

(ADJUSTMENT BUDGET ITEM 2021/2022)

(E/C 2022, C 2022)

(5/1/1)

**REPORT OF THE DEPARTMENT OF THE CHIEF FINANCIAL OFFICER, MS. PM
MAKHUBELA**

1. PURPOSE OF THE REPORT

The purpose of this report is to inform Council of the 2021/2022 adjustment budget and to obtain Council's approval to revise the approved 2021/2022 Annual Budget through an Adjustment Budget.

2. 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.

3. LEGISLATIVE FRAMEWORK

Municipal Finance Management Act (Section 28).

4. DISCUSSION

The Municipal Finance Management Act determines that the accounting officer of the Municipality must by 25 January assess the performance of the Municipality during the first half of the financial year and make recommendations as to whether any adjustment budget is necessary. If an adjustment budget is required, it must be supported by revised projections of revenue and or expenditure to the extent that this may be necessary.

5. RISK IMPLICATIONS

Non adherence to MFMA if council does not approve the adjustment budget timeously

6. LEGAL IMPLICATIONS

None

7. FINANCIAL IMPLICATIONS

The Revenue and Expenditure budget will be adjusted

8. RECOMMENDATIONS

- a) That the following adjustments/additions with regard to Operational Expenditure be approved:

Human resources: selling of leave days	R 13 300 000	To accommodate selling of leave days approved by Council.
Legal services: legal fees	R 1 500 000	To accommodate outstanding legal fees during the second part of the financial year.
Electrical Engineering: Municipal services	R 1 200 000	For Maintenance of substations and specialized services
Parks, sport, arts and culture	R 400 000	For grass cutting, maintenance of municipal parks and side walks

- b) That the following savings be utilized to accommodate selling of leave days approved by Council:

Electrical Engineering:	R 6 000 000	Bulk Purchases
Electrical Engineering	R 3 000 000	Inventory Consumed:Materials and Supplies
Planning and Economic development	R 2 800 000	GIS System
Budget and Treasury	R 1 500 000	Contracted Services

- c) That the following adjustments on 2021/2022 MIG projects be approved:

Project Title	2021/2022 Original budget	2021/2022 Adjusted budget
Paving Nelson Ramodike High School Access Road		5 628 120.61
Upgrading of Nkowankowa B Streets from Gravel to Paving	1 000 000.00	0.00
Upgrading of Nkowankowa A CODESA and Hani Streets from Gravel to Paving	5 600 000.00	3 682 786.73
Upgrading of Topanama Access Road from Gravel to Paving	1 000 000.00	0.00

Upgrading of Marirone to Motupa Street from Gravel to Paving	5 000 000.00	0.00
Upgrading of Thapane Street from Gravel to Paving	1 000 000.00	0.00
Upgrading of Mulati Access Road from Gravel to Paving	13 900 000.00	14 946 716.68
Construction of Tickyline to Makhwibidung Stormwater Drainage Systems	3 500 000.00	0.00
Upgrading of Lenyenye Streets from Gravel to Paving	1 000 000.00	0.00
Upgrading of Zangoma to Mariveni Road from Gravel to Paving	1 000 000.00	0.00
Upgrading of Moseanoka to Cell C Pharare Internal Streets from Gravel to Paving	14 000 000.00	13 538 679.30
Upgrading of Nkowakowa Section D Streets from Gravel to Paving	1 000 000.00	0.00
Upgrading of Matapa to Leseka Access Road from Gravel to Paving	4 753 950.00	11 751 383.77
Upgrading of Risaba, Mnisi, Shando, to Driving School Internal Streets from Gravel to Paving	14 000 000.00	14 079 741.27
Upgrading of Main Road from Ndhuna Mandlakazi, Efrika, Zangoma, Mpenyisi to Jamba Cross Internal Street	14 000 000.00	15 563 260.82
Nwamitwa Bridge via Nhlengeleti School to Taxi Rank, Clinic via Lwandlamoni School to Nwamitwa/Mandlakazi Road from Gravel to Paving	14 000 000.00	15 563 260.82
Total Capital	94 753 950.00	94 753 950.00
PMU Administration	4 987 050.00	4 987 050.00
Total MIG allocation	99 741 000.00	99 741 000.00

- d) That the following roll over projects, financed from Conditional Grants INEP, were not approved by National Treasury, and that these projects be financed from municipal services own funding item:

Project name	Number of connections	Budget
- Electrification on Senakwe	35	R686 734.95
- Electrification of Runnymede	91	R661 668.83
Total		R1 348 403.78

- e) That the following amendments on the INEP projects (Operational projects on the 2021/2022 budget) be approved by council to ensure that the SDBIP can be aligned with the operational projects:

No.	Project Name	Number of Connections	Original Budget	Adjusted Budget
1	Electrification of Mavele Phase5	213	3 834 000	3 834 000
2	Electrification of New Phepene	29	522 000	1 350 000
3	Electrification of New Rita	30	540 000	540 000
4	Electrification of Winny Mandela	618	11 124 000	10 296 000
	TOTAL	890	16 020 000	16 020 000

