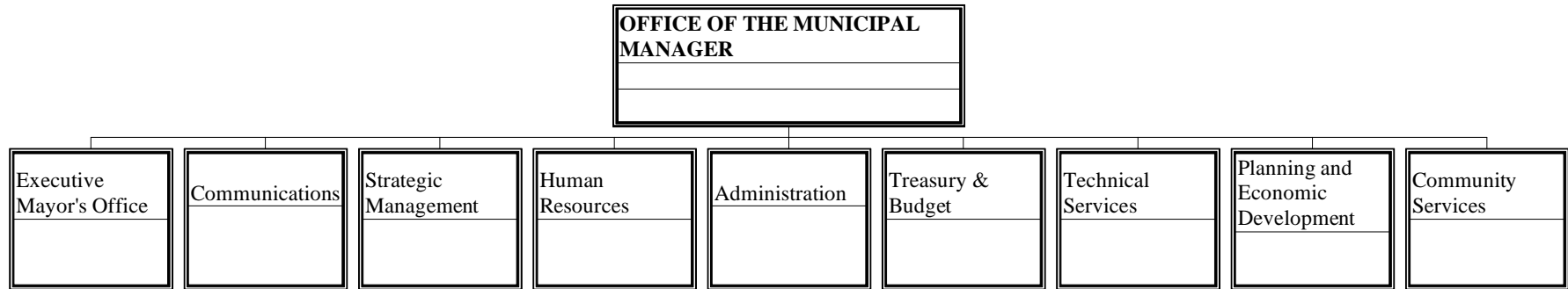
## Abbreviations and Acronyms

ANC	Antenatal clients (Health section)
ASGISA	Accelerated and shared growth initiative for South Africa
CFO	Chief Financial Officer
CSO	Civil society organisation
DLGH	Department Of Local Government and Housing (Limpopo)
DM	District Municipality
DME	Department of Mineral and Energy Affairs
DoA	Department of Agriculture
DWAF	Department of Water Affairs and Forestry
EIA	Environmental Impact Assessment
FBE	Free basic electricity
FIVIMS	Food insecurity and vulnerability information management system
GGP	Gross Geographic Product
GSDM	Greater Sekhukhune District Municipality
IDP	Integrated development plan
ISRDS	Integrated sustainable rural development strategy
LED	Local economic development
LGDS	Limpopo growth and development strategy
LIBSA	Limpopo Business Support Agency
LIMDEV	Limpopo Economic Development Enterprise
LM	Local Municipality
LSM	Living standard measures
LUMS	Land Use Management System
MDG	Millennium Development Goal
MLL	Minimum Living Level
MM	Municipal Manager
MTEF	Medium Term Expenditure Framework
NGO	Non governmental organisation
NSDP	National Spatial Development Perspective
PGM	Platinum group metals
PHC	Primary health care
PMS	Performance Management System
RAL	Roads Agency Limpopo
RDP	Reconstruction and Development Programme
SAPS	South African Police Services
SDBIP	Service delivery business implementation plan
SDF	Spatial development framework
SMME	Small, medium and micro enterprise
URP	Urban renewal programme
WSA	Water Services Authority
WSDP	Water Services Development Plan

**Map of Sekhukhune District municipal area**



# Organizational Structure



#### 4. MUNICIPAL PROFILE

The District is made up of 5 local municipalities (LMs) – Elias Motsoaledi Local Municipality (formerly Groblersdal Local Municipality), Fetakgomo Local Municipality, Greater Marble Hall Local Municipality, Greater Tubatse Local Municipality and Makhuduthamaga Local Municipality.

All these local municipalities constitute Greater Sekhukhune District Municipality (GSDM), which is a Category C municipality established in December 2000. The District was a cross-border municipality, straddling the Limpopo and Mpumalanga provinces until early 2006.

The entire district now falls in Limpopo Province found in the northern part of South Africa. The district which lies in the south-eastern part of the province, covers an area of approximately 13 264 square kilometers, most of which is rural with almost 605 villages, which are generally sparsely populated and dispersed throughout the District. It is estimated that only 5% of the Sekhukhune population live in urban areas.

The district consists of 116 wards which are broken down per local municipality as follows:

**Table 6: Number of wards per Local Municipality**

Local Municipality	Number of Wards	Number of Village
Elias Motsoaledi	29	104
Fetakgomo	13	87
Greater Marble Hall	14	69
Greater Tubatse	29	202
Makhuduthamaga	31	143
<b>TOTAL</b>	<b>116</b>	<b>605</b>

#### 4.1 VISION OF THE MUNICIPALITY

“Development oriented Leader in Service Delivery “

#### 4.2 MISSION

We provide creative integrated development solutions in partnership with Local Municipalities, Communities and other stakeholders.

#### 4.3 LOCATION

Modern-day Sekhukhune is found in Limpopo province, the northern-most part of South Africa. It covers an area of approximately 13 264 square meters, most of which is rural. It is estimated that only 5% of the Sekhukhune population live in urban areas. The main urban centres are Groblersdal, Marble Hall, Burgersfort, Jane Furse, Ohrigstad, Steelpoort and Driekop. Outside these major towns, one finds almost 605 villages, which are generally sparsely populated and dispersed throughout the District. The area’s towns and villages are serviced by its major rivers – the Olifants River, Tubatse (Steelpoort) River and the Elands River, all of which supply a number of large dams. The Sekhukhune economy is driven largely by agriculture, mining and tourism.

#### 4.4 SEKHUKHUNE POPULATION

According to analyses done for the District’s *Water Services Development Plan* (2005), the total population of Sekhukhune is estimated at 1,024,748. The most populated local municipalities are Tubatse, Makhuduthamaga and Elias Motsoaledi, respectively.

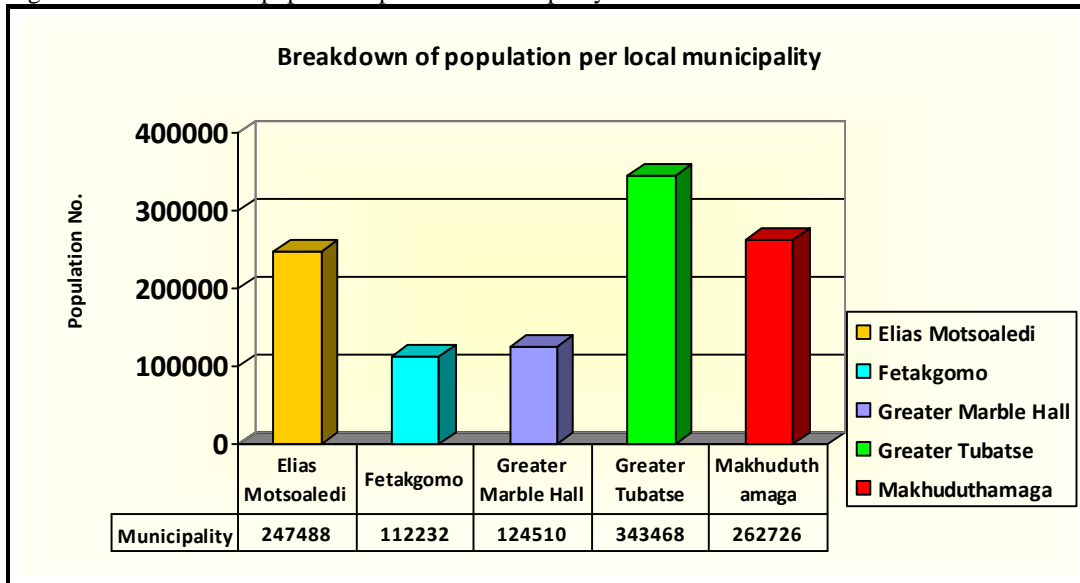
**Table 7: Breakdown of population per local municipality**

Municipality	Total
Fetakgomo	112,232
Elias Motsoaledi	247,488
Makhuduthamaga	262,726
Marble Hall	124,510
Tubatse	343,468
<b>Total</b>	<b>1,090,424</b>



Source: STATS SA Community Survey 2007

Figure: 4 Breakdown of population per local municipality



Source: STATS SA, Community Survey 2007

As the previous chapter highlighted, however, NSDP calculations place Sekhukhune in the top 20 most populous Districts/Metros in South Africa (in 15<sup>th</sup> position). The NSDP also declares that the District hosts 2, 16% of the total South African population (The Presidency, 2006).

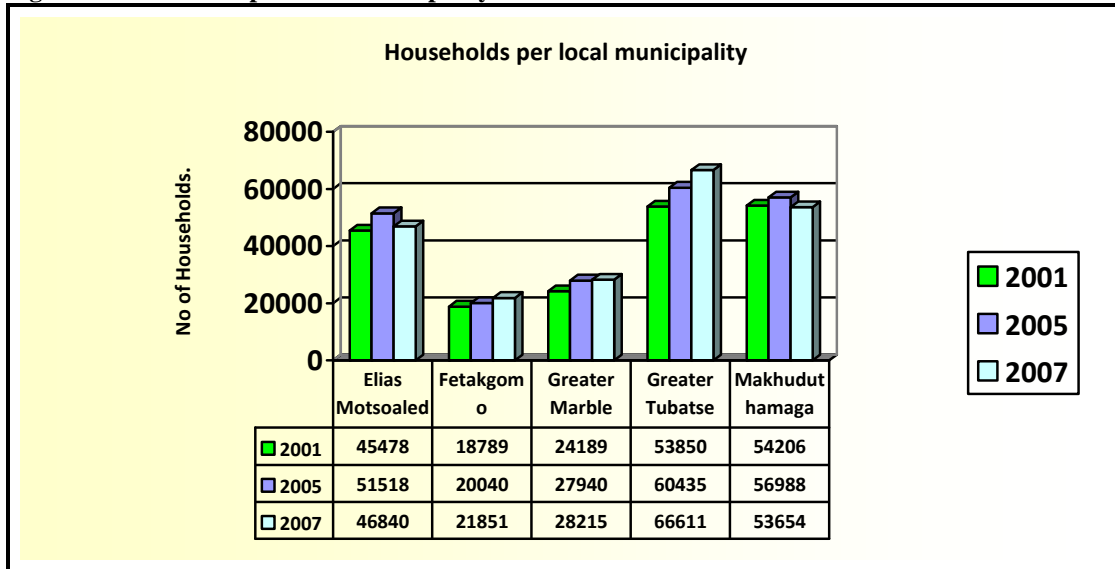
The Sekhukhune population is divided into a number of households. The next table illustrates the division of households per local municipality.

**Table 8: Households per local municipality**

MUNICIPALITY	2001	2005	2007
Fetakgomo	18,789	20,040	21,851
Elias Motsoaledi	45,478	51,518	46,840
Makhuduthamaga	54,206	56,988	53,654
Marble Hall	24,189	27,940	28,215
Tubatse	53,850	60,435	66,611
<b>Total</b>	<b>204,744</b>	<b>216,921</b>	<b>217,172</b>

Source: STATSSA Community Survey 2007

**Figure 5: Households per local municipality**



**Source: STATS SA, Community Survey 2007**

Most Sekhukhune households are headed by females, a characteristic that has significant social implications for the District. This situation is largely the result of the economic migration of male family members to seek work outside the District.

#### **Out-migration and male absenteeism in Sekhukhune**

A striking characteristic of the Sekhukhune population is the high levels of male absenteeism in the District. This is the result of most males being forced to seek work outside Sekhukhune. The table below is based on a sample survey in the area, and attempts to characterize the types of migrants that leave Sekhukhune households to seek work in other parts of the country.

**Table: 9 Categories of migrants from Sekhukhune households**

Category	Number	%
Regular migrants (return every week or month)	70,257	56,8
Seasonal migrants (for a limited period each year)	34,005	27,5
Prolonged period away (more than 6 months at a time)	19,496	15,7
<b>Total number of absentee migrants</b>	<b>123,759</b>	<b>100</b>

Economic migration clearly affects both current population figures and projected population growth in the District. As subsequent sections of this chapter will show, it also fundamentally affects economic planning in Sekhukhune. Current discussions on augmenting rail transport in the area, for example, are underpinned by analyses of the number and types of migrants who travel in and out of the area.

What is undisputed is that the remittances sent back to Sekhukhune households by workers elsewhere contribute significantly to livelihoods in the District. The table below, also based on a sample survey, attempts to quantify the remittances received by households in the District.

**Table 10: Remittances received by Sekhukhune households in 2006**

Number of Brackets	%
Less than R500	12,9
R500 – R1,000	23,7
R1,001 – R3,000	12,7
More than R3,000	50,7
<b>Total</b>	<b>100</b>



According to the NSDP, the Sekhukhune District has the 4<sup>th</sup> largest out-migration (people migrating out of the District) in the country with 6.69% of its total population (2001) opting to leave Sekhukhune (The Presidency, 2006). The volume and nature of migration is clearly a factor that development planners in the District need to take into account in their medium-term planning.

Population growth rates

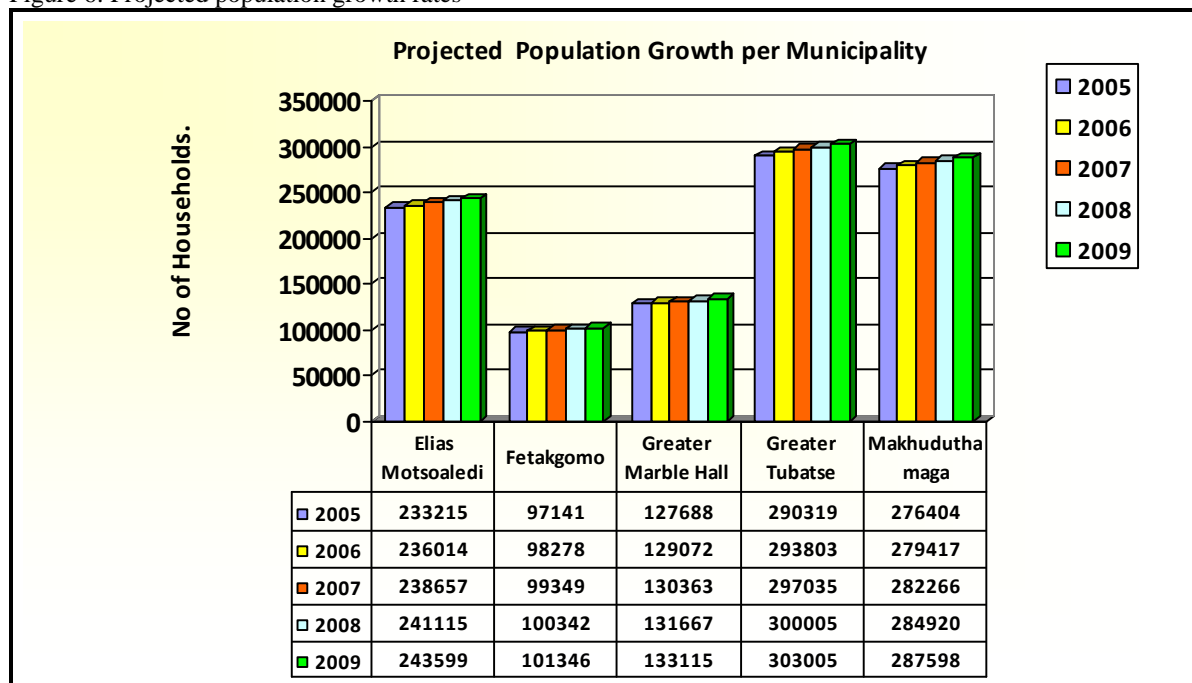
UNISA's Bureau for Market Research estimates population growth in Sekhukhune as follows:

**Table 11: Projected population growth rates in Sekhukhune**

Municipality	2005	2006	2007	2008	2009
Fetakgomo	97,141	98,278	99,349	100,342	101,346
Elias Motsoaledi	233,215	236,014	238,657	241,115	243,599
Makhuduthamaga	276,404	279,417	282,266	284,920	287,598
Marble Hall	127,668	129,072	130,363	131,667	133,115
Tubatse	290,319	293,803	297,035	300,005	303,005
<b>Total</b>	<b>1,024,748</b>	<b>1,036,583</b>	<b>1,047,670</b>	<b>1,058,049</b>	<b>1,068,662</b>

Source: Limpopo Development Information Database

Figure 6: Projected population growth rates



Source: Limpopo Development Information Database

These figures, however, are likely to be influenced by economic developments in the area. If platinum mining expands at the rate projected by subsequent sections of this IDP, it will attract greater numbers into the District. If the anticipated mining expansion is accompanied by growth in the agricultural and tourism sectors, and augmented by solid infrastructural development, these numbers will be even greater.

#### 4.4.1 AGE AND GENDER PROFILE

Within Sekhukhune, the below-18 age group makes up almost 50% of the population. Behind this average, lie slight variations in the different municipalities. This ranges from 51% in Makhuduthamaga (comparatively the youngest population) to 48% in Marble Hall (comparatively the oldest population).

