

GREATER TZANEEN MUNICIPALITY



ADJUSTMENT BUDGET 2020/2021

3rd Adjusted Medium Term Revenue and Expenditure Framework

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GLOSSARY

Adjustment Budget - Prescribed in Section 28 of the MFMA. The formal means by which a Municipality may revise its Annual Budget during the year.

Allocations – Money received from Provincial or National Government or other Municipalities or public donations.

Budget – The financial plan of the Municipality

Capital Projects – Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's Asset Register.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by National to Provincial and Local Government.

MFMA - The Municipal Finance Management Act no. 53 of 2003. The principle piece of Legislation relating to Municipal Financial Management.

PART 1

SECTION 1 – INTRODUCTION

PURPOSE OF THE REPORT

The purpose of the report is to inform Council that the MIG allocation of R93 619 000 for the 2020/2021 financial year has been changed to R92 470 000 by National Treasury through Government Gazette no. 44178. This report serves to obtain Councils approval to revise the approved 2020/2021 Annual Budget through a special Adjustment budget

BACKGROUND

Section 23 of the Budget Regulations published on 17 April 2009 in terms of Section 28 of the Municipal Finance Management Act, 2003 determines that an Adjustment Budget may be tabled in the Municipal Council at any time after the mid-year budget and performance assessment has been tabled in council, but not later than 28 February of the current year. It also determines that only one adjustment budget may be tabled in the Municipal Council during a financial year except when additional revenue is allocated to a municipality by National or Provincial Government.

The exception to Section 23 (2) provides that if a National or Provincial Adjustment Budget allocates or transfer additional Revenues to a Municipality, the Mayor of that Municipality must at the next available Council meeting table an Adjustment Budget to Council to appropriate the additional allocation.

SECTION 2 – LEGAL REQUIREMENTS

Chapter 2 Section 23 of the Local Governments Municipal Finance Management Act, 2003 Municipal Budget and Reporting Regulations determined the following with regard to Municipal Adjustment Budgets.

TIMEFRAMES FOR TABLING OF ADJUSTMENTS BUDGETS

“23. (1) An adjustment budget referred to in Section 28(2)(b), (d) and (f) of the Act may be tabled in the Municipal council at any time after the mid-year budget and performance assessment has been tabled in the council, but not later than 28 February of the current year.

*(2) Only on adjustments budget referred to in sub-regulation (1) may be tabled in the municipal council during a financial year, **except when the additional revenues contemplated in section 28(2)(b) of the Act are allocations to a municipality in a national or provincial adjustments budget, in which case sub-regulation (3) applies.***

(3) If a national or provincial adjustments budget allocates or transfers additional revenues to a municipality, the mayor of the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustments budget, table an adjustments budget referred to in section 28(2)(b) of the Act in the municipal council to appropriate these additional revenues.”

SECTION 3 – MAYOR’S REPORT

The Adjustment Budget Report of the Mayor will be distributed under separate cover.

SECTION 4 – ADJUSTMENT BUDGET RELATED RESOLUTIONS

- a) That Council approves the 3rd Adjustment Budget for the 2020/2021 financial year.
- b) That the reduction of the MIG allocation from R93 619 000 to R92 470 000 for the 2020/2021 financial year be affected on Council’s 2020/2021 Capital Budget.
- c) That the reduction of R1 149 000 on the MIG allocation be approved as follows:

FINANCIAL YEAR 2020/2021: REDUCTION IN MIG ALLOCATION

GREATER TZANEEN MUNICIPALITY
MIG REVISED SCHEDULE 20/21 FINANCIAL YEAR

PROJECT NAME	BUDGET FOR THE 2020/21 FINANCIAL YEAR (Rands)	REVISED BUDGET FOR THE 2020/21 FINANCIAL YEAR (Rands)
Mawa Low Level bridge	R 1 442 382,58	R 1 442 382,58
Lenyenye Taxi Rank	R 5 082 626,73	R 5 082 626,73
Mulati Access Road Paving	R 4 372 696,75	R 4 372 696,75
Upgrading of Codesa Street to Hani Street	R 2 000 000,00	R 2 000 000,00
Paving of Marirone to Motupa Street	R 0,00	R 0,00
Upgrading of Mopye High School Access Road	R 11 175 910,22	R 11 175 910,22
Nelson Ramodike High School Access Road	R 24 157 665,24	R 24 157 665,24
Upgrading of Relela Access Road	R 11 978 929,21	R 11 978 929,21
Upgrading of Matapa to Leseka Access Road	R 13 940 315,54	R 12 791 315,54
Paving of Moseanoka to Cell C Pharare Internal Streets in Ward 28	R 2 825 180,93	R 2 825 180,93
Paving of Risaba, Mnisi, Shando, to Driving School in ward 5	R 3 882 840,67	R 3 882 840,67
Paving of Main road from Nduna, Mandlakazi, Efrika, Zangoma, Mpemyisi to Jamba Cross Internal Street (in ward 13) and Nwamitwa Bridge via Nhlengeleti School to Taxi Rank, Clinic via Lwandlamoni School to Nwamitwa/Mandlakazi Road (in Ward 12)	R 6 699 502,13	R 6 699 502,13
Supply and Installation of High Mast lights in Dan Village	R 1 380 000,00	R 1 380 000,00
PMU	R 4 680 950,00	R 4 680 950,00
	R 93 619 000,00	R 92 470 000,00

- d) That the Adjustment Budget Report and Supporting documentation be submitted to National Treasury and Provincial Treasury after approval by Council in terms of Section 28(7) of the Act.

SECTION 5 – EXECUTIVE SUMMARY

The Adjustment Budget process is governed by the Municipal Finance Management Act 56 of 2003 and the objectives are:

- To manage any adjustment to the approved operational and capital budgets in such a manner that it will enhance the quality of life of the citizens.
- To ensure that all adjustments to the approved budget are done in accordance with legislation.
- To manage the financial affairs of the Municipality in such a manner that sufficient cash resources are available to finance the adjustments to the approved budget of the Municipality.

These objectives are supported by Section 18 of the MFMA which provides a budget rule indicating that Municipal expenditure can only be funded by realistic anticipated revenue to be collected.

The Municipal Finance Management act also provides that if additional funding is allocated to a Municipality an Adjustment Budget must be approved to appropriate the additional allocation.

On the 22nd of February 2021 Government Gazette no. 44178 was promulgated in which the 2020/2021 MIG allocation of Greater Tzaneen Municipality was reduced from R93 619 000 to 92 470 000, a reduction of R1 149 000.

To comply with legislative requirements, the change in Grant Funding needs to be affected on the 2020/2021 approved budget of the Municipality.

To ensure that the Capital programme is not affected negatively, it is recommended that the allocation for the upgrading of Matapa to Leseka Access Road be reduced from R13 940 315,54 to R12 791 315,54, a reduction of R1 149 000.

The IDP and Performance targets will also be amended to be in line with the allocation changes contained in Government Gazette no. 44178 of 22 February 2021. This will ensure the alignment between the IDP, Budget and performance targets.

To comply with Legislation requirements regarding the change in allocations to the Municipality it is recommended that the following recommendations be considered by Council:

- a) That Council approves the 3rd Adjustment Budget for the 2020/2021 financial year.
- b) That the reduction of the MIG allocation from R93 619 000 to R92 470 000 for the 2020/2021 financial year be affected on Council's 2020/2021 Capital Budget.

- c) That the reduction of R1 149 000 on the MIG allocation be approved on the following MIG project.

FINANCIAL YEAR 2020/2021: REDUCTION IN MIG ALLOCATION

**GREATER TZANEEN MUNICIPALITY
MIG REVISED SCHEDULE 20/21 FINANCIAL YEAR**

PROJECT NAME	BUDGET FOR THE 2020/21 FINANCIAL YEAR (Rands)	REVISED BUDGET FOR THE 2020/21 FINANCIAL YEAR (Rands)
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Paving of Main road from Nduna, Mandlakazi, Erika, Zangoma, Mpemyisi to Jamba Cross Internal Street (in ward 13) and Nwamitwa Bridge via Nhlengeleti School to Taxi Rank, Clinic via Lwandlamoni School to Nwamitwa/Mandlakazi Road (in Ward 12)	R 6 699 502,13	R 6 699 502,13
Supply and Installation of High Mast lights in Dan Village	R 1 380 000,00	R 1 380 000,00
PMU	R 4 680 950,00	R 4 680 950,00
	R 93 619 000,00	R 92 470 000,00

- d) That the Adjustment Budget Report and Supporting documentation be submitted to National Treasury and Provincial Treasury after approval by Council in terms of Section 28(7) of the Act.

