
**REPORT OF THE DEPARTMENT OF THE CHIEF FINANCIAL SERVICE (MS
M.N. LION**

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1.1 ANNEXURES

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1.2 INTRODUCTION

PURPOSE OF THIS REPORT

The purpose of this report is to request Council to consider the 2014/2015 (MTREF) Medium-term Revenue and Expenditure Framework in terms of Section 24 (1) of the Municipal Finance Management Act 2003, Act no. 56 of 2003.

INTRODUCTION

The (MTREF) Medium – Term Revenue and Expenditure Framework submitted to Council today is the collective effort of the Budget Committee and is in line with the requirements of the Municipal Finance Management Act, 2003 and is the financial assertion of our political mandate. The 2014/2015 budget represents a consolidated budget with the inclusion of GTEDA, a Municipal entity into our budget. Apart from the inclusion of GTEDA, Greater Tzaneen Municipality also drafted the Water and Sewer budgets on behalf of Mopani District Municipality who needs to approve these budgets and submit it to National Treasury for consideration.

The budget has been prepared in terms of the guidelines set by National Treasury's MFMA Circular no. 70 which states inter alia that municipal revenues and cash flows are expected to remain under pressure in the 2014/2015 financial year and Municipalities must adopt a conservative approach when projecting their expected revenues. Municipalities must also carefully consider affordability of tariff increases especially where it relates to domestic consumers.

Municipalities are also advised to take National Treasury inflation forecasts into consideration when preparing their 2014/2015 budgets and MTREF. The forecast for the 2014/2015 financial year is 5,6% and Municipalities are encouraged to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interest of poor households, other customers and ensuring the financial sustainability of the Municipality.

The budget was drafted with full consideration of the provisions contained in National Treasury Circular 70, Councils financial position, sustainability, affordability and the fact that Municipality's were cautioned by National Treasury to keep increases in tariffs and other charges as low as practically possible. National Treasury also advice Municipality's that Section 20 of the MFMA specifically empowers the Minister of Finance to take appropriate steps to ensure that Municipality's do not materially and unreasonably prejudice national economic policy, particularly those on inflation, administered prices and equity.

The budget has been drafted according to legislation and the Budget Steering Committee believes that the 2014/2015 budget planning initiatives and the accompanying collective budget process resulted in not only a well balanced budget, but also one which is sustainable, equitable and representative of our communities.

Council must also take cognizance that Section 160 (2)(b) of the Constitution of the Republic of South Africa, 1996 (Act no. 108 of 1996) determines that the approval of budgets may not be delegated by a Municipal Council. Section 160 (3) (b) determines that all questions concerning the approval of the budget, are determined by a decision taken by a council with a supporting vote of a majority of its members. In the case of Greater Tzaneen Municipality this means that at least 35 Councillors must vote in favor of the proposed budget.

PART 1 – ANNUAL BUDGET

2. BUDGET SPEECH BY HER WORSHIP MAYOR DIKELEDI MMETLE

The budget speech of the Mayor will be distributed under separate cover.

3. BUDGET RELATED RESOLUTIONS

RECOMMENDATIONS

- (a) That the Preliminary budget of Greater Tzaneen Municipality for the financial year 2014/2015 and the indicative revenue and projected expenditure for the two subsequent years 2015/2016 and 2016/2017 be approved as contained in the following schedules:

Supporting tables:

A1 to A10
SA 1 to SA 37
Supporting Charts

- (b) That the Annexures and policies attached to this report be approved.
- (c) That Council takes cognizance thereof that the increase in tariffs on the previous year tariffs are within the guideline set by National Treasury.
- (d) That the budget for water, sewer and environmental health drafted by the Chief Financial Officer of Greater Tzaneen Municipality be submitted to Mopani District Municipality (MDM) for consideration, approval and submission to National Treasury.
- (e) That the allocation from sources other than conditional grants for capital projects for the 2014/2015 financial year be approved as follows:

Loans	R	0
Own Sources	<u>R64 679 520</u>	
TOTAL	R64 679 520	

- (f) That the expenditure on the public entertainment and subsistence and travel votes be limited to the budgeted amounts and that no overspending on these votes be allowed without the prior approval of the Municipal Manager and the Chief Financial Officer.
- (g) That no overspending be allowed on the entertainment votes without the prior approval of the Municipal Manager and the Chief Financial Officer.
- (h) That the Municipal Manager finalizes the Service Level Agreement of the Environmental Health Service with MDM as a matter of urgency.