- f) That the following amendments on the own funding projects be approved by council to ensure that the SDBIP can be aligned with the capital budget:

Project Title	2021/2022 ORIGINAL BUDGET	ADDITIONAL REQUESTS	2021/2022 ADJUSTED BUDGET
Construction of Clear View Fencing at Civic Centre and Stores		675 630	675 630
Purchase of Waste Removal Truck	1 800 000		1 800 000
Purchase of Construction Machinery: TLB, Grader	5 000 000	-5 000 000	0
Erection of Concrete Palisade Fence at Nkowankowa Cemetery	2 000 000		2 000 000
Erection of Concrete Palisade Fence at Lenyenye Cemetery	2 000 000		2 000 000
Purchase of Walk-behind Roller x 2	600 000	-600 000	0
Rehabilitation of Boundary Street in Tzaneen		5 000 000	5 000 000
Construction of Speed Humps in all Wards	1 000 000	-1 000 000	0
Upgrading of Civic Centre Roof	4 000 000	1 924 370	5 924 370
Construction of New Ablution Block, Offices and Storage Facility at Tzaneen Testing Station	1 000 000	-1 000 000	0

Purchase of Fleet Management System	800 000		800 000
Purchase of the Mayor's Vehicle	750 000		750 000
Purchase of the Speaker's vehicle	750 000		750 000
Installation of Power Generator for Aqua Park Booster Pump Station	600 000	-300 000	300 000
Installation of Power Generator for Letsitele Water Treatment Works		300 000	300 000
Speed measuring instrument	500 000		500 000
1x Trailer	270 000		270 000
6x Computers	60 000		60 000
3x Printers	15 000		15 000
Traffic Lights Controllers	500 000		500 000
Procurement of Data Concentrators	250 000		250 000
Purchase of critical office furniture	700 000		700 000
New Electricity Connections (Consumer Contribution)	10 000 000		10 000 000

- g) That the following DBSA(loan) projects be approved by Council to ensure that the SDBIP can be aligned with the capital budget:

PROJECT / INITIATIVE	2021/2022 Budget	2021/2022 Adjusted budget
Replace 2 x 20 MVA 66/11 kV at Tzaneen main sub PH3	R 4 320 503.13	R 2 753 557.36
Rebuilding of Deeside 11kv line	R 145 430.35	R 145 430.35
Rebuilding of Yarmona /Shivulari 11kv line ph2 (4km)	R 55 987.00	R 55 987.00
Rebuilding of Letaba Feeder 33KV line ph2	R 983 128.47	R 300 973.69
Refurbishment of the Ebenhezer 33kV Feeder ph3	R 1 500 000.00	R 1 170 512.71

Install 33kV voltage regulator on the 33kV Haenertsburg ring	R	3 750 000.00	R	4 274 433.74
California 11kV line (New from adjustment busget)	R	1 500 000.00	R	1 500 000.00
Capital Tools O&M	R	310 000.00	R	310 000.00
Capital Tools CRS	R	50 000.00	R	50 000.00
Reburbishment of the Ebenezer 33kV Feeder ph2	R	806 616.30	R	806 616.30
Haenertsburg Iron Crown 11kV line Ph2 (Mountain top)	R	599 000.00	R	599 000.00
33 & 11kV Auto Reclosers (NEW)	R	-	R	2 054 154.10
<u>TOTAL</u>	R	<u>14 020 665.25</u>	R	<u>14 020 665.25</u>

- h) That the Directors manage their respective votes/departments in the Municipality in terms of Section 77 of the MFMA to ensure that no overspending occurs at 30 June 2022, and that possible overspending be accommodated through virements.
- i) That special attention be given to Credit Control to ensure that the required revenue is generated.
- j) That no Adjustment be effected on the Water and Sewer budgets.
- k) That no Adjustment be approved for GTEDA and that possible overspending on-line items be accommodated by virements.
- l) That the cash flow of the Municipality be managed to ensure that all liabilities of the Municipality are met at year-end.
- m) That adjustments be effected on the Municipalities B Schedules to ensure alignment with the mSCOA data strings.

a) DEPARTMENTAL COMMENTS

COMMENTS FROM CORPORATE SERVICES

COMMENTS FROM ENGINEERING SERVICES

COMMENTS FROM ELECTRICAL ENGINEERING

COMMENTS FROM PLANNING

COMMENTS FROM COMMUNITY SERVICES

COMMENTS FROM THE CFO

COMMENTS FROM THE MUNICIPAL MANAGER

ATTACHMENT

CLUSTER COMMITTEE OUTCOME

CLUSTER COMMITTEE FEEDBACK

EXECUTIVE COMMITTEE OUTCOME

EXECUTIVE COMMITTEE FEEDBACK

COUNCIL COMMITTEE OUTCOME

COUNCIL COMMITTEE FEEDBACK