**Table 12: Age and gender profile**

Municipality	Age group	Male	Female	Total
Fetakgomo	0-17	22,916	23,080	45,996
	18-64	15,816	23,996	39,812
	65+	1,951	4,322	6,273
	Total	40,684	51,398	92,081
Elias Motsoaledi	0-17	53,444	54,172	107,616
	18-64	40,863	58,753	99,616
	65+	4,422	9,085	13,506
	Total	98,729	122,009	220,738
Makhuduthamaga	0-17	66,600	67,468	134,068
	18-64	41,816	69,246	111,062
	65+	5,601	12,179	17,779
	Total	114,017	148,892	262,909
Marble Hall	0-17	28,894	28,777	57,670
	18-64	24,353	32,061	56,414
	65+	2,534	4,701	7,236
	Total	55,780	65,539	121,320
Tubatse	0-17	67,895	68,990	136,885
	18-64	49,252	70,351	119,603
	65+	4,182	9,446	13,627
	Total	121,329	148,787	270,116
Total	0-17	<b>239,750</b>	<b>242,486</b>	<b>482,236</b>
	18-64	<b>172,101</b>	<b>254,406</b>	<b>426,507</b>
	65+	<b>18,689</b>	<b>39,733</b>	<b>58,422</b>
	Total	<b>430,540</b>	<b>536,625</b>	<b>967,165</b>

#### Stats SA Community Survey 2007

The male-female ratios are almost equal in the age group below 18 years, but females are almost 60% of the population in the working age group and more than 68% in the senior age group for the Sekhukhune district as a whole. It is obvious then that a significant number of Sekhukhune males have alternative residence away from the district - a fact already alluded to earlier in this chapter. The ratio is as high as 62% in Makhuduthamaga and 57% in Marble Hall.

#### 4.4.2 Duration of residence in Sekhukhune

Most Sekhukhune residents have lived in the area for a reasonably long term. Almost two-thirds (62, 1%) of households have lived in the District for over 20 years. A minimal 1, 7% have lived in Sekhukhune for less than a year.

**Table 13: Duration of residence in Sekhukhune**

Duration	Households	Total
Less than 3 months	933	0,5
3 months to 1 year	2,494	1,2
Between 1 – 5 years	15,160	7,5
Between 5 – 10 years	19,557	9,7
Between 10 – 20 years	38,129	18,9
More than 20 years	125,233	62,1
<b>Total</b>	<b>201,505</b>	<b>100</b>

Source: DoA and FIVIMS (2007a). Poor quality dwellings can help to identify pockets of food insecurity.

The table above paints a picture of a relatively stable populace. This does, however, have to be counter-balanced against the high rates of male absenteeism in the District as many residents seek work outside the District.

## 5. LAND USE

Land use within the Sekhukhune District is dominated by subsistence farming. This is especially true in the Fetakgomo, Makhuduthamaga, Marble Hall and Greater Tubatse municipal areas.

The second significant land use is the potential conservation areas, especially within the Elias Motsoaledi and Marble Hall municipal areas. These potential conservation areas may eventually encompass roughly one third of Elias Motsoaledi and Marble Hall.

The different land use patterns in the Sekhukhune District are captured in the table below.

**Land use patterns in Sekhukhune**

Land use type	Area in sq km	% of total
Agricultural: Commercial	1,135	7,7
Agricultural: Subsistence	2,683	18,1
Potential conservation	3,484	23,5
Active conservation	463	3,1
Active mining	37	0,2
Other	7,030	47,4
<b>Total</b>	<b>14,832</b>	<b>100</b>

## 5.1 ECONOMIC PROFILE

The attainment of the vision set out in this IDP will ultimately be determined by the state of the Sekhukhune economy. Other sections of this chapter have already painted a picture of the spatial, demographic and infrastructural challenges to economic development in the District. This section turns its lens on the principal characteristics of the Sekhukhune economy more specifically. It identifies the municipal economy's main features, describes its dominant sectors and concludes with an assessment of its competitive advantage. It is therefore an important profile that plays a substantial role in defining the development strategies, projects and overarching socio-economic plans of the Sekhukhune Municipality.

The Sekhukhune economy is a curious mixture of overwhelmingly negative features (such as the highest unemployment rate in Limpopo) and unbridled positive opportunities (like the enormous mining potential within the area). Plotting an economic development path therefore requires a careful assessment of the current economic reality in the District.

### 2.4.1 The structure of the Sekhukhune economy

Conventional wisdom has it that agriculture; mining and tourism are the three leading sectors in the Sekhukhune economy. Official statistics, however, paint a slightly different picture of the District economy being dominated by community services, mining and trade. It must be noted that it is very difficult to find accurate data for the local level in South Africa. Those data-gathering exercises that do exist often yield vastly different accounts of local realities. Most public sector plans and IDPs, however, draw on Stats SA data even whilst recognizing some of its limitations. The table below is drawn from Stats SA data and sets out the main sectoral contributions to Sekhukhune's Gross Geographic Product (GGP).

**Table 36: Key sectoral contributions to Sekhukhune's GDP (1995 – 2000)**

Sector	1995	1996	1997	1998	1999	2000
Agriculture and forestry	11,472	10,828	9,060	11,607	11,295	12,074
Mining	304,975	340,825	385,950	433,274	447,409	510,348
Manufacturing	30,564	35,650	45,420	46,311	52,220	60,532
Electricity and water	39,849	46,002	59,635	76,797	84,431	97,098
Construction	10,717	13,416	14,707	13,440	12,938	10,888
Trade and catering	215,203	253,344	284,010	363,923	409,551	450,398
TPT and communication	50,026	56,029	70,793	74,507	77,737	80,708
Financial and business services	5,081	5,348	5,630	6,255	8,979	9,529
Community services	799,430	808,253	861,297	1,192,342	1,291,970	1,361,607
<b>Total</b>	<b>1,467,317</b>	<b>1,569,695</b>	<b>1,736,502</b>	<b>2,218,456</b>	<b>2,396,530</b>	<b>2,593,182</b>

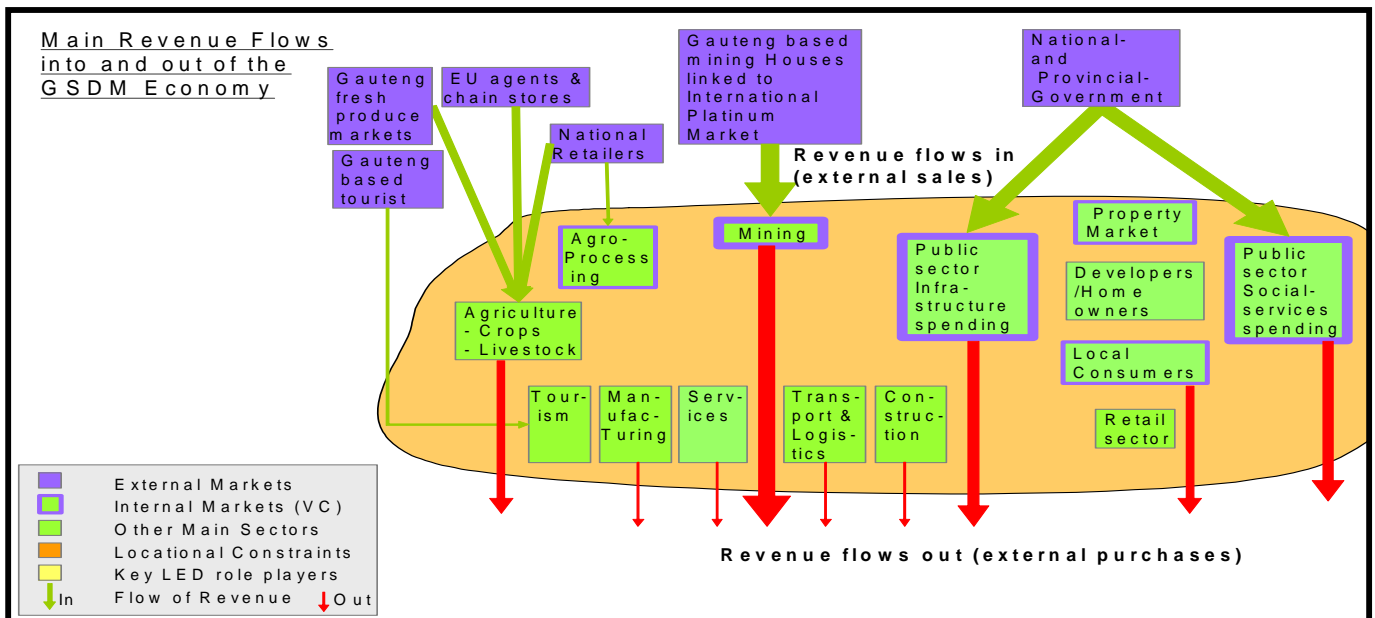
Source: Stats SA (2001)

What the data reveals is that in 2000, the Sekhukhune economy depended largely on public sector funding with community services being a major factor in the area.

The three main contributors to GDP were community services (52%), mining (20%) and trade (17%). Despite these findings, the District has very consciously chosen to explore the potential of mining, agriculture and tourism as key contributors to the Sekhukhune economy up to the year 2025. This is also in recognition of the fact that thriving local economies should not depend overly on public sector injections of income. These 3 key sectors, as well as others highlighted in the table above, are presented in the next sub-section. Figure 13

### 5.2 Revenue Flows

First, however, this section turns its lens on another salient feature of the Sekhukhune economy – the main revenue flows into and out of the municipal economy. This is captured graphically in the figure below.



The main sectors are indicated as green blocks within the orange oval, which depicts the boundary of the focal area. The arrows indicate the main sources of external income (revenue and investment) flowing into and leaking out of the economy.

What is striking about this picture is that the bulk of revenue flows directly out of the Sekhukhune economy, as many goods and services are supplied from outside the District. As later sections of this IDP will reveal, this reality has led to the District prioritizing certain interventions that will see the retention of revenue within the District.

### 5.3 Key economic sectors

As the previous section highlighted, the pre-dominance of certain sectors in the Sekhukhune economy is somewhat contested. This section provides an outline of the sectors that the District Municipality has decided it is of strategic importance to its sustained economic growth. These sectors are mining, agriculture, tourism, retail and trade, manufacturing, construction, transport and logistics, financial and business services as well as the public sector. Collectively, these provide a comprehensive picture of the potential inherent in the municipal economy.

### 5.4 Mining

The Sekhukhune District cuts across the north-eastern part of the Bushveld Complex, an immense geological structure that contains the largest reserves of platinum group metals (PGM) in the world. PGMs are a family of 6 metals – platinum, palladium, rhodium, iridium, osmium and ruthenium. The first three of these are the main metals used in catalysts. Nickel, chrome, vanadium, titanium, iron, copper, cobalt, granite and asbestos are some of the other deposits found in that belt.

Although statistics may vary, most would agree that mining is a key contributor to Sekhukhune’s GGP - and a sector with enormous potential for the immediate future. Modern mining has been practiced in Sekhukhune land for well over a century, and typically involved the exploitation of andalusite, asbestos, chromite and platinum deposits. What is striking about previous bouts of mining activity in the area, however, is how changing commodity prices affected the opening, closing and, occasionally, re-opening of mines. When prices rose, new exploration and development took place in the Sekhukhune mining sector. Conversely, when prices fell, mines in the area were forced to close.

#### (a) Current mining activities

Mining’s contribution to GGP in Sekhukhune is estimated at between 15 – 20%, depending on the source of the statistics. Within the District itself, the sector contributes most to the GGPs of Makhuduthamaga (22,8% in 2000), Fetakgomo (32,6% in 2000) and Tubatse (36,6% in 2000) (Goode, 2006). These figures are likely to have changed in recent years, however.

The major mining activity in the District occurs within the Dilokong Corridor, which stretches largely across Tubatse and Fetakgomo. Elias Motsoaledi, Makhuduthamaga and Marble Hall have relatively low levels of mining activities (GSDM, 2007a).

It is estimated that mining grew at an annual rate of 5, 4% from 1996 – 2001 (Goode, 2006), a comparatively high growth rate which bodes well for the future. According to the Department of Minerals and Energy, there were 17 operating mines in the Sekhukhune District area in 2006 (Goode, 2006). These include a significant number of platinum mines in the area.

The table below sets out the main existing (operating) and planned platinum mines in the District. Operating and projected platinum mines in/near Sekhukhune

Table 37: Operating and projected platinum mines in/near Sekhukhune

Mine	Controlling company	Local Municipality
<b>Expansion in progress or production building up</b>		
Lebowa Platinum	Angloplat	Fetakgomo LM
Modikwa	Angloplat African Rainbow Minerals	Tubatse LM
Mototolo	Angloplat	Tubatse LM

Everest South	Aquarius	Within 30km of GSDM
Two Rivers	African Rainbow Minerals	Tubatse LM
Marula UG2	Implants	Tubatse LM
<b>Bankable feasibility study completed</b>		
Blue Ridge	Ridge	Elias Motsoaledi LM
<b>Bankable feasibility study planned or underway</b>		
Sheba's Ridge	Ridge	Elias Motsoaledi LM
Smokey Hills	Platinum Australia	Tubatse LM
Twickenham	Angloplat	Tubatse LM
Mareesburg	Eastern Plats	Tubatse LM
Marula Merensky	Implants	Tubatse LM
<b>Pre-feasibility study in progress or completed</b>		
Kennedy's Vale	Eastern Plats	Tubatse LM
Der Brochen	Angloplat	Tubatse LM
Booysensdal	Angloplat	Within 30km of GSDM
<b>Advanced exploration</b>		
Ga-Phasha	Angloplat	Fetakgomo LM
Loskop	Boynnton	Elias Motsoaledi LM
<b>Early exploration</b>		
Grootboom	Boynnton	Tubatse LM
Tjate	Jubilee	Tubatse LM
Kliprivier	Nkwe	Within 30km of GSDM
Tinderbox	Placer Dome	Elias Motsoaledi LM
Berg	Platfields	Within 30km of GSDM

**Source: Goode, R and Granville, A (2006). Mining expansion and employment in Sekhukhune: Expectations and impediments.**

In addition to the list above, there are also a number of other PGM prospects in or around the Sekhukhune District area.

**(b) Prospects for the future**

Much attention has been given recently to the anticipated platinum mining explosion in Sekhukhune. There are 3 areas where the new platinum mines will be concentrated:

The Lebowakgomo District (South)

Groblerdsdal – Cluff mining

The Dilokong or Burgersfort/Steelpoort corridor (Techso, undated).

The Sekhukhune District recently commissioned an investigation into potential global demand for the key minerals found in its jurisdiction. The results are presented in the table below.

**Table 38: Market prospects for Sekhukhune minerals**

Mineral	Commercial uses	Future prospects
Chrome and ferrochrome	<ul style="list-style-type: none"> <li>Stainless steel production</li> <li>Metallurgical applications</li> <li>Refractory, foundry and chemical industries</li> </ul>	<ul style="list-style-type: none"> <li>The primary determinant of global demand for chrome is stainless steel production (which has grown by 6% p.a. since 1998)</li> <li>There's currently strong demand from high Chinese stainless steel production</li> <li>However, excessive supply of chrome could push down</li> </ul>



		prices in the future
Vanadium	<ul style="list-style-type: none"> <li>• Steel making</li> </ul>	<ul style="list-style-type: none"> <li>• Because 90% of vanadium is used in steel making, the world vanadium market is firmly tied to the steel market</li> <li>• In 2004, world steel production exceeded 1 billion tons for the first time in history</li> <li>• Between 2000 – 2004, steel production increased by 6% p.a. globally, especially from China</li> <li>• Positive short-term prospects for Sekhukhune vanadium, especially given potential Chinese demand</li> <li>• A possible threat could arise if producers seek substitutes if vanadium prices become too high</li> </ul>
Platinum group metals	<ul style="list-style-type: none"> <li>• Automotive exhaust catalysts (autocatalysts)</li> <li>• Other industrial uses (other catalysts, turbine blades. Biomedical uses, coins, PC hard disks, etc)</li> <li>• Jewellery production</li> </ul>	<ul style="list-style-type: none"> <li>• Because of the nature of its commercial usage, global demand is strongly linked to environmental stds re vehicle emissions</li> <li>• Demand for PGMs has continued to grow over the years, however – and there is currently a healthy outlook for this type of mining</li> <li>• Jewellery demand is also expected to rise</li> </ul>
Limestone	<ul style="list-style-type: none"> <li>• Used in cement and steel-making</li> </ul>	<ul style="list-style-type: none"> <li>• Increased construction activity will result in sustained demand for cement</li> <li>• Hence, there's a positive outlook for limestone mining in Sekhukhune</li> </ul>
Dimension stone	<ul style="list-style-type: none"> <li>• Red and black granite used in home décor/architecture</li> </ul>	<ul style="list-style-type: none"> <li>• World demand for dimension stone has been growing steadily</li> <li>• However, the South African market isn't faring well</li> </ul>

		because of currency depreciation, costly logistics to beneficiation and unpredictable demand (because architects choose different finishes)
Coal	<ul style="list-style-type: none"> <li>• Energy</li> </ul>	<ul style="list-style-type: none"> <li>• There are better sources outside Sekhukhune that currently supply the domestic and international markets</li> <li>• Hence, coal mining isn't a viable prospect for Sekhukhune</li> <li>• However, there's limited potential for the extraction of coal bed methane as an energy source for the region (needs further investigation, though)</li> </ul>

**Source: Adapted from Goode (2006). Scoping paper on the mining sector in the Greater Sekhukhune District Municipality.**

There are, in summary, a number of factors that could affect Sekhukhune's mining industry negatively in the future. These include drops in global demands for the minerals produced in the area, continued water scarcity in Sekhukhune and the increasing mechanization of platinum mining in the future. The latter will affect the potential employment opportunities generated by the mining industry in Sekhukhune. All these externalities may impact on the viability of the mining sector in Sekhukhune, regardless of whether the area contains significant mineral deposits or not.

**(c) Beneficiation opportunities and value chain analysis**

It is important to note that PGM ores are low in value (possibly around 30 cents/kg). It is also difficult to extract the valuable metals from them without suitable and expensive equipment. Some estimates place the value of the ordinary (just mined) platinum ore at only 13% of the refined material (Goode and Granville, 2006).