(i) That the monthly accounts of poor households (indigent) that qualify for free basic services be approved at R50,00 per month plus water consumption above 6 kilolitre per month.

(j) That the measurable performance objectives for revenue for each source and for each vote as per **Item 8** be approved.

(k) CAPITAL BUDGET

I That the capital budgets from own sources be approved as follows:

2014/2015 Financial year	R64 679 520
2015/2016 Financial year	R78 989 447
2016/2017 Financial year	R92 438 058

II That an amount of R108 744 450 be approved from Grants for the 2014/2015 financial year.

III That no loan be taken up to finance capital projects during the 2014/2015 financial year.

IV That Council takes cognizance of the R87 083 000 (2014/2015) MIG allocation for capital projects of which R82 793 450 is allocated for Capital and R4 289 550 is allocated for operational.

V TRANSPORT BUDGET

I That the transport budget as per **Annexure” H“** and tariffs applicable for each vehicle be approved.

II That all vehicles be rationalized to the needs of the different departments to ensure optimal and cost effective fleet management to all departments.

III That all departments adhere to the requirements of utilization and costing set out in the Vehicle Fleet Policy.

(l) PERSONNEL

That the personnel budget for Greater Tzaneen Municipality be approved. **Annexure “ G“**.

(m) INTEREST ON ARREARS OTHER THAN FOR RATES

That the interest rate in terms of the Local Government, Municipal Systems Act 32 of 2000 be determined the same as the current rate, namely, 18%.

(n) INTEREST ON AREAR RATES

That the interest rate of prime rate plus 1% as promulgated in Government Gazette no. 28113 of 13 October 2005 be approved and that the prime rate of ABSA Bank, where Greater Tzaneen Municipality primary bank account is held, be applicable.

(o) That R620 000 be made available to the Mayor for the 2014/2015 financial year, allocated as follows:

I R220 000 Special account which must be subjected to Audit. (Funds will only be transferred to an organization).

II R400 000 For Bursaries

(p) SOLID WASTE: TARIFFS

That the following tariffs for solid waste be approved:

	KERBSIDE REMOVALS	CURRENT	PROPOSED
1.	Domestic waste for 1 x scheduled removal per week (Monthly per domestic premises)	R93.28	R98.88
2.	Business waste for 6 x scheduled removals per week (Monthly per unit)	R310.93	R329.58
3.	Collection, transportation and disposal of animal carcasses per removal	R210.00	R230.00
4.	Institutional waste for 6 x scheduled removals per week (Monthly per unit)	R310.93	R329.58
5.	Industrial waste for 3 x Scheduled removals per week (Monthly per unit)	R248.74	R263.67
6.	Collection; transportation and disposal of condemned foodstuffs per load or 1 x ton or part thereof.	R630.00	R690.00
7.	Bulky Waste Removals		
	I Bulk removal of compactable waste (1 x 6m ³ skip per removal once per week)	R608.00	R660.00
	II Bulk removal of non compactable waste (1 x 6m ³ skip per removal once per week)	R1 520.00	R1 600.00

		CURRENT	PROPOSED
8.	Private Waste Deposits		
	I Per light delivery van or trailer load not exceeding one ton	R140.00	R150.00
	II Per lorry load not exceeding three ton, but exceeding one ton	R420.00	R460.00
	III Per lorry load not exceeding six ton, but exceeding three ton	R870.00	R910.00
	IV Per lorry load not exceeding ten Ton, but exceeding six ton	R1 400.00	R1 500.00
	V Per lorry load exceeding ten ton	R2 500.00	R2 600.00
		CURRENT	PROPOSED
9.	Incineration of bio-hazardous waste Collection, Transportation & Disposal		
	• 5 – 8 x lit sharps	R116.00	R120.00
	• 5 x lit human tissue	R190.00	R200.00
	• 10 x lit sharps	R180.00	R190.00
	• 10 x lit human tissue	R245.00	R270.00
	• 20 x lit sharps	R305.00	R330.00
	• 20 x lit human tissue	R370.00	R400.00
	• 85 x lit H.C.R.W. in liner	R126.00	R140.00
	• 140 x lit H.C.R.W box + liner	R305.00	R390.00
	• 50 x lit H.C.R.W box + liner	R157.00	R200.00
	• 140 x lit Empty liners	R21.00	R25.00