SECTION 6 – ADJUSTMENT BUDGET TABLES

The Adjustment budget tables are attached to this document as Tables B1 to B10.

The Budget Tables are:

Table B1	-	Adjustment Budget Summary
Table B2	-	Adjustments Budgeted Financial Performance (revenue and Expenditure by standard classification)
Table B3	-	Adjustment Budgeted Financial Performance (revenue and expenditure by municipal vote)
Table B4	-	Adjustments Budgeted financial Performance (revenue and expenditure)
Table B5	-	Adjustments Budgeted Capital Expenditure by vote, standard classification and funding.
Table B6	-	Adjustments Budgeted Financial Position
Table B7	-	Adjustments Budgeted Cash flows
Table B8	-	Adjustments Cash backed reserves/accumulated surplus Reconciliation
Table B9	-	Adjustments Budget Asset Management
Table B10	-	Adjustments Budget Basic Service delivery measurement

PART 2 – SUPPORTING DOCUMENTATION

SECTION 7– BUDGET RELATED POLICIES

There are no changes to the Budget Related Policies. All Financial Policies will be reviewed before the approval of the next Annual Budget.

SECTION 8 – OVERVIEW OF ADJUSTMENT BUDGET ASSUMPTIONS

There are no changes to the Budget Assumptions proposed in the Adjustments budget.

SECTION 9 – ADJUSTMENT BUDGET FUNDING

This Adjustment Budget Report is tabled to Council to give effect to Section 23 (3) of the Budget Regulations which reads as follows:

(3) If a national or provincial adjustments budget allocates or transfers additional revenues to a municipality, the mayor of the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustments budget, table an adjustments budget referred to in section 28(2)(b) of the Act in the municipal council to appropriate these additional revenues.”

We believe the Adjustment Budget supports the credibility of the approved budget as the budget allocations:

- Are consistent with the revised IDP.
- Are achievable in terms of agreed service delivery and performance targets;
- Contain revenue and expenditure projections that are consistent with current and on past performance and supported by documented evidence.
- Do not jeopardize the financial viability of the Municipality (ensure that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term)

The Budget of Greater Tzaneen Municipality sets out certain services delivery levels and associated financial implications. Therefore our community can realistically expect to receive these promised service delivery levels and understand the associated financial implications.

SECTION 10 – ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

GRANT ALLOCATIONS

Details of each Grant to be received and spent are shown in the schedules SB7 to SB9 attached to the report.

SECTION 11 – ADJUSTMENTS TO ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

ALLOCATIONS MADE BY THE MUNICIPALITY

No allocations outside the budgeted amounts have been made by the Municipality.

SECTION 12 – ADJUSTMENTS TO COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

SALARIES, ALLOWANCES AND BENEFITS

Details of Councillors allowances and Employee benefits are included in supporting table SB11 attached.

SECTION 13 – ADJUSTMENTS TO THE QUARTERLY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS – INTERNAL DEPARTMENTS

Detail will be submitted to Council.

SECTION 14 – ADJUSTMENTS TO CAPITAL EXPENDITURE

Capital expenditure details are listed in Supporting Table SB 18 to SB 19.

SECTION 15 – OTHER SUPPORTED DOCUMENTS

No other supporting documents are attached.

SECTION 16 – MUNICIPAL MANAGER'S QUALITY CERTIFICATION

I, Bartholomew Serapelo Matlala, Municipal Manager of Greater Tzaneen Municipality, hereby certify that the Adjustment Budget and Supporting Documentation have been prepared in accordance with the Municipal Finance Management Act and the

Regulations made under the Act, and that the Adjustments Budget and supporting documentation are consistent with the Integrated Development Plan of the Municipality.

MR. B.S. MATLALA
GREATER TZANEEN MUNICIPALITY

SIGNATURE: _____

11 MARCH 2021

DEPARTMENTAL COMMENTS

COMMENTS FROM CORPORATE SERVICES

COMMENTS FROM ENGINEERING SERVICES

COMMENTS FROM ELECTRICAL ENGINEERING

COMMENTS FROM PED

COMMENTS FROM COMMUNITY SERVICES

COMMENTS FROM THE CFO

COMMENTS FROM THE MUNICIPAL MANAGER