At present, there is no base-metal or platinum smelter in the Sekhukhune area. The nearest smelter is Amplats' Polokwane Smelter. Recent research done for the District's *2025 Strategy* included interviews with key mining companies on the possibility of them building a smelter within the District. This was based on research projections that the total PGM production in Sekhukhune in 2015 would be 2,900,000 oz per annum – a figure that would justify the installation of a new smelter in the area (Goode and Granville, 2006). It would appear, however, that most mining companies were not planning to build a new smelter in the Sekhukhune area. The one possible expectation was Ridge Mining, which is currently considering building a new smelter at Sheba's Ridge (within Elias Motsoaledi Municipality) (Goode and Granville, 2006). None of this has been decisively concluded, however.

**(d) Job creation**

Since the mid-1980s, the mining labour market has changed significantly as the sector has become more knowledge-intensive. As a result, overall mining employment has been decreasing gradually. Goode and Granville (2006) estimate that platinum mining in the Sekhukhune District will generate the following jobs until 2015:

**Table 39: Projected employment in platinum mining in/near Sekhukhune**

	Production (k-oz)	Employees
2005	652	14,067
2006	700	14,570
2007	931	18,665
2008	1,412	27,287
2009	1,710	31,860

2010	2,028	36,427
2011	2,266	39,252
2012	2,495	41,666
2013	2,597	41,806
2014	2,693	41,786
2015	2,856	42,730

**Source: Goode, R and Granville, A (2006). Mining expansion and employment in Sekhukhuneland: Expectations and impediments.**

Goode and Granville (2006, op cit) also predict that employment in the mining and metallurgical industry in Sekhukhune will double by 2015. Their forecasting is captured below.

**Table 40: Projected employment in Sekhukhune's minerals industry (- 2015)**

	2005	2010	2015
Platinum mines	14,067	36,427	42,730
Chromite mines	1,415	1,740	2,140
Base metal smelters	0	170	300
Ferrochrome plants	832	1,030	1,270
Other mines and metallurgical plants	740	900	1,100
<b>Total</b>	<b>17,050</b>	<b>40,300</b>	<b>47,500</b>

**Source: Goode, R and Granville, A (2006). Mining expansion and employment in Sekhukhuneland: Expectations and impediments.**

Other projections predict that direct employment at Sekhukhune mines is expected to grow from 9,185 (2005) to more than 18,200 by 2009 (GSDM, 2007a).

### 5.5 An eye on 2015

Production of Platinum Group Metals (PGMs) in Sekhukhune will probably increase from 652,000 oz (2005) to 2,900,00 oz (2015)

By 2015, the Sekhukhune District area will be producing 22% of South Africa's PGMs

The capacity of chromite mines in Sekhukhune will probably increase by 150% by 2015

Vanadium mining in Sekhukhune will increase by 50% by 2015

Some opportunities, if carefully nurtured, exist for beneficiation within the Sekhukhune District itself

Employment in the minerals industry in Sekhukhune may increase by 180% by 2015 (an additional 30,000 workers) Goode and Granville (2006)

### 5.6 Agriculture

The agricultural sector is an important contributor to employment, but a relatively marginal contributor to the aggregate GGP, estimated at 9,7% (GSDM, 2007a). According to farmers in the area, the main reason why the sector doesn't contribute more to GGP is because of water scarcity. Other reasons could include the combined effects of land claims, which creates uncertainty and discourages further investment, as well as the low growth of global commodities.

Agriculture in the Sekhukhune District is a mixture of both commercial and subsistence farming. As indicated in the earlier spatial profile, subsistence farming tends to dominate land use in the District.

Commercial agriculture in Sekhukhune tends to be concentrated in two areas:

The south-western part of the District (near Groblersdal and Marble Hall)  
The eastern section of the District (near Burgersfort and Ohrigstad)

**(a) Commercial agriculture**

Over the past 5 to 10 years, farmers in the area have faced mounted difficulties with falling commodity prices and rising input costs. Despite this, agriculture's contribution to GDP continues to be roughly 10% and, in 2001, provided 16% of the formal employment within the District (Womiu Rural Development, 2006a).

There are two major areas of commercial cultivation:

The Loskop scheme  
The Ohrigstad scheme

**(a1) The Loskop scheme**

The towns of Groblersdal and Marble Hall are found in the Loskop Valley. The commercial agricultural schemes in this valley are serviced by the Loskop Dam, built in 1938 especially for this purpose. In addition to the Loskop scheme, there are 5 smaller schemes within the Loskop agricultural area:

Moosrivier scheme  
Hereford scheme  
Olifants River scheme  
Elands River scheme  
Selons River scheme

Collectively, these contribute significantly to commercial agriculture in the area.

The past 10 years have placed Loskop farmers under increasing pressure as rising input costs, a stronger local currency, lower commodity prices and external competition have all taken their toll. One of the responses on the part of local farmers has been to diversify the crops they produce. The collapse of the once lucrative tobacco industry has also pressured farmers in the area to look at different options. As a result, there has been a growing emphasis placed on establishing permanent crops, such as citrus and table grapes, in the area.

**Main crops in Loskop**

Tobacco, Wheat, Cotton, Soya beans, Citrus, Paprika, Pumpkin, Peas, Commercial vegetables, Seed maize, Commercial maize, Table grapes, Dry beans, Watermelons and cantaloupes

**(a2) The Ohrigstad scheme**

The Ohrigstad valley is supplied with irrigation water from the Ohrigstad Dam along the Ohrigstad River. The total area currently being irrigated is estimated at roughly 4,500 hectares. At present, information on the Ohrigstad scheme is fairly limited, although indications are that the area is facing similar challenges to those faced by Loskop farmers (Womiu Rural Development, 2006a).

**Main crops in Ohrigstad**

Tobacco, Paprika, Wheat, Maize, Seed maize, Citrus, Sugar, Lucerne, Vegetable cash crops and Olives  
Game farming

The District currently has a competitive advantage in a number of crops, including table grapes, citrus and vegetables for processing (Womiu Rural Development, 2006b). This can be maintained if the District promotes processing and other value-adding activities for these products.

**(b) Emerging and small-scale agriculture**

Almost 70% of Sekhukhune farmers are subsistence farmers. This group of farmers engages extensively in both livestock and crop farming.

In the mid-1990s, three Farmer Support Programmes were providing assistance to about 16,000 small-scale maize farmers in Phokoane, Ndebele and Sterkspruit. These programmes have been discontinued (Womiwu Rural Development, 2006a) and subsistence agricultural production in Sekhukhune has generally dropped significantly (DoA, 2006).

The two areas with the highest potential for small-scale farmers are the higher rainfall dryland areas, as well as the Olifants River Irrigation Scheme. The latter consist of 42 government-assisted schemes allocated to approximately 3,000 farmers, and has been identified as part of the Limpopo DoA's *Revitalisation of smallholder schemes*. The table below captures the schemes that will be revitalised under this initiative in the first 2 years:

**Table 41: Planned revitalisation of small-scale farming schemes in Sekhukhune**

Name of scheme	Size (ha)	No of farmers
Boschkloof	127	200
Lepellane	340	68
Montevideo	90	31
Gataan	115	129
De Paarl	68	54
Goedvertrouing	123	102
Nooitgesien	110	91
Steelpoortdrift	94	72
Strydkraal	92	92
Wonderboom	117	23
<b>Total</b>	<b>1,276</b>	<b>862</b>

**Source: Womiwu Rural Development (2006a). Scoping paper: Agricultural sector.**

The future of agriculture in Sekhukhune is, however, impeded by a number of factors. These include water scarcity, distorted land ownership patterns, a growing number of land claims, limited support services and inadequate infrastructure and services. The huge disparities between the commercial and subsistence farming worlds may also eventually cause some social tension. The other area of potential tension lies in conflicting social and economic demands for water, an increasingly scarce resource in the District. It is a tension that will need to be mediated through future IDP processes.

Despite these potential difficulties, opportunities abound for agriculture in Sekhukhune, and the sector is likely to play a dominant role in the District's forthcoming *2025 Strategy*. It is also a critical element of provincial economic strategy.

### 5.7 Agriculture and the LGDS

There are two identified agricultural clusters within the LGDS:

- Red meat cluster
- Horticultural cluster

Both have implications for future agricultural development in the Sekhukhune District. The red meat cluster could be developed best in the Phokoane/Ndebele area, and the horticultural cluster in the Groblersdal/Marble Hall area. Both options are currently being considered by the Sekhukhune District and feasibility studies are being undertaken in 07/08 financial year.

#### *Agricultural activities with the most potential in Sekhukhune*

Recent research done for the District's *2025 Strategy* identified 6 areas that held the most potential for Sekhukhune agriculture. These are:

- Crops associated with the bio-fuels industry (soya, sorghum, maize, groundnuts, sunflower, etc)
- Dryland farmer support programme focusing on maize, sorghum and guar
- Farmer support programme focusing on cattle and goat farming
- Red meat cluster development, concentrating on the sourcing of weaners, feedlots, feed manufacturing, abattoir and other processing

General farmer support programmes looking at the unutilised capacity of small community projects in the District

Commercial and horticultural production, especially in terms of cluster development in the high potential areas of Groblersdal/Marble Hall and Ohrigstad/Watervals-Spekboom (focused on value-adding activities (Womiwu Rural Development, 2006b). These options are currently being investigated by the District.

## 5.8 Tourism

Nationally, there has been a major shift in the tourism sector away from strategies that rely on physical attributes towards those that emphasise competitive behaviour. This notion is taken forward in key provincial documents, such as the *LGDS* and the *Provincial Tourism Plan*, which call for the development of spatially concentrated clusters that have unique competitive success in a particular field.

Within the Sekhukhune context, a number of clusters have been identified recently as offering significant tourism potential. These include:

Themed routes for special interest groups

Family recreation for neighbours and local residents

The game industry for hunters, lodges and game farmers

Business tourism

Agri-tourism

(G Steyn and Associates, 2006)

### (a) Current tourism infrastructure

Tourism has been identified as one of the major growth sectors in the Sekhukhune District. The District's *Tourism Strategy* indicates that there are an estimated 84 accommodation facilities offering 2,627 beds throughout Sekhukhune. The sector also employs about 962 persons.

**Table 42: Accommodation facilities in Sekhukhune**

Municipal area	No of facilities	No of beds	Occupancy rate (%)	Turnover	Staff employed
Tubatse	20	1,278	67	47,200,000	432
Elias Motsoaledi	24	577	59	20,200,000	222
Marble Hall	29	677	54	23,000,000	260
Fetakgomo	1	20	n/a	200,000	12
Makhuduthamaga	6	75	62	2,600,000	36
<b>Sekhukhune</b>	<b>81</b>	<b>2,627</b>	<b>62</b>	<b>93200,000</b>	<b>962</b>

Source: GSDM (2005). Greater Sekhukhune Tourism Development Strategy. Status Quo Report.

The potential of this sector could be more fully exploited if multiplier effects are taken more advantage of.

### (b) Flagship tourism projects

The Sekhukhune area has a number of potential tourism attractions, some of which have been captured as flagship projects under the District's new tourism plan. The area hosts the scenic Flag Boshielo Dam area, for example, as well as the adjoining Schuinsdraai Nature reserve, Potlake Nature Reserve and the Maleoskop resort and conservancy.

### (c) Tourism anchor projects in Sekhukhune

The District's *Tourism Development Strategy* recommends the 5 following anchor projects:

Flag Boshielo cluster

Tjate heritage site

Main entrance gate and route development

Klein Drakensberg escarpment

De Hoop Dam to Mapoch recreation complex

### (d) Future growth

According to the District's draft *LED Strategy* (GSDM, 2007a), tourism in Sekhukhune is still in its infancy with limited offerings and low service standards. It does, however, have the potential to diversify the economy in a sustainable and labour intensive manner. The Sekhukhune area encompasses a variety of potential tourism destinations, which many specific market niches. These niches need investigation and



development of destinations, into compelling attractions. Growth in tourism is currently driven mainly by business visitors in the public and mining sector activities and agriculture provides an opportunity to grow the sector creatively with unique attractions.

Recent research done for the Sekhukhune District's draft *2025 Strategy* also made a few predictions about the employment-generating potential of the tourism sector in the area. The employment potential of some of the key projects is captured in the table below.

Table 43: Predictions about the employment potential of the Tourism Sector

	Unskilled jobs	Total jobs
Flag Boshielo – construction phase	310	470
Flag Boshielo – operational phase	100	200
Tjate heritage site – construction phase	20	26
Tjate heritage site – operational phase	6	11
Entrance gates and route development – construction phase	50	80
Entrance gates and route development – operational phase	25	52
Klein Drakensberg complex - construction phase	60	85
Klein Drakensberg complex - operational phase	36	62
De Hoop family resort - construction phase	180	360
De Hoop family resort - operational phase	88	140
De Hoop conservancy - construction phase	20	40
De Hoop conservancy - operational phase	12	20

**Source: Procurement Dynamics and G Steyn and Associates (2006). Economic impact assessment and ranking of tourism projects .**

At present, however, there are very few institutions serving the tourism industry in Sekhukhune. These include Sun Valley Tourism, Marble Hall LM's tourism body. The Roossenekal Tourism Publicity Association is found within Elias Motsoaledi and, amongst other things, stages the Arum Lily Festival. Other role-players connected to the Sekhukhune tourism industry include the Limpopo Department of Economic Development, Environmental Affairs and Tourism (DEDAT), Limpopo Tourism and Parks Board (LTP) and Limdev.

The future growth of the tourism industry is further impeded by infrastructural and service delivery constraints in Sekhukhune. These include poor roads, telecommunications, electricity and water supply.

### 5.9 Retail and wholesale trade and services

According to Stats SA data presented earlier in this section, the Trade and Services sector is also a major contributor to GGP (17%). The sector has shown a significant increase in its contribution to the aggregate GGP, registered a high growth rate and remains a relatively large component of the local economy. The sector responds predominantly to local markets. Growth in these sectors could be explained by increased local spending power as a result of growth in the public and mining sectors.

Formal trade is mostly restricted to the major towns such as Marble Hall and Groblersdal, while informal trade takes place throughout the rural parts of the District, including the numerous villages.

### 5.10 Manufacturing

Manufacturing is a relatively small sector within the Sekhukhune economy. The most common manufacturing activities include the making of sand bricks, windows, doors and steel frames. These activities respond to local demand from the infrastructural development associated with housing projects, road rehabilitation, as well as agriculture and mining activities.

There is potential for growth in manufacturing if effective links are created to exploit opportunities resulting from the mining and public sector infrastructure spending.

### 5.11 Construction

The construction sector is also a relatively small, but important, contributor to Sekhukhune's GGP. It is linked to development within all the other sectors of the economy. This includes the demand for the construction of public sector infrastructure (housing, roads, provision of basic services, the De Hoop dam and the pipeline network) – a trend that is large and growing. Most construction work is currently sourced

from outside the District. This poses the challenge for local residents to either become competitive enough or partner with already competitive contractors to share in this growth.

### **5.12 Transport, logistics and communications**

The transport, logistics and communications sector is becoming significantly more important in Sekhukhune, especially with the gradual increase in activities of other economic sectors. The anticipated expansion in mining, for instance, offers tremendous opportunity for passenger transport and material. Similarly, public sector infrastructural development also demands the movement of huge amounts of material and people.

### **5.13 Financial, business and real estate services**

The financial and business services sector is an important contributor when analyzed in the context of the District economy. The contribution is between 10 to 12 %. It is also important because it facilitates the development of other economic sectors in the area. At present, the majority of these services are concentrated within the economic nodes of Groblersdal and Marble Hall.

### **5.14 Public sector**

The government sector employs 16% of the total Sekhukhune population, provides public services and invests in development work. Besides the employment created, income generated and spent in Sekhukhune, the public sector also has a key role to play in the economy in the way decisions are taken. The delivery of the public infrastructure budget for example, could be prioritized to unlock economic potential, in the absence of which, opportunities could be wasted. However, public expenditure in Sekhukhune far exceeds its ability to raise tax revenue. The inference is that Sekhukhune's public spending is actually mainly paid for by the rest of the country.

### **5.16 Development corridors in Sekhukhune**

A number of development corridors have the potential to promote economic growth within the Sekhukhune District (GSDM, undated, b). These are described below.

#### **The Dilokong corridor**

The Dilokong (Platinum) Primary Corridor is an extremely important corridor to both Sekhukhune and the province. It correlates largely with the R37 road, which runs from Polokwane through Lebowakgomo to Burgersfort.

The Dilokong corridor is characterised by booming mining activities alongside its trajectory. Projected mining expansion in the area is likely to boost the importance of this initiative as well. Tubatse benefits the most from developments in this corridor, with lesser benefits accruing to Fetakgomo as well.

The Dilokong Corridor also encompasses a number of growth points including Atok (within Fetakgomo), Mecklenburg and Burgersfort. The Burgersfort cluster includes a provincial growth point (Burgersfort), District growth point (Steelpoort) and municipal growth point (Driekop). The remaining settlements which forms part of the Burgersfort cluster, have been classified as population concentration points. These settlements are also important in the development of the area mainly because they have residential development potential for the mines (GSDM, undated, b).

#### **(a) The N11 corridor**

The primary N11 corridor runs from Botswana through Potgietersrus down to Groblersdal and onwards to Middleburg on the western side of the District. It serves as a major transport route in the western part of the District, particularly for transporting agricultural produce. The road conditions along this corridor are fairly poor, however.