(q) WATER SUPPLY: TARIFFS

That the following tariffs for water supply be approved

Tariffs Basic Charges

	CURRENT	PROPOSED
Domestic (AA)	R25.16	R26.669
Business (BA)	R39.73	R42.11
Industrial (CA)	R39.73	R42.11
State (EA)	R67.54	R71.59
Dept (FA)	R25.16	R26.66
Transnet (HA)	R67.54	R71.59
Flats	R41.05	R43.51
Education	R31.79	R33.70

Tariffs for Consumption

		CURRENT	PROPOSED
i	DOMESTIC (AA)		
	0 – 6 kl	R0.63 per kl	R0.66 per kl
	7 – 10 kl	R1.76 per kl	R1.86 per kl
	11 – 25 kl	R3.12 per kl	R3.30 per kl
	26 – 35 kl	R4.18 per kl	R4.43 per kl
	36 – 100 kl	R4.71 per kl	R4.99 per kl
	101 kl and more	R8.78 per kl	R9.30 per kl
ii	BUSINESS (BA)		
	0 – 50 kl	R2.24 per kl	R2.37 per kl
	51 – 100 kl	R3.73 per kl	R3.96 per kl
	101 and more	R4.49 per kl	R4.75 per kl
iii	INDUSTRIAL (CA)		
	0 – 50 kl	R2.24 per kl	R2.37 per kl
	51 – 100 kl	R3.73 per kl	R3.96 per kl
	101 and more	R4.49 per kl	R4.75 per kl
iv	STATE (EA)		
	0 – 50 kl	R5.88 per kl	R6.23 per kl
	51 – 250 kl	R4.84 per kl	R5.13 per kl
	251 and more	R3.45 per kl	R3.66 per kl
v	DEPT (FA)		
	0 – 6 kl	R0.67 per kl	R0.71 per kl
	7 – 10 kl	R1.78 per kl	R1.88 per kl
	11 – 25 kl	R3.13 per kl	R3.32 per kl
	26 – 35 kl	R3.76 per kl	R3.98 per kl
	36 – 100 kl	R4.71 per kl	R4.99 per kl
	101 kl and more	R8.78 per kl	R9.31 per kl

vi	TRANSNET (HA)		
	0 – 50 kl	R5.88 per kl	R6.23 per kl
	51 – 250 kl	R4.84 per kl	R5.13 per kl
	251kl and more	R3.45 per kl	R3.66 per kl
vii	FLATS		
	0 – 75 kl	R0.67 per kl	R0.71 per kl
	76 – 120 kl	R3.49 per kl	R3.70 per kl
	121 – 200 kl	R3.69 per kl	R3.91 per kl
	201 – 250 kl	R3.87 per kl	R4.10 per kl
	251 – 370 kl	R4.06 per kl	R4.30 per kl
	371kl and more	R4.42 per kl	R4.69 per kl
viii	EDUCATION		
	0 – 50 kl	R2.55 per kl	R2.70 per kl
	51 – 200 kl	R2.09 per kl	R2.21 per kl
	201 – 400 kl	R1.50 per kl	R1.58 per kl
	401 kl and more	R2.99 per kl	R3.17 per kl

(r) SEWERAGE: TARIFFS

That the following tariffs for sewer services be approved:

	CURRENT	PROPOSED
Charge per m ² (Basic Charge)	R0.24/year	R0.258/kl
CHARGE PER KL WATER USAGE/MONTH		
Domestic (AA)	R0.61/kl	R0.647/kl
Business (BA)	R1.02/kl	R1.08/kl
Hotel (BB)	R0.85/kl	R0.90/kl
Guest Houses	R0.85/kl	R0.90/kl
Industrial (CA)	R1.02/kl	R1.08/kl
Flats (IA)	R0.61/kl	R0.65/kl
State (EA)	R0.78/kl	R0.83/kl
Education	R0.34/kl	R0.36/kl
Incentives	R0.34/kl	R0.36/kl

(s) GENERAL RATES AND REBATE

PROPERTY RATES TARIFFS

RATES TARIFFS	CENT IN THE RAND	
	CURRENT	PROPOSED
Categories of properties in terms of the policy		
Agricultural Properties		
Tariff on market value	0.2495c	0.2635c
Business and Commercial Properties		
Tariff on market value	0.9981c	1.054c

Cemeteries and Crematoriums Properties		
Tariff on market value	0.00c	0.00c
Industrial Properties		
Tariff on market value	0.9981c	1.054c
Institutional Properties		
Tariff on market value	0.9981c	1.054c
Multi-Purpose Properties		
Tariff on market value	0.9981c	1.054c
Municipal Properties		
Tariff on market value	0.00c	0.00c
Privately Owned Vacant Land		
Tariff on market value	0.9981c	1.054c
Public Benefit Organization Properties		
Tariff on market value	0.9981c	1.054c
Public Infrastructure Properties		
Tariff on market value	0.9981c	1.054c
Properties for Religious Use		
Tariff on market value	0.00c	0.00c
Residential Properties		
Tariff on market value	0.9981c	1.054c
Special Properties		
Tariff on market value	0.9981c	1.054c
State-Owned Properties		
Tariff on market value	0.9981c	1.054c

That a 75% rebate be approved on agricultural land to comply with the requirements of Government Gazette no. 33016 of 12 March 2010 which reads as follows:

<u>Categories</u>	<u>Ratio in Relation to Residential property</u>
Residential property	1:1
Agricultural property	1: 0,25

The agricultural tariff must be 25% of the residential tariff.

That the rates be paid in a single amount before 31 August or in twelve (12) equal monthly installments.

That the interest rate on overdue amounts on property rates be charged at prime rate plus one (1%) percent in terms of the Municipal Property Rates Act, 2004.

That the rebates of 30% as contained in Councils Property Rates Policy on Residential property be applied.

(t) **ELECTRICITY TARIFFS**

That the following electricity tariffs be approved:

TARIFF A

- This tariff is available for single phase 230V up to a maximum of 30 Amp circuit breaker capacity
- This tariff will suit low consumption customers, typically less than approximately 650 units.

The following will be payable:

A.1. A consumption charge, per kWh consumed **135.08c**

A.2. The Municipality is currently busy with a pilot project for prepaid metering and the kWh rates applicable will be equal to that of Eskom Home light 1.

Regarding a 60A pre-paid supply, this will be subject to the following conditions:

1. Sufficient network capacity
2. Maximum 60A, single phase
3. Relevant Eskom home light 1 kWh tariff

4. Prior payment of the relevant connection cost as per the Eskom home light 1 tariff.

This tariff will therefore not be available as a standard tariff, but only in the pilot areas at the discretion of the Municipality.

TARIFF B

- This tariff is available for single phase 230V (Capacity not exceeding 16 kVA) and three phase 400V (Capacity not exceeding 75 kVA)
- This tariff will suit medium to high consumption customers.

The following charges will be payable:

B.1. A fixed charge, whether electricity is consumed or not, per point of supply:

The following size circuit breakers will be available:

		AGRIC/DOMEST	BUSINESS
16 kVA Single phase	70 Amp	R 278,19	R 937.20
25 kVA Three phase	45 Amp	R1 106,17	R1 085.87
50 kVA Three phase	80 Amp	R1 466.53	R1 282.39
75 kVA Three phase	100 Amp	R2 039.67	R1 899.84

NOTE 1: The capacity of a supply shall be the capacity as determined by the Electrical Engineering Manager

PLUS

B.2.1 A consumption charge, per kWh consumed
(Business) Three and Single 92,59c

B.2.2 A consumption charge, per kWh consumed
(Agric/Domestic) Three phase 96.73c

B.2.3 A consumption charge, per kWh consumed
(Agric/Domestic) Single phase 116.83c

PLUS

B.3.1 On three phase Business connections, an additional charge per kWh for every unit consumed above 3 000 units and 1500 units on single phase connection.
(Business 1 & 3Ø) **2,78c**

PLUS

B.3.2 On three phase Agri/Domestic connections, an additional charge per kWh for every unit consumed above 3 000 units.
(Agriculture/Domestic 3 Ø) **2,90c**

PLUS

B.3.3 On single phase connections and additional charge per kWh for every unit consumed above 1500 units.
(Agriculture/Domestic 1Ø) **3,50c**