Marble Hall and Groblersdal fall within the N11 corridor. These towns have also been classified as provincial growth points because of their important service function to the surrounding communities, as well as their linkages to the agricultural sector (GSDM, undated, b).

#### **(b) Jane Furse corridor**

The mainly residential development on the road between Lebowakgomo via Ga-Masemola and Ga-Phahla to Jane Furse and Glen Cowie/Phokwane can be classified as a secondary development corridor within

Sekhukhune. This corridor does not form part of a SDI route, but is a corridor in terms of the nature and extent of the large population concentration in the area.

This secondary corridor also has some economic potential, largely because of the presence of Jane Furse.

**(c) Burgersfort/Stoffberg corridor**

This secondary corridor can play a significant role in the development of mining. It extends from Burgersfort via Steelpoort to Stoffberg. A number of mining activities are taking place at the moment along this corridor. Proper infrastructure will be required to facilitate mining expansion, however. Proper development of this corridor will stimulate economic development of the surrounding areas. It will mostly cater for the transportation of goods and services.

**(d) Other corridors**

The following tertiary corridors were identified within the Sekhukhune District Municipality:

From Burgersfort to Penge

From Marble Hall to Siyabuswa

From Groblersdal to Stoffberg

From Marble Hall along the Olifants to Atok

From Jane Furse to Nchabeleng

(GSDM, undated).

These corridors have various clusters, which are primarily classified as population concentration points, including municipal growth points. They also connect various villages with different growth points. They are strategically distributed and link well with the primary and secondary corridors identified above. Some of the identified tertiary corridors need upgrading in order to stimulate economic growth in these clustered villages and municipal growth points.

### **5.17 Local Economic Development Projects**

Each local municipality's economy within the Sekhukhune District has distinctive characteristics of its own which collectively contribute to the overall economic make-up of the area. This section presents a snapshot of these local economies.

**(a) Greater Tubatse Local Municipality**

Greater Tubatse is a strong economic centre within the Sekhukhune District, primarily because of its mining sector. Mining is indeed the major source of employment and economic growth in Tubatse. Minerals found here include platinum, chrome, vanadium, andalusite, silica and magnetite. The mining sector is currently growing rapidly in this area, and the town Greater Tubatse (Burgersfort) is now one of the fastest growing towns in the country.

Retail, trade, services and agriculture also contribute to the Greater Tubatse economy and are major employers. Agricultural products cultivated in this area include citrus, vegetables, corn and maize. Livestock farming includes cattle, goats and game.

**(b) Makhuduthamaga Local Municipality**

The Makhuduthamaga municipality promotes agriculture, tourism and mining as the key growth sectors. There are a number of mining exploration exercises that are taking place within the municipality. If mining does indeed prove feasible, it will have an added impetus on the creation of much needed jobs in particular and the growth of the economy in general.

The decision to locate the District Municipality in Jane Furse will provide substantial growth impetus, perhaps at the cost of Elias Motsoaledi Local Municipality. Furthermore, the agricultural and tourism potential of the municipality have yet to be exploited fully. At the moment limited forms of agricultural and tourism activities are taking place.

**(c) Greater Marble Hall Local Municipality**

The availability of irrigation water from the closely situated Loskop Dam makes Marble Hall a thriving agricultural area. Marble Hall is known for its extensive irrigation farming which includes cotton (Marble Hall has one of the biggest Cotton Production Centres in the Southern Hemisphere), wheat, citrus, table grapes and vegetables. The extensive vegetable cultivation provides for the Gauteng market and national retailers. Citrus and table grapes are exported to the European market.

**(d) Fetakgomo Local Municipality**

Fetakgomo Municipality is blessed with mineral deposits, such as platinum, which with the public sector, makes the largest contributions to the local economy. It is situated in the fertile soil alongside the rivers of Lepelle and Lepellane, offering great agricultural potential which is currently underutilised. This

municipality is surrounded by beautiful mountains and has a rich cultural history with potential to become tourist attractions.

**(e) Elias Motsoaledi Local Municipality**

Groblerdal is the centre of a progressive farming community because of the town’s fortunate location in the Olifants River irrigation area below Loskop Dam. Intensive agricultural activities (under 5 irrigation schemes) cover a total surface area of 28 800 ha. The gross agricultural production of the district is estimated at R250 million per annum. The agricultural produce includes grapes, wheat, tobacco, maize, soya beans, citrus fruits, cotton and vegetables.

**Table 44: Priority sectors of local municipalities**

Local municipality	Agriculture and agro-processing	Mining	Construction	Tourism	Other sectors	Public Sector
Elias Motsoaledi	X	X		X		X
Fetakgomo	X	X (platinum)	X	X		X
Makhuduthamaga	X	X (concrete)		X	X (retail)	X
Marble Hall	X		X	X		
Tubatse	X	X (various)		X		X

Source: GSDM (2006b). Results of LED rapid appraisal.

**5.18 Competitive and comparative advantages**

For the Sekhukhune economy to grow sustainably, revenue and investment flows must increase, preferably from external markets. It is therefore necessary to determine which external markets Sekhukhune-based enterprises can compete in profitably and sustainably. It is also important to understand the nature of competitive advantages and disadvantages in these markets, and to recognize which factors are critical to success and which factors still constrain the relevant sector’s performance.

The District is currently exploring 5 key markets that offer viable potential to drive future economic growth in Sekhukhune. These are described briefly below, and their competitive advantages and disadvantages are highlighted.

**(a) Platinum and chrome ore mining**

Prospects for the sustained growth and competitiveness of platinum and chrome ore are extremely healthy, as previous sections in this chapter have attested. The potential for pro-poor growth is also solid, mainly in enterprises supplying goods and services to the mines.

Main market: Gauteng and international mining houses

Table 45: Sector: Mining

Competitive Advantages	Competitive Disadvantages
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<ul style="list-style-type: none"> <li>• Lead enterprises are established to become world players and financially robust</li> </ul> <p>Demand conditions:</p> <ul style="list-style-type: none"> <li>• Fully integrated into international value chains</li> </ul> <p>Supporting Industries:</p> <p>Locational factors:</p> <ul style="list-style-type: none"> <li>• Vast and rich mineral deposits</li> <li>• Situated close to the smelters</li> <li>• High value minerals</li> <li>• Extracted at competitive cost</li> <li>• Ample supply of labour</li> </ul>	<ul style="list-style-type: none"> <li>• Few local support industries</li> <li>• Shortages of skills</li> <li>• Low levels of education</li> </ul> <p>Uncertainty about land availability for:</p> <ul style="list-style-type: none"> <li>• Expansion: surface mining rights</li> <li>• housing</li> <li>• Ability to anticipate and manage community expectations related to development</li> <li>• Relationship challenges with neighbouring communities</li> </ul>
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Source: GSDM (2007b). Draft Local Economic Development (LED) strategy.

**(b) Supplies and outsourced services to local mines**

Currently, prospects for sustained growth and competitiveness are healthy for the next 20 years<sup>1</sup>. The potential for pro-poor growth is reasonable, and mainly in enterprises supplying goods and services to the mines. Employment in these services and production are labour intensive. The growth in these sectors will also contribute to growth in other sectors, such as retail, property and transport.

Main market: Platinum and Chrome mining cluster on the Dilokong Corridor

Table 46: Main sectors: Services, Transport & Logistics, Construction, Manufacturing, Property Market Agriculture, Agro-Processing, Tourism

Competitive advantages	Competitive disadvantages
<p>Demand conditions:</p> <ul style="list-style-type: none"> <li>• There are more than forty types of services that the mine could source locally if competitive service providers can be established or attracted to operate from Fetakgomo.</li> <li>• The opportunities include transport of material in the mine, out to the smelter, cleaning services, labour broker, maintenance of plant and machinery, garden services and catering services including the supply of meat and vegetables.</li> <li>• The mines are willing to source locally provided competitive suppliers that can be developed.</li> <li>• Risk should be managed - mine operations must not be disrupted by supplier/ service</li> </ul>	<ul style="list-style-type: none"> <li>• Most of these services are currently supplied from outside GSDM</li> <li>• Shortage of good local suppliers</li> <li>• Quality of work inconsistent</li> <li>• Poor quality control</li> <li>• Tendering skills limited</li> <li>• Limited expertise to manage big contracts</li> <li>• Poor cooperation between established and emerging contractors</li> </ul>

<p>provider failures</p> <ul style="list-style-type: none"> <li>• Most procurement takes place from head office outside GSDM</li> </ul> <p>Supporting Industries:</p> <ul style="list-style-type: none"> <li>• LIBSA</li> <li>• LIMDEV</li> <li>• Supportive Local government</li> </ul> <p>Locational factors:</p> <ul style="list-style-type: none"> <li>• Close proximity to the large scale mining activities - mine as a market</li> <li>• Access to basic services in growth points <ul style="list-style-type: none"> <li>• Some existing service providers</li> <li>• Some existing facilities and infrastructure</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Limited support industries</li> <li>• Private sector not aware and do not have access to opportunities</li> <li>• Lack of appropriate business support services <ul style="list-style-type: none"> <li>• Limited availability of finance</li> <li>• Shortages of skills</li> <li>• Low levels of education</li> </ul> </li> <li>• Shortage of serviced industrial property in suitable locations close to the mines</li> <li>• Limited telecommunication infrastructure</li> </ul>
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**Source: GSDM (2007b). Local economic development (LED) strategy.**

**(c) Fruit, vegetables, cotton, meat and beneficiation**

Agriculture is labour intensive and creates employment. Prospects for sustained growth and competitiveness are good if existing constraints can be dealt with effectively. The potential for pro-poor growth is high, especially if markets can be made more easily accessible for example establishment of a local agro-processing plant that sources from emerging farmers. Agriculture only makes a marginal contribution to growth in other sectors.

Despite the water constraint in many areas, other production areas with irrigation are under utilised for various reasons. The sector does have the expertise, experience and market linkages to grow and create many jobs. The climate and location offers competitive advantage i.e.; speed to market and the long duration of the warm season.

Table 47: Main markets: National Retailers, EU Agents & Chain stores, Gauteng Fresh Produce markets  
Sectors: Agriculture, Agro-Processing

Competitive advantages	Competitive disadvantages
<ul style="list-style-type: none"> <li>• Established commercial farming sector</li> <li>• Advanced citrus sector serving international markets</li> <li>• Markets for livestock: Mines, Gauteng,</li> <li>• Established links to the Gauteng, National Retailers and EU markets</li> </ul>	<ul style="list-style-type: none"> <li>• Subsistence level farming persists</li> <li>• Oversupply in commodity markets pushes prices down, affording low margins.</li> <li>• Farmers have little to no bargaining power.</li> <li>• Access to markets limited</li> </ul>



<p>Demand conditions:</p> <ul style="list-style-type: none"> <li>• Rand has weakened recently, contributing to price competitiveness in export markets.</li> </ul> <p>Supporting Industries:</p> <ul style="list-style-type: none"> <li>• Availability of technical skills</li> </ul> <p>Locational factors:</p> <ul style="list-style-type: none"> <li>• Proximity to Gauteng market</li> <li>• Close to the mine as a market</li> <li>• Vast expanses of unutilised land with agriculture potential</li> <li>• Availability of water (near rivers and irrigation schemes)</li> <li>• Water supply to improve, increased capacity of Flag Boshielo and the new De Hoop dams <ul style="list-style-type: none"> <li>• Under-utilised existing irrigation schemes</li> <li>• Fertile soil</li> <li>• Favourable climate conditions</li> <li>• Long seasons for production</li> <li>• Existing skills</li> </ul> </li> <li>• Potential for larger scale commercialisation - variety of products <ul style="list-style-type: none"> <li>• Entrepreneurs with ideas and capital</li> <li>•</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Emerging farmers especially in remote areas have limited access to markets</li> <li>• Limited access to suppliers in remote areas</li> <li>• Limited emerging / established partnerships</li> <li>• Ineffective technical support to emerging farmers <ul style="list-style-type: none"> <li>• Mistrust by business of government</li> </ul> </li> <li>• Land ownership: current regulations discourages investment</li> <li>• Labour regulations discourage fulltime employment to the detriment of both the farmer and the farm worker.</li> <li>• 75% of the arable land in GSDM is under unsettled claim (850 claims)</li> <li>• Agricultural expansion is water constrained in many places <ul style="list-style-type: none"> <li>• Shortages of certain skills</li> <li>• Low levels of education</li> <li>• Limited electricity supply to remote areas</li> </ul> </li> <li>• Limited access to telecommunications infrastructure <ul style="list-style-type: none"> <li>• Risks associated with periods of drought</li> </ul> </li> <li>• Limited supply of veterinary services in outlying areas <ul style="list-style-type: none"> <li>• Some areas suffer from erosion and overgrazing</li> </ul> </li> </ul>
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Source: GSDM (2007b). Local economic development (LED) strategy.

**(d) Fruit, vegetables, cotton, meat and beneficiation**

Agriculture is labour intensive and creates employment. Prospects for sustained growth and competitiveness are good if existing constraints can be dealt with effectively. The potential for pro-poor growth is high, especially if markets can be made more easily accessible for example establishment of a

local agro-processing plant that sources from emerging farmers. Agriculture only makes a marginal contribution to growth in other sectors.

Despite the water constraint in many areas, other production areas with irrigation are under utilised for various reasons. The sector does have the expertise, experience and market linkages to grow and create many jobs. The climate and location offers competitive advantage i.e.; speed to market and the long duration of the warm season. Main markets: National Retailers, EU Agents & Chain stores, Gauteng Fresh Produce markets

Table 48: Sectors: Agriculture, Agro-Processing

Competitive advantages	Competitive disadvantages
<ul style="list-style-type: none"> <li>• Established commercial farming sector</li> <li>• Advanced citrus sector serving international markets</li> <li>• Markets for livestock: Mines, Gauteng,</li> <li>• Established links to the Gauteng, National Retailers and EU markets</li> </ul> <p>Demand conditions:</p> <ul style="list-style-type: none"> <li>• Rand has weakened recently, contributing to price competitiveness in export markets.</li> </ul> <p>Supporting Industries:</p> <ul style="list-style-type: none"> <li>• Availability of technical skills</li> </ul> <p>Locational factors:</p> <ul style="list-style-type: none"> <li>• Proximity to Gauteng market</li> <li>• Close to the mine as a market</li> <li>• Vast expanses of unutilised land with agriculture potential</li> <li>• Availability of water (near rivers and irrigation schemes)</li> <li>• Water supply to improve, increased capacity of Flag Boshielo and the new De Hoop dams</li> <li>• Under-utilised existing irrigation schemes</li> <li>• Fertile soil</li> <li>• Favourable climate conditions</li> <li>• Long seasons for production</li> <li>• Existing skills</li> <li>• Potential for larger scale commercialisation - variety of products</li> <li>• Entrepreneurs with ideas and capital</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Subsistence level farming persists</li> <li>• Oversupply in commodity markets pushes prices down, affording low margins.</li> <li>• Farmers have little to no bargaining power.</li> <li>• Access to markets limited</li> <li>• Emerging farmers especially in remote areas have limited access to markets</li> <li>• Limited access to suppliers in remote areas</li> <li>• Limited emerging / established partnerships</li> <li>• Ineffective technical support to emerging farmers</li> <li>• Mistrust by business of government</li> <li>• Land ownership: current regulations discourages investment</li> <li>• Labour regulations discourage fulltime employment to the detriment of both the farmer and the farm worker.</li> <li>• 75% of the arable land in GSDM is under unsettled claim (850 claims)</li> <li>• Agricultural expansion is water constrained in many places</li> <li>• Shortages of certain skills</li> <li>• Low levels of education</li> <li>• Limited electricity supply to remote areas</li> <li>• Limited access to telecommunications infrastructure</li> <li>• Risks associated with periods of drought</li> <li>• Limited supply of veterinary services in outlying areas</li> <li>• Some areas suffer from erosion and overgrazing</li> </ul>

Source: GSDM (2007b). Local economic development (LED) strategy.

**(e) Business and leisure tourism**

In lieu of the high dependency of the Sekhukhune economy on the public and mining sectors, other sectors need to be developed in the longer term to diversify the economy. This will render it less vulnerable when the mining boom subsides. Tourism is one sector where competitive advantage can be developed and maintained over time. The short term demand especially, whilst the mining expansion takes place, presents an opportunity to create appropriate facilities that meet the market demand and will be sustainable. The current tourism sector is not yet competitive but has the potential to become competitive due to infrastructure development of new access roads and key tourism attractions. The potential for pro-poor

growth is limited in the short term but will increase with time. Tourism is typically labour intensive and will have positive spin-offs for other sectors such as housing, retail and golf course development following tourism investment.