TARIFF C

- This tariff is available for three phase supplies at the available standard voltage with a minimum capacity of 100 kVA
- This tariff will suit high consumption customers

C.1 A fixed charge, whether electricity is consumed or not, per month, per point of supply:

C.1.1 Agriculture and Domestic **R2 044,67**

C.1.2 Business **R1 961,33**

C.2 If the demand is registered during the months of June, July or August per point of supply:
(Agricultural/Domestic) R232,68

C.3 If the demand is registered during the months of September to May per point of supply:
(Agric/Domestic) R144,61

C.4 If the demand is registered during the months of June, July or August per point of supply:
(Business) R177,64

- C.5** If the demand is registered during the months of September to May per point of supply:
(Business) R87,00
- C.6** A consumption charge, per kWh consumed:
- C.6.1 If the kWh has been consumed during the months of June, July or August:
(Agric/Domestic) 71.13c
- C.6.2 If the kWh has been consumed during the months of September to May:
(Agric/Domestic) 54,40c
- C.7** A consumption charge, per kWh consumed:
- C.7.1 If the kWh were consumed during the months of June, July or August:
(Business) 72,84c
- C.7.2 If the kWh were consumed during the months of September to May:
(Business) 53,73c
- C.8** A discount according to the voltage at which the electricity is supplied:
- C.8.1 If the electricity is supplied at three phase/400V:
0%
- C.8.2 If the electricity is supplied at a higher voltage, but not exceeding 11 kV:
3%
- C.8.3 If the electricity is supplied at a higher voltage than 11 kV (if available), but not exceeding 33 kV:
5%

TARIFF D

This tariff is available for three phase bulk supplies at any voltage and with a minimum capacity at 200 kVA

- This tariff will suit mostly large load customers who can shift load out of the GTM peak hour periods.

The following charges will be payable:

D.1 A fixed charge, whether electricity is consumed or not, per month, per point of supply:

R6 838.14

D.2 A demand charge, per kVA registered, per month, per point of supply:

D.2.1 If the demand is registered during the months of June, July or August: **R46,68**

D.2.2 If the demand is registered during the months of September to May: **R46,68**

NOTE: Demand registered during Off-peak Hours will not be taken into account when calculating the demand charge payable.

D.3 A consumption charge, per kWh consumed:

D.3.1 If the kWh has been consumed during the months of June, July or August:

D.3.1.1 During Peak Hours **269.81c**

D.3.1.2 During Standard Hours **77,02c**

D.3.1.3 During Off-Peak Hours **45,06c**

D.3.2 If the kWh has been consumed during the months of September to May:

D.3.2.1 During Peak Hours **81,35c**

D.3.2.2 During Standard Hours **58,14c**

D.3.2.3 During Off-Peak Hours **39,99c**

NOTE 1: For the purpose of this tariff Peak Hours will be from 07:00 to 10:00 and 18:00 to 20:00 on weekdays.

Standard Hours will be from 06:00 to 07:00, 10:00 to 18:00 and 20:00 to 22:00 on weekdays and from 07:00 to 12:00 and 18:00 to 20:00 on Saturdays.

Off-Peak Hours will be from 22:00 to 06:00 on weekdays, 12:00 to 18:00 and 20:00 to 07:00 on Saturdays and all of Sundays.

A Public Holiday falling on a weekday will be treated similar to the Eskom Mega flex Tariff schedule.

Times to be such as to relate to GTM peaks/load curve.

D.4 A discount according to the voltage at which the electricity is supplied.

D.4.1 If the electricity is supplied at three phase / 400V :
0%

D.4.2 If the electricity is supplied at a higher voltage than 400V, but not exceeding 11 kV:
3%

D.4.3 If the electricity is supplied at a higher voltage than 11kV (if available) but not exceeding 33 kV
5%

(u) That Council re-implement the 10 and 5 year (Refurbishment / Rebuilding) electricity programme approved in 2002.

(v) Credit Control

I That Council's adopted Credit Control Policy be strictly adhered to, to curb outstanding debt.

II That a monthly report be submitted to Council regarding Councillor arrears on consumer accounts.

(w) PRE-PAID TARIFF
IBT IMPLEMENTATION

The Greater Tzaneen Municipality is currently launching a pilot project which is in our Extension 13. We are implementing pre-paid metering

which will utilize the latest technologies PLC (Power Line Carrier) metering with concentrators for monitoring and administration purposes.