Main markets: Local and Foreign Tourists travelling mainly from Gauteng

Table 49: Tourism sector: Accommodation and other tourism service providers

Competitive advantages	Competitive disadvantages
<ul style="list-style-type: none"> <li>Consists mainly of a number of small lodges, guesthouses, game farms, backpacker establishments. Dedicated restaurants consist mainly of fast food franchise outlets.</li> </ul> <p>Demand conditions:</p> <ul style="list-style-type: none"> <li>Largest demand for “business tourism” - visitors to the public-, mining- and agriculture- sectors</li> <li>Unmet need for accommodation from mine- and municipal- visitors to areas other than Marble Hall, Groblersdal and Burgersfort</li> </ul> <p>Supporting Industries:</p> <ul style="list-style-type: none"> <li>Proactive Government Support for Tourism in the form of:</li> <li>R60 million from Province, National Dept’ Environmental Affairs and Tourism and National Dept. Water Affairs</li> <li>Political support</li> <li>Support from the Magoshi</li> </ul> <p>Locational factors:</p> <ul style="list-style-type: none"> <li>Flag Boshielo dam / Schuinsdraai game reserve initiative - Planned Big 5 reserve, malaria free, only two hours from Gauteng, housing &amp; golf estate</li> <li>Variety of agricultural education attractions</li> <li>Picturesque area with potential for many activities related to the landscape</li> <li>Rich cultural historical area with many heritage sites</li> </ul>	<ul style="list-style-type: none"> <li>Key tourist attractions / heritage sites still not developed to competitive standard</li> <li>Poor quality of service and skills, especially in the hospitality sector</li> <li>Limited understanding of target markets</li> <li>Fragmentation and poor cooperation in the tourism sector</li> <li>Poorly maintained roads and underdeveloped road infrastructure</li> <li>Shortage of skills in the broad tourism sector</li> <li>Land ownership constraint in tribal areas</li> <li>Development land / site availability/ ownership = investment risk</li> <li>Backlog in basic infrastructure (including electricity) in rural and remote areas</li> <li>Limited access to telecommunication infrastructure</li> </ul>

Source: GSDM (2007b). Local economic development (LED) strategy.

#### (f) Public Sector Infra-structure Spending

The public sector investment and service provision in Sekhukhune will continue to grow as long as the District remains a Presidential priority node. Two distinct potentials arise that LED can tap into:

Directing/shifting such investment to support the LED strategic priorities to unlock economic potential more effectively. Increasing the local private and emerging sector capacity to deliver such services, to win a larger share of these local contracts. The public sector market includes work contracted by: Department of Water Affairs and Forestry, Department of Public Works, Road Agency Limpopo, Department of Housing and Department of Provincial and Local Government (MIG) expenditure.

Table 50: Local suppliers: Construction, Transport & Logistics, Services, Manufacturing, Property Market, Tourism

Competitive advantages	Competitive disadvantages
<ul style="list-style-type: none"> <li>Public sector service providers</li> </ul> <p>Demand conditions</p> <ul style="list-style-type: none"> <li>GSDM is a presidential development node and qualifies proportionately for more state</li> </ul>	<ul style="list-style-type: none"> <li>Mostly external to GSDM</li> <li>Quality of work</li> <li>Poor quality control</li> <li>Poor cooperation between established and emerging contractors</li> </ul>

<p>development funding</p> <ul style="list-style-type: none"> <li>• Massive investment in upgrading the GSDM infrastructure is planned – this includes building of dams, reticulating water and waste, roads, housing development, electricity and telecommunications,</li> <li>• Quality of infrastructure not to be compromised by awarding contracts to underperformers</li> </ul> <p>Supporting Industries</p> <ul style="list-style-type: none"> <li>• Municipal planners, Engineers, Building inspectors</li> <li>• Supportive Local Government</li> <li>• Qualify for MIG, EPWP, ... grant funding</li> <li>• LIBSA provides training support</li> </ul> <p>Locational factors</p> <ul style="list-style-type: none"> <li>• Cost advantage of local proximity</li> <li>• Local know how</li> <li>• Diversity of construction skills</li> <li>• Contractors willing to work together</li> <li>• Earth moving equipment</li> <li>• Building materials available</li> </ul>	<ul style="list-style-type: none"> <li>• Limited experience and credibility of local construction enterprises</li> <li>• Limited tendering skills</li> <li>• Limited expertise to manage big contracts</li> <li>• Municipalities are not accessing maximum of infrastructure grants</li> <li>• Local development priorities are not linked effectively to District and Provincial priorities</li> <li>• Local development priorities not linked effectively to public sector support agencies</li> <li>• Locals not aware of all the existing opportunities / potential projects</li> <li>• Limited availability of finance for construction sector</li> <li>• Shortage of engineers</li> <li>• Shortages of technical skills</li> <li>• Low levels of education</li> </ul>
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Source: GSDM (2007b). Local economic development (LED) strategy.

### 5.19 Tourism

The table below is the result of a rapid appraisal process conducted in November 2006 as part of the District's LED strategy formulation (GSDM, 2006b). It sets out the main local constraints to growth that municipal practitioners themselves identified.

**Table 51: Constraints to economic growth in Sekhukhune**

Land	Roads	Skills	Other
<b>Elias Motsoaledi</b>			
<ul style="list-style-type: none"> <li>• Land ownership</li> </ul>	<ul style="list-style-type: none"> <li>• Groblersdal to Roossenekal (R3700)</li> <li>• Groblersdal to Bronkhorspruit (R25)</li> <li>• The road from Groblersdal via Roossenekal to the Mapoch Caves needs upgrading.</li> </ul>	<ul style="list-style-type: none"> <li>• Support emerging farmers to gain commercial farming skills</li> </ul>	<ul style="list-style-type: none"> <li>• Infrastructure development around Mapoch Cave</li> <li>• Infrastructure e.g. roads, water and electricity for mines</li> </ul>
<b>Fetakgomo</b>			

<ul style="list-style-type: none"> <li>• Unblock the land constraint</li> </ul>	<ul style="list-style-type: none"> <li>• Upgrade D4190 Road to Atok Mine.</li> <li>• Build a road from R37 to Sekhukhune cultural village</li> </ul>	<ul style="list-style-type: none"> <li>• Support emerging farmers to gain commercial farming skills and lift them to a commercial level</li> </ul>	<ul style="list-style-type: none"> <li>• Remove blockages to investment in housing</li> </ul>
<b>Makhuduthamaga</b>			
<ul style="list-style-type: none"> <li>• Access to land</li> <li>• Delay in proclamation of Jane Furse as a township.</li> <li>• Fragmented release of land which leads to distorted planning</li> </ul>	<ul style="list-style-type: none"> <li>• Road to Manchi Masemola tourist site, various access roads to heritage sites and to link municipal sub-growth points and nodes of neighbouring municipalities</li> </ul>		<ul style="list-style-type: none"> <li>• Funding for feasibility studies</li> </ul>
<b>Marble Hall</b>			
<ul style="list-style-type: none"> <li>• Make more land available (land audit)</li> </ul>	<ul style="list-style-type: none"> <li>• Upgrade roads starting with reconstruction of part of the N11</li> </ul>	<ul style="list-style-type: none"> <li>• Support emerging farmers to gain commercial farming skills</li> <li>• Strengthening of Tompi Seleka Agricultural College</li> <li>• Capacity Building for Small Contractors</li> <li>• Facilitate Access to Technical Skills and Accreditation</li> </ul>	<ul style="list-style-type: none"> <li>• Determine the key factors that discourage employment of permanent farm workers</li> <li>• Remove municipal capacity bottlenecks to infrastructure development.</li> <li>• Flag Boshielo concessions and Property Development</li> </ul>
<b>Tubatse</b>			
<ul style="list-style-type: none"> <li>• No readily available land for development. Municipality does not own sufficient land to stimulate economic growth in Burgersfort and Steelpoort.</li> <li>• Land is owned by private sector and is sold at a high price.</li> </ul>	<ul style="list-style-type: none"> <li>• Major roads needs to be upgraded - R37, R555</li> </ul>		<ul style="list-style-type: none"> <li>• Mining supply park</li> <li>• DeHoop dam (water)</li> </ul>

Source: GSDM (2006b). Results of LED rapid appraisal.

## 6. BUDGET OVERVIEW: EXECUTIVE SUMMARY

### 6.1 KEY ISSUES

#### Unfunded Mandate

In addition to the core functions that the Greater Sekhukhune District Municipality has to carry out in terms of the Constitution, other non-core functions and services are being provided, which in terms of the Constitution fall under the responsibility of National or Provincial Authorities. These functions include the provision of Health Services, Libraries, Museums, and Housing. The reduction or non-payment of subsidies for these services requires the municipality to allocate its own resources to make up the shortfall.

These unfunded mandates are as follows:

	R'm
Electricity	R 7.0
Roads except for Fetakgomo	<u>R111.2</u>
Total	R118.2

### **Salaries and Allowances**

This expenditure is continually being reviewed and in order to contain personnel costs and ensure effective utilization of available budgetary provisions, the filling of all vacancies currently has to be authorized prior to the recruitment process. As a result the percentage Salaries and Allowances of the total Operating Budget has declined steadily over the years to an acceptable level of 25.3%, however, year on year (2008/09 – 2009/10), the employee related costs reflect an increase of 15.5% which is mainly attributable to the provision for a salary increase of 12% coupled with the provision for critical vacancies. As the grading process has now been completed, the impact thereof has also been provided for in the budget. However, the municipality will continue to look at new ways of doing business, improving productivity, implementing Business Process Re-engineering (BPR) and undertaking rationalization initiatives in order to maintain this expenditure at acceptable levels.

### **Unaccounted for Water (Loss in Distribution)**

The level of the water loss has stubbornly remained unaccounted. The following additional measures are in place in an attempt to reduce future losses to an acceptable level:

- PRV maintenance – Preventative maintenance on all pressure reducing valves together with the installation of advanced warning devices.
- Billing consumers who were previously not billed.
- The District is in a process of performing water demand management

Every possible measure will be taken to curb the water loss as this has an impact on the setting of an affordable water tariff. It is estimated that for the 2009/10 year the targeted loss in distribution will be a reduction to 35%. The effectiveness of the measures put into place will be reviewed on an ongoing basis.



## **7. BUDGET PROCESS**

### **7.1 Overview**

The budget process is an effective process that every local government must undertake to ensure good governance and accountability. The process outlines the current and future direction that the Municipality would follow in order to meet legislative stipulations. The budget process enables the Municipality to optimally involve residents and other stakeholders in the budgeting process.

The budget preparation process is guided by the following legislative requirements:

- Municipal Finance Management Act
- Municipal Systems Act
- Municipal Structures Act

Greater Sekhukhune District Municipality's Budget/Integrated Development Plan (IDP) Review process for the 2009/10 financial year started with the development and approval in August 2008 of the "Process for the Budget Formulation and IDP Review". The outcome of the process plan was an understanding and commitment by all stakeholders on the process to be followed in reviewing the IDP as well as formulating the budget.

In September 2008, budget instructions (broad expenditure parameters) were issued to departments by the Budget Office. During October 2008, budget meetings were held in various clusters. At these meetings, budget strategy, budget policies and the alignment of the Operating Budget with the IDP were discussed. Departments thereafter submitted inputs and a first draft was compiled during late November 2008.

During January 2009 deliberations were held on the budget with the various Cluster Heads and their teams with a view to assessing the budget and reducing the deficit in order to ensure that the increase in rates and tariffs to balance the budget was restricted to an acceptable level.

The mechanism through which the municipality is identified and priorities set is the Integrated Development Plan (IDP). The capital budget is then accordingly allocated to cover the higher priority projects in the IDP. The first Draft of the Capital budget for the MTEF commencing 2009/10 reflected on over subscription for all three years. A series of meetings were held during October and November 2008 to ensure that the budget is prioritized, balanced and aligned to Councils IDP.

The following principles were applied in formulating the medium term capital budget:

- The 2009/10 capital budget as approved in the previous years MTEF has been used as a base
- Budget must be aligned to the IDP
- Access modeling used when considering requests for community facilities
- All grant funding to be verified

During the prioritization process of the capital budget, the impact of capital projects, on future operating budgets was assessed and considered prior to these projects being approved. Both the Operating and Capital budgets have been evaluated through a prioritization mechanism that ensures alignment to the mechanism that ensures alignment to the development strategy of the municipality.

The draft Capital Budget for the 2009/10 and 2010/11 years was approved in principle by Council at its meeting on 2008-03-31.

## **7.2 POLITICAL OVERSIGHT OF THE BUDGET PROCESS**

Section 53(1)(a) of the MFMA states that the mayor of a municipality must provide political guidance over the budget and the priorities that must guide the preparation of the budget.

Strengthening the link between Government's priorities and spending plans is not an end in itself, but the goal should be enhanced service delivery aimed at improving the quality of life for all people within the city. The Strategic Management Team has a significant role to play in the financial planning process.

Political oversight of the budget process allows Government, and in particular, the Municipality to manage the tension between competing policy priorities and fiscal realities. The Strategic Management Team and the Executive Committee advise Council accordingly.

## **7.3 PROCESS FOR CONSULTATIONS WITH EACH GROUP OF STAKEHOLDERS AND OUTCOMES**

Section 22 of the MFMA requires that after tabling of the annual Budget in Council, the municipality must make public the annual budget and also invite the local community to submit representations thereon.

Accordingly, the tabling of this draft Budget in Council on 2009-03-31 will be followed by extensive publication of the budget documentation in the Council's newspaper, City Press and Sowetan in April 2009. Copies of the tabled budget in both electronic and printed formats will be submitted to National Treasury as well as the Limpopo Provincial and Local Government and Housing (DLGH). The tabled budget will also be published on the Council's website.

In addition, Public hearings and regional presentations on both the operating and capital budgets are planned to be held during May 2009.

#### 7.4 SCHEDULE OF KEY DEADLINES RELATING TO BUDGET PROCESS

One of the objectives of the budget timetable is to ensure integration between the development of the IDP and the budget and also to ensure that a balanced budget is tabled for consideration and approval. The budget time schedule for the compilation of the 2009/10 budget cycle was approved by Council on 2008 08-2, well before the start of the budget year and in compliance with the MFMA.

The following provides an extract of the key deadlines relating to the budget process:

##### IDP Process Plan

ACTIVITIES	MONTH
Review and finalization of the IDP process plan with the guidance of the Municipal Finance Management Act and Municipal Systems Act. Consultation on the framework and process plan with all stakeholders. Tabling of the IDP process plan as well as framework.	July 2008
Submit approved annual budget to National Treasury & Provincial Treasury	July 2008
Begins planning for the next three-year budget in accordance with co- ordination role of budget process MFMA s 53	July 2008
Review previous years budget and completion of Budget Evaluation Checklist	July 2008
Establishment of IDP/Budget Forum	July 2008
Table a time schedule of key budget & IDP deadlines	August 2008
IDP process plan made public. Identification of community needs.	August 2008
Preparations and submission of Annual Financial Statements	August 2008
Consolidation and presentation of community needs to the IDP Managers' Forum. Presentation of the status quo to the 1 <sup>st</sup> District IDP Representative Forum.	September 2008
Determination of revenue projections, proposed rates and service charges and draft budget allocations	October 2008
Determination of strategic objectives for service delivery and development of next year three year budget	October 2008
Consultation with National and Provincial sector departments on specific programmes for alignment with municipal plans	October 2008
Review of National policies and budget plans and	October 2008

potential price increases on bulk resources	
Review/development of strategic priorities review of municipal vision and mission. Quarterly review of 2008/09 budget and IDP and related policies.	October 2008
Review/development of strategic priorities review of municipal vision and mission. Quarterly review of 2008/09 budget and IDP and related policies.	October 2008
IDP Forum Meetings to consider the preliminary drafts of the IDPs. Presentation of proposed projects including sector departments to the 2 <sup>nd</sup> IDP Rep Forum. Consolidation of program/projects from sector departments.	November 2008
Review and draft initial changes to IDP	November 2008
Mid-year performance review, review IDP and related policies. Review and draft changes to the IDP.	January 2009
Submit mid- year performance assessment to council	January 2009
Table Annual Report in council- within 7 months	January 2009
Submit to AG,NT,PT and provincial department responsible for local government	January 2009
Consolidation and preparation of budget and plan for the next financial year	February 2009
Submission of the draft IDP and plans for the next three years to management, Executive Mayor, Portfolio committees, Mayoral Committee	February 2009
Table adjustment budget if necessary	February 2009
Adoption of oversight report on annual report- no later than two months after annual report was adopted	March 2009
Issue notice of Council meeting to consider proposed IDP. Tabling of Draft IDP to council. The tabled documents are sent to prescribed organs of state.	March 2009
Publicize the oversight document- within 7days of its adoption	March 2009
Table Draft annual budget- at least 90 days before start of financial year	March 2009
Approval of IDP	March 2009
Community participation and stakeholders' consultation on the Draft IDP. Executive Mayor & IDP Steering committee consider all submissions emanating from consultative meetings of the Municipal Managers' Forum. Public comments and comments from other organs of	April 2009

state are taken into cognizance and where the need be, amendments are effected to the IDP.	
Make budget available to Public, National Treasury, Provincial Treasury and other government departments	April 2009
Consider views of local community, National Treasury, Provincial Treasury and other government departments( Budget Indaba)	May 2009
Consider budget for approval and approve taxes ,tariffs, changes to IDP and budget- related policies	May 2009
Tabling of IDP to Council for final approval. Copies of the approved IDP and Top Layer SDBIP are made available to the public. Service delivery implementation plan and performance agreements are submitted to the Executive Mayor.	May 2009
Submit draft SDBIP within 14days after approval of the budget to Mayor	June 2009
Approval of SDBIP and Performance contracts of municipal manager and senior managers- within 28days after budget approval	June 2009

**In terms of the Municipal Finance Management Act 56 of 2003 section 22, the Greater Sekhukhune District Municipality hereby invites all interested parties and stake- holders to make comments, inputs and participate in the IDP/Budget consultations which will be held in terms of the following Schedules:**

<b>CONSTITUENCY</b>	<b>DATE</b>	<b>TIME</b>	<b>VENUE</b>
GREATER TUBATSE COMMUNITY	04 MAY 2009	10H00	GREATER TUBATSE MUNICIPALITY CHAMBER
FETAKGOMO COMMUNITY	05 MAY 2009	10H00	FETAKGOMO MUNICIPALITY CHAMBER
MAKHUDUTHAMAGA COMMUNITY	06 MAY 2009	10H00	ROB RIBAS HALL, JANE FURSE
MARBLE HALL COMMUNITY	07 MAY 2009	10H00	MARBLE HALL MUNICIPALITY CHAMBER
ELIAS MOTSOALEDI COMMUNITY	08 MAY 2009	10H00	ELIAS MOTSOALEDI MUNICIPALITY CHAMBER

**CONSULTATION WITH SECTORS**

<b>CONSTITUENCY</b>	<b>DATE</b>	<b>TIME</b>	<b>VENUE</b>
LABOUR ORGANISATIONS	11 MAY 2009	11H00	ROB RIBAS HALL

MAGOSHI & MAGOSHIGADI	11 MAY 2009	14H00	ROB RIBAS HALL
BUSINESS CHAMBERS & ASSOCIATIONS	12 MAY 2009	11H00	ROB RIBAS HALL
YOUTH, WOMEN, DISABLED, HBC, OVCS	13 MAY 2009	11H00	ROB RIBAS HALL

## **8. BUDGET ASSUMPTIONS**

### **8.1 GENERAL INFLATION OUTLOOKS AND ITS IMPACT ON THE MUNICIPAL ACTIVITIES**

The global economy grew by an average of five percent from 2003 to 2007. It was a period of robust expansion but also of widening international imbalances. Over the past six years, our economy has enjoyed rapid growth, rising employment and household incomes, a major expansion in public services and significant income and asset transfer to the poorest South Africans. However, 2008 saw the gathering of the storm clouds as industrialised countries moved into recession in the latter part of the year interrupting a lengthy spell of sustained, positive growth in the national and local economies. South Africa's economy was no exception with the economies. However our government has adopted a macroeconomic framework and fiscal stance capable of withstanding tough times and protecting the economy during times of global economic turbulence.