This tariff will only be available to customers with pre-paid meters.

DOMESTIC TARIFFS (IBT's)			
DOMESTIC BLOCK 1 0 – 50 kWh (c/kWh)	DOMESTIC BLOCK 2 51 – 350 kWh (c/kWh)	DOMESTIC BLOCK 3 351 – 600 kWh (c/kWh)	DOMESTIC BLOCK 4 >600 kWh (c/kWh)
72,76c	90,62c	123,05c	146,59c

SUNDRY TARIFFS 2013/2014

ELECTRICITY

That in terms of the provisions of section 11(3) of the Local Government Municipal Systems Act 2000, the Council by resolution amends the charges payable for the supply of electricity as contained in Municipal Notice No. 19 of 1988 and promulgated in Provincial Gazette no 4565 dated 1 June 1988 with effect from 1 July 2014 by the substitution for part (iii) of the tariff of charges of the following:

By the substitution for clause 2 (1) of the following:

	Current	Proposed
Illegal Connection Fee	R10 000	R10 500

DISCONNECTION CHARGES

Electricity

Electricity Cut – disconnections	R 240.00	R 350.00
Electricity Cut – Removal of meters	R 455.00	R 550.00
Remove installation	R2 225.00	R2 300.00

Water

Water restriction: Residential (15 – 20mm)	R150.00	R200.00
Water disconnection: non residential (15 – 40 mm)	R320.00	R380.00
Water disconnection: non residential(50-100mm)	R745.00	R800.00
Water Tanker/Kiloliter	R 12.00	R 13.00

SERVICE CONTRIBUTION TARIFF

These tariffs are attached hereto as Annexure "Q".

EVENTS

All events that need to erect a tent at the pitch:

- Tent that take capacity of 50 people R6 000 non refundable
- More than the capacity of 50 people R10 000 non refundable

R5 000 fine to be levied on vehicles driving on the synthetic track.

	SECURITY DEPOSIT	TARIFFS
Major Soccer game	R5 000	R10 000
Sport bodies at club level:Stadium	R 500	R 530
Sport bodies at inter-district level	R1 000	R 1 060
Athletics (Adults)	R1 000	R 1 060
Athletics (Schools)	R1 000	R 1 060

Meeting at Nkowankowa Community Hall R100/hour

Government and Agencies meetings and workshops R530 per day.

That 20% gate takings in respect of all events for which gate takings are collected be levied.

It is also recommended that Nkowankowa stadium be strictly used for sport.

Soccer Teams in the following divisions:	NFD	R630
	Vodacom	R510
	Castle	R290

Sporting codes such as: Tennis, Netball,
Volleyball, Aerobics, Boxing, etc. R3 935 Each
Annually training for 1 hour a day.

N.B. Training from Mondays to Thursdays in the clubhouse and conference room to allow cleaning for weekend bookings.

Lenyenye stadium	R565 per day
Julesburg stadium	R340 per day

N.B. 20% gate takings in respect of all events for which gate takings are collected be levied.

Julesburg stadium	R215 per day
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Julesburg Hall R150 per day

Burgersdorp Stadium

Major Games

R530 per day

Small Clubs

R215 per day

COMMUNITY HALLS AT NKOWANKOWA AND LENYENYE TARIFFS PER DAY

Film Shows	R1 130
Fashion Shows	R1 500
Political Rally	R1 500
Traditional Dance	R1 130
Music competition / auditions, etc..	R1 130
Charitable Organization & NGO	R 460
Wedding Ceremony	R1 500
Funeral Service	R 700
Church Activities	R 700
Meetings	R 60 per hour
Festivals	R20 000 and 20% of all gate takings
Minitzani Hall	R150 per day
Clubhouse	R300 per day
Conference Room at Nkowankowa Stadium	R300 per day
Rent of Turner room (Haenertsburg Library)	R150 per day
Projector room (Muhlaba hall)	R150 per day
Erection of tent on Vakhegula ground for event	R1 125
Nkowankowa Stadium yard parking only.	R10 per car
Developed park hire for church services/Party, etc..	R600 per day

NB: All night events to pay for two days because the event goes over to the second day.