The Greater Sekhukhune District economy is subject to the impacts from the global crisis as well as the related ripple effects from the national economy. The local automotive, chemical, textiles, transport and logistics, packaging and related supporting sectors are being affected by the global crisis. The record trade deficit in January 2009 and exports decreasing by 25% has already rendered a decrease in activity at the . This will negatively affect the transport and logistics sector, specific to the movement of freight from port. The automotive sector has seen a dramatic drop in South African Vehicle sales that now closely match the global trend for the industry. The chemicals, textiles and packaging industries that support the automotive sector are also affected. A number of international productions have been put on hold due to collapsed finance packages, leaving local facilitators to service accrued debts. The effects of the showdown on certain sectors of the economy will lead to increased job losses of skilled workers and support staff as some manufacturing plants may be forced to close down. The downturns and subsequent closure of small companies may impact on the city's rates base in the short-term. The municipality would strive to employ stringent measures to assess the economic benefits and sustainability of future project undertakings.

We face a difficult period ahead. There is no telling how deep the global financial crisis will be or how severe and enduring its impact will be on incomes and economic activity. Global economic growth is forecast to be minimal this year. South Africa's economy is estimated to grow by 1,2%, accelerating moderately in 2010 and beyond as the global economy begins to recover. Unlike the National Government most municipalities are not

favorably positioned to absorb the impact of the local fallout from the global economic crisis, Consequently, National Government has sought to insulate the local government sphere from the full impact of the slowdown in national revenue collections.

Despite the recessionary climate in global markets, we believe the groundwork that has been done in the past few years will now start to count in our favor for all in the municipalities to benefit.

## 8.2 KEY FINANCIAL INDICATORS

The municipal fiscal environment is influenced by a variety of macro economic control measures. National Treasury determines the ceiling of year increases in the total operating budget, whilst the National electricity Regulator (NER) regulates electricity tariff increases. Various government departments also affect municipal service delivery through the level of government departments also affect municipal service delivery through the level of grants and subsidies.

Budget assumptions/parameters are determined in advance of the budget process to allow budgets to be constructed to support the achievement of the longer-term financial and strategic targets.

Key budget parameters used in developing the operating budget are:

Description	2009/10	2010/11	2011/12
	%	%	%
Inflation Rates- CPX	10.8	6	6
Remuneration increase	12	6	6

- - Per National Treasury Budget Guidelines Circular. The year on year average inflation is currently at 10.8%

## 8.3 INTEREST RATES ON BORROWING AND INVESTMENT OF FUNDS

The investment returns achieved are as follows: -

Average rate of return on investments                      30 June 2008                      30 June 2009

%  
11.2

%  
10.7

The Municipality by its prudent investment policies, has been in a position to generate above market related returns on its investments, ensuring at all times the safety of capital with the lowest possible risk.

#### **8.4 TIMING OF REVENUE COLLECTION**

Consumers are billed monthly in respect of services in the form of a consolidated bill. All annual residential and commercial water consumers have, since November 2007, been converted to monthly tariff payer.

#### **8.5 AVERAGE SALARY INCREASES**

The budgeted salary increase is 12% for the fiscal year and is still under negotiation at the bargaining council. As a result of the annualized effect of vacancies filled during 2008/2009, the use of temporary and agency staff and the provision for TASK regarding, the year on year increase on employee related cost is 20% of the operational budget.

#### **8.6 COST OF SERVICE DELIVERY VS AFFORDABILITY**

Over the past few years the functions the Sekhukhune District Municipality has been expected to perform increased according to the need of the community. Poverty and unemployment is also prevalent in the municipal area. In order to provide assistant to the poorest of the poor the municipality has developed an Indigent Policy and its register at the local municipalities to assist those who cannot afford to pay for services.

#### **8.7 FREE AND SUBSIDISED BASIC SERVICES**

Greater Sekhukhune District Municipality (GSDM) officially started implementing the Free Basic Water Policy through its indigent policy that was adopted in 2003. According to the GSDM Free Basic Water Policy all the people with total household income of R1100.00 a month qualify for free 6000 liters of water a month. The GSDM implements the Free Basic Water Policy as follows:

GSDM pays electricity accounts, fuel and diesel bills targeted at indigent communities through funding agreements with the local municipalities and water boards; operates and maintains all Electricity and Diesel related boreholes for indigent communities.

Paying all indigents accounts (6000 free liters) in areas where there are meters. Water is supplied through water tankers to all villages without infrastructure and non-functional schemes. There are 25 villages supplied out of 157 villages without water. The number of households benefiting from FBW has increased from 148 000 households in May 2006 to 166 500 in March 2009

### **9. BUDGET RELATED POLICIES: OVERVIEW AND AMENDMENTS**



The District's budgeting process is guided and governed by relevant legislation and budget related policies. The main purpose of budget related is to govern and guide the budget processes and inform the projections of the medium term.

The following budget related policies which have been approved by council, or have been reviewed / amended and / or are currently being reviewed / amended in line with National Guidelines and other legislation.

As required in terms of section 97 of the Municipal System Act, the new credit control and debt collection policy was approved by Council on 2008-05-31. The currently under review for the 2009/10 financial year.

### **9.1 BUDGET POLICY**

The district has adopted a budget policy that set out the budgeting principles which the municipality will follow in preparing each annual budget.

### **9.2 TARRIF POLICY**

In terms of Sections 74 and 75 of the Municipal Systems Act, the Council adopted a traffic policy .The objectives of the policy which is consistently applied to all tariffs is to ensure that:

- The tariffs of the Municipality comply with the legislation prevailing at the time of implementation
- The municipal services are financially sustainable, affordable, and equitable
- The needs of the indigent, aged and physically challenged are taken into consideration.

The policy is drawn in line with the principles as outlined in the Municipal Systems Act .The policy is currently being reviewed for the 2009/10 financial year.

### **9.3 INDIGENT POLICY**

The municipality adopts an indigent management policy to ensure that households have access to at least basic municipal services, and it is guided by the national government's policy in regard to indigents.

This policy was formulated due to the level of unemployment and subsequent poverty in the District area, since there are households which are unable to pay for normal municipal services.

#### **9.4 WATER POLICY**

The current water policy was approved by Council on Mach 2006 and provides for amongst others: water tariffs, water connection charges, accounts and arrears, disconnections and illegal connections.

The Council's tariffs are affected by the following factors:

- Bulk purchase cost: Lepelle Northern Water
- Unaccounted for water
- Debtors collection rate
- Cost of Free Basic Water

There are no amendments to the current policy for the 2009/10 financial year.

#### **9.5 SUPPLY CHAIN MANAGEMENT POLICY**

The current policy, which was approved by Council on 2005-10-31, reflects and represents the context of a specific government policy that finds expressions within the provisions of the Municipal Finance Management Act of 2003. The principal objectives of the policy are to provide, promote and implement theoretical guidelines, governing processes and procedures within the supply chain management.

There are no amendments to the current policy during period under review. However, to take the policy to the next level, where more value will be added in terms of reduced costs and support for quicker delivery, a New Strategic Sourcing Programme has been developed.

#### **9.6 ASSET MANAGEMENT POLICY**

The Asset Management policy was reviewed and adopted by council on 2009 -03-31 which has the following objectives:

- To ensure the effective and efficient control, utilisation, safeguarding and management of Greater Sekhukhune District Municipality 's property, plant and equipment;

- To ensure asset managers are aware of their responsibilities in regards to property, plant and equipment;
- To set out the standards of physical management, recording and internal controls to ensure property, plant and equipment are safeguarded against loss or utilization
- To specify the process required before expenditure on property, plant and equipment occurs;
- To prescribe the accounting treatment of property plant and equipment in Greater Sekhukhune District Municipality including:
  - The criteria to be met before expenditure can be capitalised as an item of property, plants and equipment,
  - The criteria for determining the initial cost of the different items pf property, plant and equipment;
  - The method of calculating depreciation for different items of property, plant and equipment;
  - The criteria for capitalizing subsequent expenditure on property, plant and equipment; the policy for scrapping and disposal of property, plant and equipment; and
  - The classification of property, plant and equipment

## **9.7 CASH INVESTMENT AND MANAGEMENT POLICY**

An investment Framework policy and Guidelines as by the Municipal Finance Management Act and conformity with the Cash Management Regulations has been adopted and reviewed by Council on 2009- 03-31 .

The main objectives of the policy are to:

- Maximize returns from authorized investments consistent with minimizing risk.
- Maintain adequate liquidity to meet cash flow needs.
- Undertake the investment of funds not immediately required for operational purpose.
- Ensure diversification of permitted investments.
- Ensure compliance with all legislation governing of funds.

The Municipality has also prepared a borrowing policy in compliance with the Municipal Finance Management Act and the Municipal Regulations on Debt Disclosure.

### **9.8 ADJUSTMENT BUDGET PROCESS**

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities.

To ensure compliance with Section 28 of the MFMA procedures were formulated with regards to the transfer of funds and the adjustment budget reporting.

### **9.8 ACCOUNTING POLICY**

In order to ensure that financial statements are compliant with GRAP and GAMAP, the Implementation plan was realigned and approved by council on Dec 2007.

## **10. ALIGNMENT OF BUDGET WITH THE INTEGRATED DEVELOPMENT PLAN**

### **10.1 STRATEGIC FOCUS ATREAS**

Refer to the Integrated Development Plan page

### **10.2 POLITICAL PRIORITIES AND LINKAGES TO THE IDP**

All operating and capital programs in the 2009/10 medium-term budget have been evaluate through a prioritization mechanism that was developed to ensure that there is alignment to the development strategy of the Municipality. The IDP formed the basis of the priorities identified in the strategic plan and all resources are focused on the achievement of the priorities.

### **10.3 IDP OVERVIEW AND KEY AMENDMENTS**

To encourage better planning, government has legislated that municipalities must produce Integrated Development Plans (IDP's). The IDP is a five year plan whose principal purpose is to ensure the development of the local community in an integrated manner which involves strategic business units within the Municipality, relevant strategic stakeholders and the community.

In the annual review for the 2009/10 year, the Eight Point Plan of action has been retained as this will continue to guide the municipality, but has once again been

refined and refocused our strategic programmes, so as to respond more effectively to key challenges.

## **11. FUNDING THE BUDGET**

### **11.1 INVESTMENTS- CASH BACKED**

Adequate provision has been made by way of external investments to ensure that cash is available on the maturity of the sinking funds. Investments income is utilized to fund the budget. The permissible reserves are cash backed in terms of General Accepted Municipal Accounting Practice (GAMAP) and the MFMA.

### **11.2 GRANT ALLOCATIONS**

In recognition of the critical role that municipalities play in the delivery of social and household services transfers to local government grew by 14.2% per year over the medium-term. Municipalities receive the bulk of the allocations for stadiums and related infrastructure for the 2010 FIFA World Cup.

**The following grants allocated to the municipality in terms of the 2009 Division of Revenue Act have been included in this medium term budget:**

<b>GRANT</b>	<b>2009/10 R m</b>	<b>2010/11 R m</b>	<b>2011/12 R m</b>
Financial Management Grant	1,5	1,5	1,5
Rural Transport Infrastructure System	0,0	1,3	2,3
Equitable Share	219,9	268,1	292,8
Municipal Infrastructure Grant ( MIG)	254,9	300,7	258,2
Expanded Publics Work Programme ( EPWP	2,7	0	0
Water Service Operating Subsidy	80,1	46,4	32,3

## 12. STATISTICAL INFORMATION

<b>STATISTICS</b>	
<b>ROAD ELECTRICITY TRANSPORT</b>	
Number of Staff	6
Total Length of Asphalt roads (km's)	343
Total Length of Gravel roads (km's)	1 662.8
<b>WATER SERVICES</b>	
Number of Staff	
Total Length of Bulk line (km's)	646
Number of Storage Facilities	677
Number of Pump Station	18
Number of Purification Works	13
Number of Boreholes	2,814
Total Length of Distribution (km's)	1 522.7
Total Length of Sewer Pipelines (km's)	407.6
Number of Waste Water Treatment Works	15
Number of Waste Water Pump Station	1
<b>HEALTH &amp; ENVIRONMENT</b>	
Number of Staff	3
Number of landfill sites	4
<b>EMERGENCY SERVICES</b>	
Number of Staff	35
Number of Stations	2
Number of Response Vehicle	16
<b>MAYORS OFFICE</b>	
Number of Staff	86
<b>TREASURY</b>	
Number of Staff	42
<b>PLANNING</b>	
Number of Staff	21
<b>P M U</b>	
Number of Staff	14
<b>STRATEGIC</b>	
Number of Staff	12
<b>ADMIN &amp; IT</b>	
Number of Staff	4

<b>HUMAN RESOURCE</b>	
Number of Staff	15
<b>COMMUNICATION</b>	
Number of Staff	9
<b>SPORTS &amp; CULTURE</b>	
Number of Staff	2

**BUDGET RELATED  
RESOLUTIONS  
(RECOMMENDATIONS)**



### **13. BUDGET RELATED RESOLUTIONS**

In terms of section 24 of the Municipal Finance Management Act 56, of 2003, Council resolves that the annual budget of the municipality for the financial year 2006/07; and indicative for the two projected outer years 2010/11 and 2011/12 be approved as set out in the following schedules:

- 1.1 Operating revenue by source reflected in schedule 1
  - 1.2 Operating expenditure by vote reflected in schedule 2
  - 1.3 Operating expenditure by GFS classification reflected in schedule 2(a)
  - 1.4 Capital expenditure by vote reflected in schedule 3
  - 1.5 Capital expenditure by GFS classification reflected in schedule 3(a) and
  - 1.6 Capital funding by source reflected in schedule 4.
2. Council resolves that tariffs and charges be approved for the budget year 2009/10
  3. Council resolves that the measurable performance objectives for revenue from each source be approved for the budget year 2009/10.
  4. Council resolves that the measurable performance objectives for each vote be approved for the budget year 2009/10.
  5. Council resolves to adopt the amended Integrated Development Plan.
  6. Council resolves that the amended policies for credit control, debt collection and indigents be approved for the budget year 2009/10.
  7. Council resolves that the amended budget related policies be approved for the budget year 2009/10.

#### **13.1 BUDGET RELATED POLICIES**

##### **i) CREDIT CONTROL AND DEBT COLLECTION POLICY**

That in terms of Section 24(2) (c) (v) of the Municipal Finance Management Act No. 56 of 2003, there are no proposed amendments to this policy.

##### **ii) TARIFF POLICY**

That in terms of Section 24(2) (c) (v) of the Municipal Finance Management Act No. 56 of 2003, there are no proposed amendments to this policy.

**(iii) ASSET MANAGEMENT POLICY**

That in terms of Section 24(2) (c) (v) of the Municipal Finance Management Act No. 56 of 2003, there are no proposed amendments to this policy.

**(iv) INDIGENT POLICY**

That in terms of Section 24(2) (c) (v) of the Municipal Finance Management Act No. 56 of 2003, there are no proposed amendments to this policy.

**(v) CASH AND INVESTMENT POLICY**

That in terms of Section 24(2) (c) (v) of the Municipal Finance Management Act No. 56 of 2003, there are no proposed amendments to this policy.

**(v) BUDGET POLICY**

That in terms of Section 24(2) (c) (v) of the Municipal Finance Management Act No. 56 of 2003, there are no proposed amendments to this policy.

**(vi) SUPPLY CHAIN MANAGEMENT**

That in terms of Section 24(2) (c) (v) of the Municipal Finance Management Act No. 56 of 2003, the following amendments are made: paragraph 17(b) and ( c )

**iii) OTHER BUDGET RELATED POLICIES**

That in terms of Section 24(2) (c) (v) of the Municipal Finance Management Act No. 56 of 2003, there are no proposed amendments to any other budget related policies.

**13.2 CAPITAL EXPENDITURE ESTIMATE**

In those instances where information has been provided in terms of Section 19 (2) (b) of the Municipal Finance Management Act No. 56 of 2003, the approval of the capital budget constitutes project approval for the specific projects as reflected in the detailed capital budget.

Where information in terms of Section 19 (2) (b) is not provided, specific project approval is to be sought from Council during the course of the year.

### **13.3 MEASURABLE PERFORMANCE**

That in terms of Section 24(2) (c) (iii) of the Municipal Finance Management Act No. 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework as set out in Table SA7 (Page 107) be approved.

### **13.4 INTEGRATED DEVELOPMENT PLAN (IDP)**

That the draft reviewed Municipality's Integrated Development Plan (IDP) is tabled with the budget in terms of Section 17 (3) (d) of the Municipal Finance Management Act No. 56 of 2003, it being recorded that the annual review process as prescribed in terms of Section 34 of the Municipal Systems Act, is continuing and that the report to the Executive Committee will be submitted on completion of the consultative process.

### **13.5 PARTICULARS OF INVESTMENTS**

That in terms of Section 17(2) (k) of the Municipal Finance Management Act No. 56 of 2003, that the proposed cost to Councils investments are reflected in **Tables 1**

### **13,6 REMUNERATION OF COUNCILLORS AND SENIOR OFFICIALS**

That in terms of Section 17(3) (k) of the Municipal Finance Management Act No. 56 of 2003 that the proposed cost to Council of the salary, allowances and benefits of each Political Office Bearer, Councilor and Senior Official is reflected in **Table 2**

### **13.7 UNFUNDED MANDATES**

These unfunded mandates are as follows:

	R'm
Electricity	7.0
Roads except for Fetakgomo	<u>111.2</u>



**GREATER SEKHUKHUNE DISTRICT MUNICIPALITY DRAFT BUDGET FOR 2010 MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK**

Schedule 1 Revenue by Source	Preceding Year 2008	Current year 2008/09			Medium Term Revenue and Expenditure framework		
	Audited Actual R,00 A	Approved Budget R,00 B	Adjusted Budget R,00 C	Full Year forecast R,00 D	Budget year 2009/10 Budget R,00 E	Budget year +1 2010/11 Budget R,00 F	Budget year +2 2011/12 Budget R,00 G
	<b>Operating revenue by Source</b>						
Service charges – water revenue from tariff billings	0	20,000,000	1,000,000	1,000,000	1,200,000	1,500,000	2,000,000
Service charges of other	1,695,601	857,950	857,950	857,950	0	0	0
Sale of tender documents	280,379	150,000	350,000	350,000	380,000	400,000	450,000
Interest earned – external investments	45,732,890	16,209,000	34,504,000	34,504,000	39,000,000	40,500,000	40,300,000
Royalties	27,478	10,000	6,000	6,001	5,000	4,000	4,000
Government grants & subsidies	146,685,083	250,363,935	248,955,216	248,955,216	316,990,000	332,347,000	341,746,800
Gain on disposal of property plant and equipment			23,692,094	23,692,094	60,000	40,000	0
Roll – overs					134,666,600	5,559,900	0
<b>Total Revenue By Source</b>	<b>194,421,431</b>	<b>287,580,885</b>	<b>309,365,261</b>	<b>309,365,261</b>	<b>492,301,600</b>	<b>380,350,000</b>	<b>384,500,800</b>

Column Definitions

- A. The Audited actual for 2008 as per the audited financial statements
- B. The original budget approved by council for the 2008/09 budget.
- C. The budget for 2008/09 budget year as adjusted by council resolution in terms of section 28 of the MFMA
- D. An estimate of final actual figures (pre audit) for the 2008/09 budget year at the point in time of preparing the budget for the 2009/10 budget year.
- E. The amount to be appropriated for the 2009/10 budget year.
- F. The indicative projection for 2010/11
- G. The indicative projection for 2011/12

**GREATER SEKHUKHUNE DISTRICT MUNICIPALITY  
FINAL BUDGET**

**2010 MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK**

SCHEDULE 2 OPERATING EXPENDITURE BY VOTE	Preceding Year 2008	Current year 2008/09			Medium Term Revenue and Expenditure framework		
	Audited Actual R,00	Approved Budget R,00	Adjusted Budget R,00	Full Year forecast R,00	Budget year 2009/10	Budget year +1 2010/11	Budget year +2 2011/12
	A	B	C	D	Budget R,00 E	Budget R,00 F	Budget R,00 G
Speaker's office	5,665,127	6,639,116	6,639,116	6,639,116	17,571,000	19,344,400	22,702,700
Executive mayor's office	13,093,102	24,016,082	24,478,075	24,478,075	14,436,500	15,243,300	16,042,000
<u>Communication</u>	-	8,770,558	11,478,367	11,478,367	13,066,200	12,316,700	13,505,500
<u>Strategic</u>	-	6,542,673	5,972,880	5,972,880	5,780,900	5,400,800	5,627,400
Municipal Manager	4,451,385	6,320,479	6,531,067	6,531,067	7,340,100	7,164,200	8,344,100
Administration and Secretariat	3,199,787	7,777,847	9,242,515	9,242,515	12,370,400	10,560,400	10,636,800
Human Resource	5,307,104	10,952,569	11,150,227	11,150,227	13,933,800	12,005,100	12,598,000
Budget and Treasury	164,809,562	25,320,521	24,632,744	24,632,744	64,252,100	51,730,600	41,950,200
Fleet and Facilities	6,306,093	9,410,000	13,572,113	13,572,113	14,277,200	15,345,400	16,267,800
Data Processing (IT)	3,368,810	8,201,823	5,717,854	5,717,854	6,755,300	5,667,500	5,460,100
Planning and Development	11,246,246	18,991,925	20,386,460	20,386,460	19,242,800	15,888,800	16,342,200
Technical	993,668	1,065,681	1,064,384	1,064,384	18,448,500	13,607,300	13,826,400
Water and Sanitation	64,292,259	103,959,634	122,236,839	122,236,839	181,629,700	127,735,200	134,233,000
Roads, transport and electricity	3,157,314	12,214,698	12,254,209	12,254,209	19,795,800	13,083,600	13,874,900
Project implementing Unit	2,808,881	5,419,653	10,154,605	10,154,605	7,506,900	7,844,600	8,318,500
Research	-	3,541,030	3,098,253	3,098,253	1,100,000	1,166,000	1,236,500
Health Services	2,326,813	2,789,701	2,780,349	2,780,349	4,180,900	5,217,000	7,432,800
Public Safety	4,125,953	12,325,092	12,816,183	12,816,183	15,876,100	16,885,500	17,900,500
Sports and Recreation	1,211,294	2,122,739	2,254,484	2,254,484	2,999,600	2,539,300	2,785,800
Community Services	1,940,082	1,243,679	1,042,382	1,042,382	1,637,800	1,735,200	1,840,600
Capital administration	20,792,623	66,602,000	23,802,000	23,802,000	50,100,000	19,870,000	13,575,000

Transfer to Reserves		9,955,383	36,600,000	36,600,000			
OPERATING EXPENDITURE BY VOTE	<b>319,096,108</b>	<b>354,182,883</b>	<b>367,905,106</b>	<b>367,905,106</b>	<b>492,301,600</b>	<b>380,350,900</b>	<b>384,500,800</b>

**Column Definitions:**

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- B. The original budget approved by council for the 2008/09 budget year.
- C. The budget for 2008/09 budget year as adjusted by council resolution in terms of section 28 of the MFMA.
- D. An estimated of final actual figures (pre audit) for the 2008/09 budget at the point of preparing the budget for the 2009/10 budget year.
- E. The amount to be appropriated for the 2009/10 budget year.
- F. The indicative projection for 2010/11
- G. The indicative projection for 2011/12





**GREATER SEKHUKHUNE DISTRICT MUNICIPALITY  
DRAFT BUDGET  
FOR  
2010 MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK**

SCHEDULE 2(a)  OPERATING EXPENDITURE GFS	Preceding Year 2007	Current year 2007/08			Medium Term Revenue and Expenditure framework		
	Audited Actual R,00	Approved Budget R,00	Adjusted Budget R,00	Full Year forecast R,00	Budget year 2009/10	Budget year +1 2010/11	Budget year +2 2011/12
	A	B	C	D	Budget R,000 E	Budget R,000 F	Budget R,000 G
Executive & Council		55,829,938	58,197,758	58,197,758	59,294,700	60,635,400	67,458,200
Finance & Admin		138,220,143	124,717,453	124,717,453	161,688,800	115,179,000	100,487,900
Planning & Development		18,991,925	20,386,460	20,386,460	19,242,800	15,888,800	16,342,200
Health		2,789,701	2,780,349	2,780,349	4,180,900	5,217,000	7,432,800
Community & Social Services		1,243,679	1,042,382	1,042,382	1,637,800	1,735,200	1,840,600
Public Safety		12,325,092	12,816,183	12,816,183	15,876,100	16,885,500	17,900,500
Sport and Recreation		2,122,739	2,254,484	2,254,484	2,999,600	2,539,300	2,785,800
Road transport		12,214,698	12,254,209	12,254,209	19,795,800	13,083,600	13,874,900
Water		110,444,968	133,455,828	133,455,828	207,585,100	149,187,100	156,377,900
Electricity							
<b>OPERATING EXPENDITURE BY VOTE</b>	0		<b>367,905,106</b>	<b>367,905,106</b>	<b>492,301,600</b>	<b>380,350,900</b>	<b>384,500,800</b>

Column Definitions:

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- B. The original budget approved by council for the 2008/09 budget year
- C. The budget for 2008/09 budget year as adjusted by council resolution in terms of section 28 of the MFMA.
- D. An estimate of final actual figures (pre audit) for the 2008/09 budget year at the point in time of preparing the budget for the 2009/10 budget for the 2009/10 budget year.
- E. The amount to be appropriated for the 2009/10 budget year.
- F. The indicative projection for 2010/11
- G. The indicative projection for 2011/12



**GREATER SEKHUKHUNE DISTRICT MUNICIPALITY  
DRAFT BUDGET**

**2010 MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK**

SCHEDULE 3 CAPITAL EXPENDITURE BY VOTE	Preceding Year 2007	Current year 2007/08			Medium Term Revenue and Expenditure framework		
	Audited Actual R,00	Approved Budget R,00	Adjusted Budget R,00	Full Year forecast R,00	Budget year 2009/10	Budget year +1 2010/11	Budget year +2 2011/12
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>Budget R,000 E</b>	<b>Budget R,000 F</b>	<b>Budget R,000 G</b>
Water	592,394,576	255,797,186	352,005,597	352,005,597	250,063,000	87,410,000	160,148,200
Sanitation	53,707,655	52,990,025	61,874,849	61,874,849	96,532,000	94,500,000	42,500,000
Roads	52,661,815	80,731,440	110,238,372	110,238,372	136,000,000	135,253,000	130,000,000
Community Assets	36,165,865	7,651,146	64,360,024	64,360,024	7,200,000	11,500,000	0
Electricity	0	50,000,000	0	0	7,000,000		
<b>TOTAL</b>	<b>734,929,911</b>	<b>447,169,797</b>	<b>588,478,842</b>	<b>588,478,842</b>	<b>496,795,000</b>	<b>328,663,000</b>	<b>338,248,200</b>

Column Definitions:

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- E. The amount to be appropriated for the 2009/10 budget year.
- F. The indicative projection for 2010/11
- G. The indicative projection for 2011/12



**GREATER SEKHUKHUNE DISTRICT MUNICIPALITY  
DRAFT BUDGET  
FOR**

**2010 MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK**

SCHEDULE 3(a)  CAPITAL EXPENDITURE BY GFS	Preceding Year 2007	Current year 2008/09			Medium Term Revenue and Expenditure framework		
	Audited Actual R,00	Approved Budget R,00	Adjusted Budget R,00	Full Year forecast R,00	Budget year 2009/10	Budget year +1 2010/11	Budget year +2 2011/12
	A	B	C	D	Budget R,000 E	Budget R,000 F	Budget R,000 G
Executive & Council							
Finance & Admin							
Planning & Development							
Health							
Community & Social Services	36,165,865	7,651,146	64,360,024	64,360,024	7,200,000	11,500,000	5,600,000
Housing							
Public safety							
Sport and Recreation							
Environmental Protection							
Waste Management	53,707,655	52,990,025	61,874,849	61,874,849	96,532,000	94,500,000	42,500,000
Waste Water Management							
Road Transport	52,661,815	80,731,440	110,238,372	110,238,372	136,000,000	135,2530,000	130,000,000
Water	592,394,576	255,797,186	352,005,597	352,005,597	250,063,000	87,410,000	160,148,00
Electricity	0	50,000,000	0	0	7,000,000	0	0
<b>TOTAL</b>					<b>496,795,000</b>	<b>328,663,000</b>	<b>338,248,200</b>

Column Definitions:

- A. The audited actual for 2008 as per the audited financial statements.
- B. The original budget approved by council for the 2008/09 budget year
- C. The budget for 2008/09 budget year as adjusted by council resolution in terms of section 28 of the MFMA.
- D. An estimate of final actual figures (pre audit) for the 2008/09 budget year at the point in time of preparing the budget for the 2009/10 budget for the 2009/10 budget year.
- E. The amount to be appropriated for the 2009/10 budget year.
- F. The indicative projection for 2010/11
- G. The indicative projection for 2011/1

**GREATER SEKHUKHUNE DISTRICT MUNICIPALITY  
DRAFT BUDGET  
FOR  
2010 MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK**

SCHEDULE 4 CAPITAL EXPENDITURE BY GFS	Preceding Year 2007	Current year 2008/09			Medium Term Revenue and Expenditure framework		
	Audited Actual R,00	Approved Budget R,00	Adjusted Budget R,00	Full Year forecast R,00	Budget year 2009/10	Budget year +1 2010/11	Budget year +2 2011/12
	A	B	C	D	Budget R,000 E	Budget R,000 F	Budget R,000 G
National Government Amounts allocated/ gazette for that year Amounts carried over from previous years	116,565,327	237,315,065	237,315,065  194,044,594.00	237,315,065  194,044,594.00	242,192,000	242,192,000	245,248,000
<b>Total Grants &amp; Subsidies- National Government</b>	<b>116,565,327.00</b>	<b>237,315,065.00</b>	<b>431,359,659</b>	<b>431,359,659</b>	<b>242,192,000</b>	<b>242,192,000</b>	<b>245,248,200</b>
Provincial Government Amounts allocated/ gazette for that year Amounts carried over from previous years	90,267,829	65,500,000  8,000,000	35,708,459	35,708,459	66,000,000	43,000,000	93,000,000
<b>Total Government Grants &amp; Subsidies</b>	<b>206,833,156</b>	<b>310,815,065</b>	<b>467,068,118</b>	<b>467,068,118</b>	<b>308,192,000</b>	<b>328,663,000</b>	<b>338,248,00</b>
Public Contributions & Donations							
Accumulated Surplus (Own Funds)	204,647,692	131,391,042	131,391,042	188,089,123	193,089.124		
<b>Total Funding of Capital Expenditure</b>	<b>206,833,156</b>	<b>515,462,757</b>	<b>598,469,160</b>	<b>598,469,160</b>	<b>501,281,124</b>	<b>328,663,000</b>	<b>338,248,000</b>

**Column Definitions:**

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- F. The indicative projection for 2010/11
- G. The indicative projection for 2011/12

**TABLE 1: INVESTMENT**

<b>INSTITUTION</b>	<b>AMOUNT</b>
First National Bank	R 91,692,635
Rand Merchant Bank	R 62,794,910
Standard Bank	R 65,884,362
NedBank	R 10,545,530
Stanlib	R 55,000,000
ABSA	R 87,557,319
<b>TOTAL</b>	<b>R 373,474,756</b>

**Table 2: Salaries, Allowances and Benefits (Political office Bearers/Councillors/Directors)**

**Political Office Bearers/Councillors**

<b>2009-10</b>	<b>TOTAL</b>	<b>BASIC SALARY</b>	<b>TRAVELLING ALLOWANCE</b>	<b>CELLPHONE ALLOWANCE</b>	<b>MEDICAL AID</b>	<b>PENSION FUND</b>
Executive Mayor	605,836.50	274,467.11	148,108.13	13,404.00	1,014.00	168,843.26
Speaker	487,350.00	219,370.89	118,486.50	13404.00	1,014.00	135,074.61
Chief Whip	266,597.10	122,953.65	66,649.28	0.00	1,014.00	75,980.17
Mayoral Committee Members	2,486,139.60	1,112,673.29	603,117.90	73,668.00	9,126.00	687,554.41
Ordinary Councillors	2,027,052.41	890,031.14	491,062.28	71,952.00	14,196.00	559,810.99