WATER CONNECTIONS

That in terms of the provisions of Section 11 (3) of the Local Government Municipal System Act 2 000, the Council by resolution amends the charges payable for the supply of water contained in Municipal Notice 36 dated 22 September 1982 and published in Official Gazette no. 4226 dated 22 September 1982, with effect from 1 July 2014 by the substitution for item 3 of the following:

Miscellaneous Charges

- 1(a) For each separate 19 mm new water connection:
R2 620 Vat included
(Old Tariff R 2 300-00 VAT included)

- 1(b) For each new 50 mm water connection
R9 600 VAT included
(Old Tariff R8 400 VAT included)
- 1(c) For each new 80 – 110 mm water connection
R11 400 VAT included.
(Old Tariff R10 000 VAT included)
- 1 (d) For each water re-connection:
R960 VAT included
(Old Tariff R840 VAT included)
- 1 (e) For each disconnection:
R960 VAT included
(Old Tariff R764 VAT included)
- 1 (f) Water Tanker/kilolitre:
R12,50 VAT included
(Old Tariff R11 VAT included)

WATER LABORATORY TARIFFS

CHEMICAL ORGANIC DETERMINANDS

Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Chemical Oxygen Demand (0.45µm Filtered)	FCOD	mg/L O ₂	R 193.83	No

CHEMICAL INORGANIC DETERMINANDS

Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Ammonia Nitrogen	NH ₃	mg/L N	R 60.84	No
Chloride	Cl	mg/L Cl	R 68.30	No
Fluoride	F	mg/L F	R 70.79	No
Free Chlorine	ClFre	mg/L Cl ₂	R 150.34	No
Nitrate Nitrogen	NO ₃	mg/L N	R 116.76	No
Orthophosphate	PO ₄	mg/L P	R 78.30	No
Sulphate	SO ₄	mg/L SO ₄	R 57.11	No

**CHEMICAL PHYSICAL
DETERMINANDS**

Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Apparent Colour	Col	PtCo	R 55.87	No
Conductivity	Cond	Ms/m@25 ⁰ C	R 32.25	No
Dissolved Solids	TDS	mg/L@180 ⁰ C	R 63.32	No
PH	PH		R 32.25	No
Suspended Solids	TSS	mg/L@105 ⁰ C	R 74.51	No
Total Alakinity	Talk	mg/LCaCO ₃	R 63.32	No
Turbidity	Turb	FTU	R 54.63	No

Calculatio Methods (requires additional determinands, please confirm with laboratory)				
Ryznar Index	RyzInd		R 23.55	No

OTHER

Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Calcium Hardness	CaHard	mg/L	R 60.02	No
Magnesium Hardness	MgHard	mg/L	R 60.02	No
Total Hardness	Thard	mg/L CaCO ₃	R 98.35	No

**CHEMICAL METALIC
DETERMINANDS**

Dissolved Metals				
Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Aluminium	Al	mg/LAl	R 54.75	No
Calcium	Ca	mg/L Ca	R 54.75	No
Iron	Fe	mg/L Fe	R 54.75	No
Magnesium	Mg	mg/LMg	R 54.75	No

Manganese	Mn	mg/LMn	R 54.75	No
Potassium	K	mg/LK	R 54.75	No
Sodium	Na	mg/L Na	R 54.75	No
Zinc	Zn	mg/ L Zn	R 54.75	No

**WATER
MICROBIOLOGICAL**

Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
E.Coli (Faecal/Total Coliforms to be included-compulsory)	Ecol	cfu/100ml	R 52.13	No
Total Coliforms	TC	cfu/100ml	R 129.22	No

SEWER CONNECTIONS

That in terms of the provisions of Section 11 (3) of the Local Government Municipal System Act 2000, the Council amends by resolution the charges payable in terms of the Drainage and Plumbing By-Laws and By-Laws for the Licensing and regulating of Plumbers and Drain Layers published under Municipal Notice No. 35 dated 22 September 1982, and promulgated in Official Gazette No. 4226 dated 22 September 1982 as follows with effect from 1 July 2014:

- 1(a) For each sewer connection
R2 620 VAT included
(Old Tariff R2 300 VAT included)
- 1(b) Sewer Honey Sucker Services
R115/m³ VAT included + R0.00/km from 0 – 60 km
+ R2.75/km from 61-120 km
+ R4.30/km from 121 km plus
(Old Tariff R115/m³ VAT included)
- 1(c) Domestic effluent by private tanker = R33/m³.
- 1(d) Domestic effluent by private discharger = R11.00/drum of 200L
- 1(e) Trade effluent from outside Municipal jurisdiction: R480/tanker
- 1(f) Trade effluent from within Municipal jurisdiction: R420/tanker