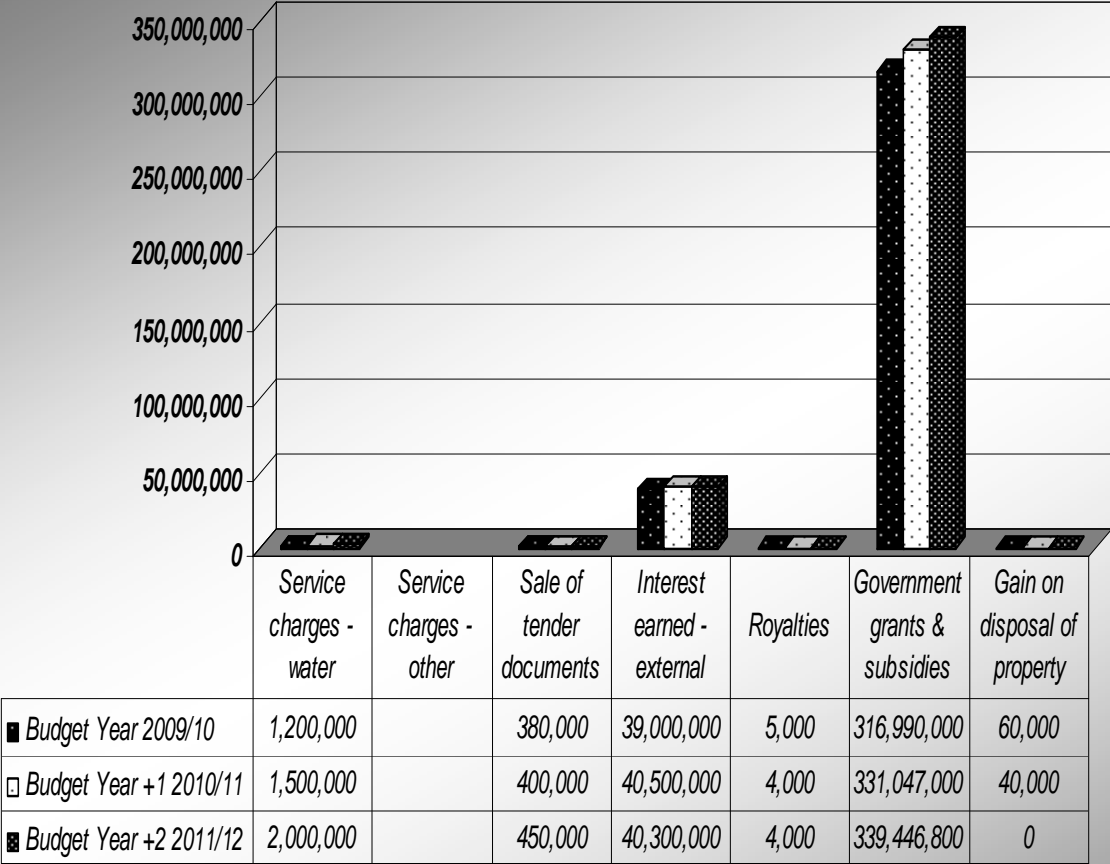
**Directors**

<b>2009-10</b>	<b>TOTAL</b>	<b>BASIC SALARY</b>	<b>OTHER ALLOWANCES</b>	<b>CELLPHONE ALLOWANCE</b>
Municipal Manager	963,098.00	910,560.00	30,579.00	21,600.00
Chief Financial Officer	893,896.00	848,960.00	30,537.00	14,400.00
Director: Administration	826,534.00	788,480.00	66,649.28	14,400.00
Director: Human Resources	826,534.00	788,480.00	23,655.00	14,400.00
Director: Technical Services	826,534.00	788,480.00	23,655.00	14,400.00
Director: Planning & Development	826,534.00	788,480.00	23,655.00	14,400.00
Director: Strategic Management	826,534.00	788,480.00	23,655.00	14,400.00
Director: Community Services	826,534.00	788,480.00	23,655.00	14,400.00
Director: Office of the Mayor	826,534.00	788,480.00	23,655.00	14,400.00

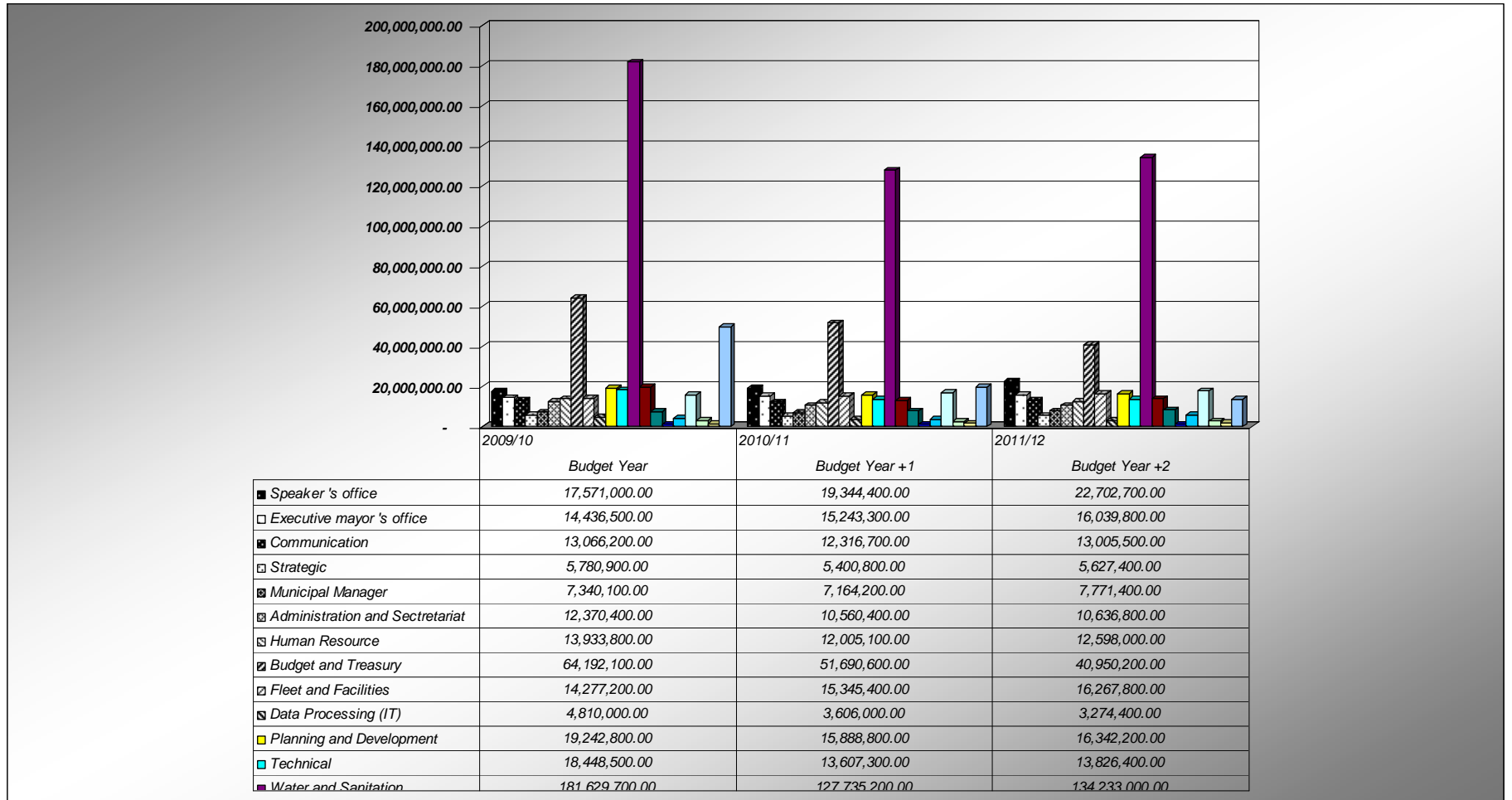


**BUDGET RELATED  
CHARTS**

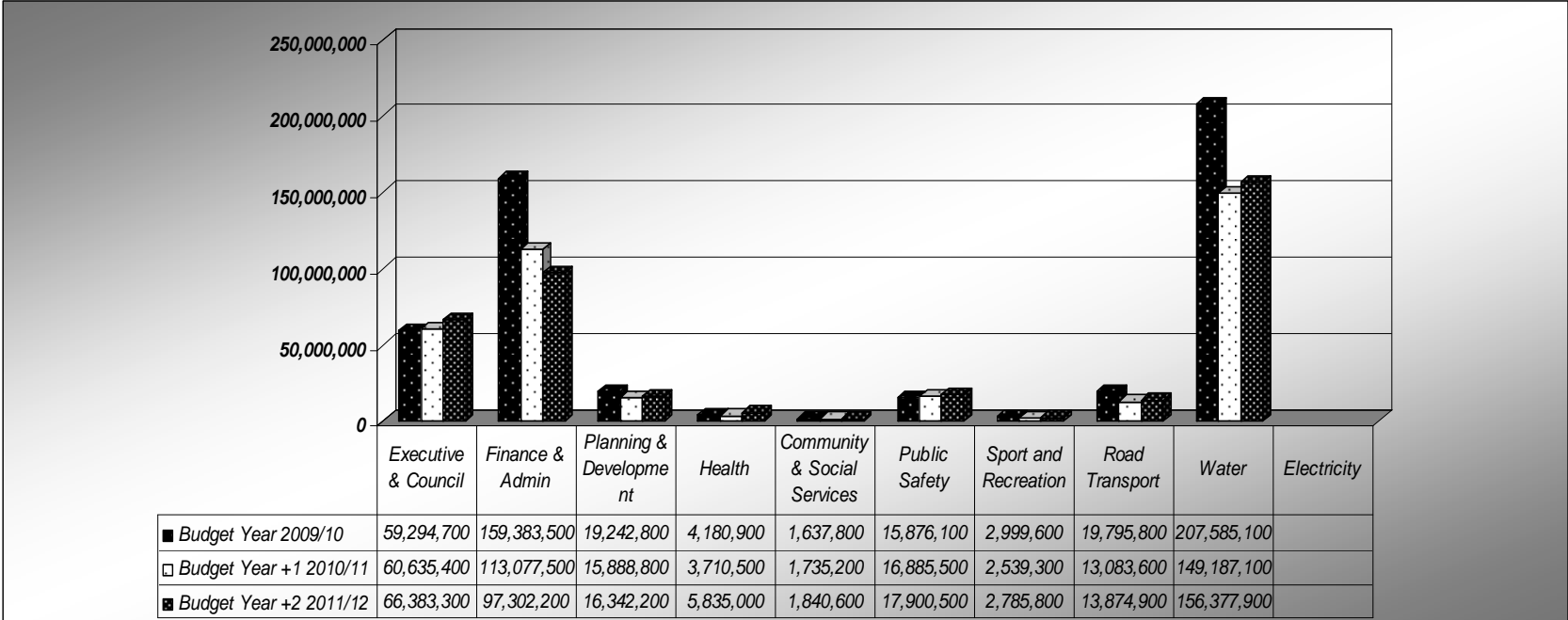
**Chart 1: Operating revenue by source**



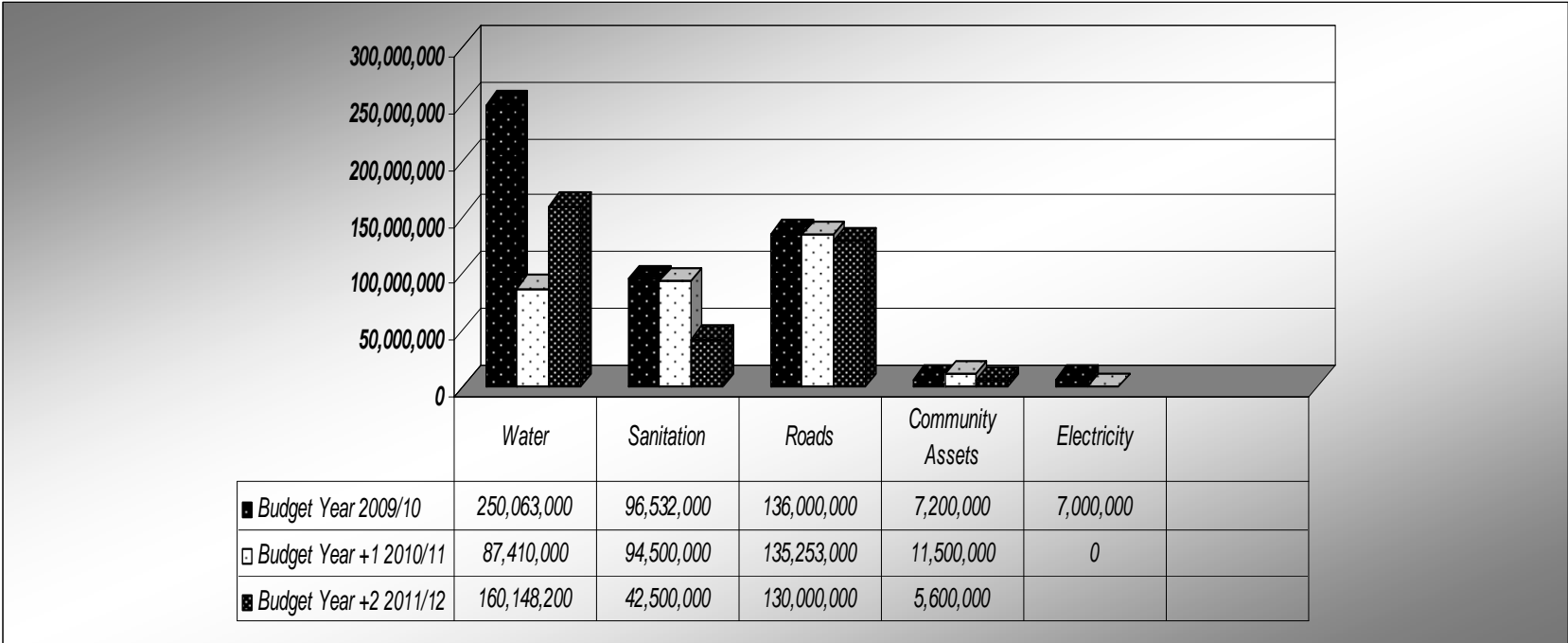
**Chart 2: Expenditure by Vote**



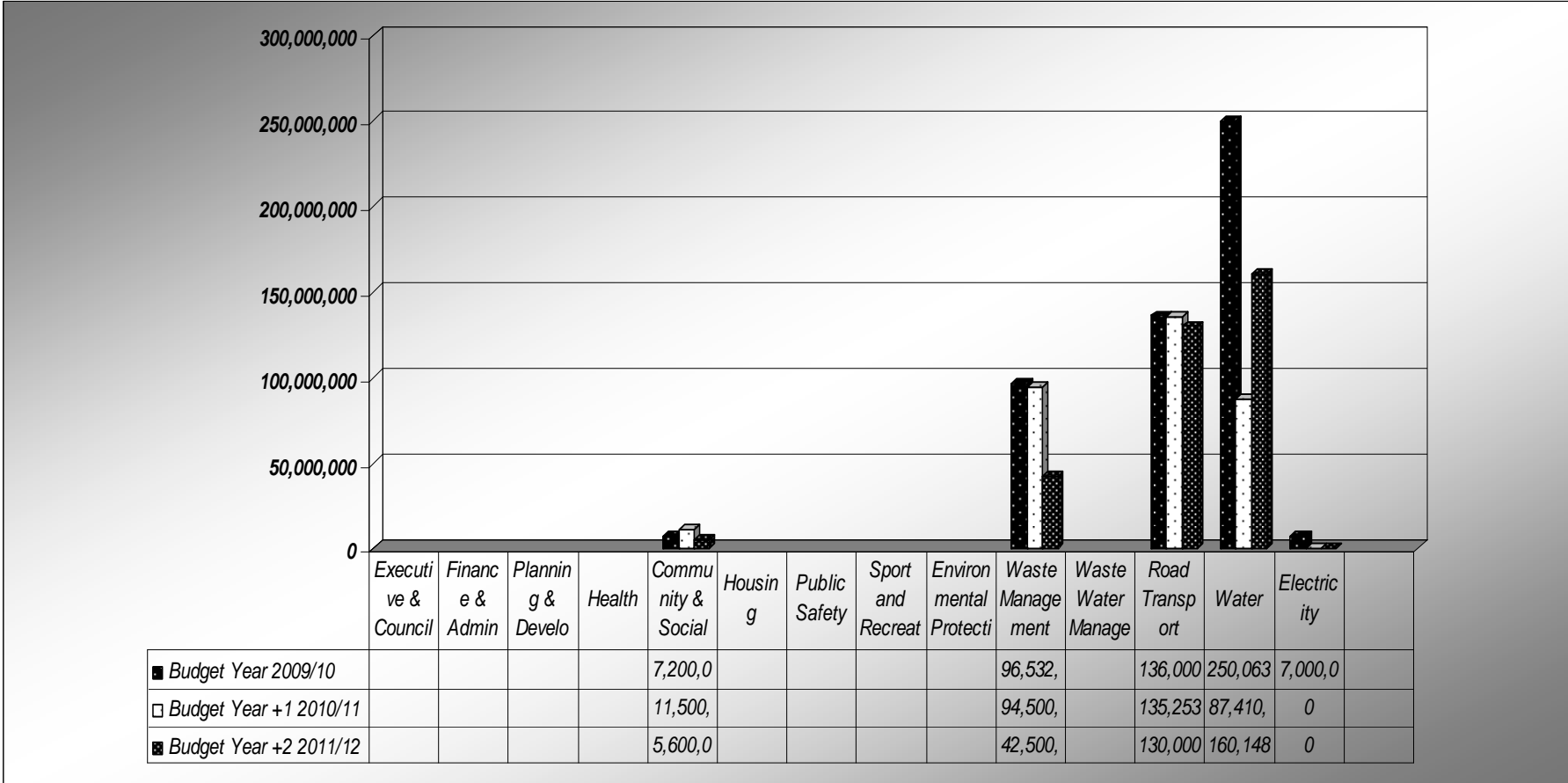
**Chart 2(a): Expenditure by GFS**



**Chart 3: Capital Expenditure by Vote**



**Chart 3(a): Capital Expenditure by GFS**



**Chart 4: Capital Funding By Source**