CHARGES FOR THE APPROVAL OF BUILDING PLANS

That in terms of the provision of Section 11(3) of the Local Government System Act 2000 the Council by resolution amends the charges payable for the approval of building plans with effect from 1 July 2014 as set out in the schedule here under:

1. The charges payable for a building plan submitted for consideration shall be as follows:
 - 1.1 The minimum charge payable for any building plan with the exception of items 3 and 4: R400-00 (Old tariff R370-00).
 - 1.2 The charges payable for any building plans shall be R6-00 per m² (Old tariff R5-00)
 - 1.3 To apply the abovementioned charges, the total area of any new building must be calculated at every floor level on the same erf, including verandas, galleries and balconies.
2. In addition to the charges payable in terms of item 1, a charge of R2.00c per m² (Old tariff R1.50) of the reinforced area is payable for every new building in which structural steelwork or concrete is utilized for the main framework as the main structural components of the building.
3. Charges payable for approval of alterations to existing buildings and buildings of special character such as factory chimneys, spires and similar erections, shall be calculated on the estimated value thereof at the rate of R20 for every R500-00 or part thereof, with a minimum charge of R600-00 and a maximum charge of R6 000-00.
4. Building plans for swimming pools will be approved at a charge of R300-00 per plan (Old tariff R260-00).
5. Charges payable for the re-inspection of buildings and swimming pools: R450-00 per re-inspection (Old tariff R400-00).
6. Town maps: R220-00 per copy (Old tariff R200-00).

BURIAL SERVICE: TZANEEN COST CENTRE

That in terms of the provision of Section 11 (3) of the Local Government Municipal System Act 2000 the Council by resolution amends the charges

payable for burial services promulgated under Municipal Notice 63/1996 of 18 October 1996 as set out in the under mentioned schedule with effect from 1 July 2014:

SCHEDULE

TARIFF OF CHARGES: BURIAL SERVICES: TZANEEN

1. When the deceased lived in the municipal area at the time of the passing:

Burial: Mondays to Fridays (08H00 to 17H00)

- 1.1 Per grave for any person under 12 years: R375-00
(Old tariff R375-00)
- 1.2 Per grave for any person 12 years and over: R677-00
(Old tariff R677-00)
- 1.3 Opening for second burial: R410-00
(Old tariff R410-00)

2. When the deceased lived outside the municipal area at the time of the passing:

Burial: Mondays to Fridays (08H00 to 17H00)

- 2.1 Per grave for any person under 12 years: R1 056-00
(Old tariff R1 056-00)
- 2.2 Per grave for any person 12 years and over: R2 112-00
(Old tariff R2 112-00)
- 2.3 Opening for second burial: R1 120-00
(Old tariff R1 120-00)

3. Niches: Per niche per deceased R450-00
(Old tariff R450-00)

4. Memorial work: Removal or re-affixing to per memorial work R260-00
(Old tariff R243-00)

5. Removal of ashes from a niche: Per removal R260-00
(Old tariff R243-00)

SCHEDULE

ELECTRICAL CHARGES

That in terms of the provision of Section 11 (3) of the Local Government Municipal System Act 2000, the Council by resolution amends the charges payable for the supply of electricity as contained in Municipal Notice 19 of 1988, with effect from 1 July 2014 by the addition in part (iii) after clause (2) of the following:

TESTING OF METERS

	<u>OLD TARIFF</u>	<u>NEW TARIFF</u>
I Rural	R2 000.00	R2 000.00
II Town	R1 400.00	R1 400.00

DETERMINATION OF CHARGES PAYABLE IN TERMS OF THE PROVISIONS OF THE TOWN PLANNING AND TOWNSHIPS ORDINANCE, NO. 15 OF 1986

Notice is hereby given in terms of the provisions of Section 11 (3) of the Local Government Municipal Systems Act 2000, that the Greater Tzaneen Municipality has by resolution determined charges payable in terms of the provisions of the Town Planning and Townships Ordinance, 1986 (No.15 of 1986), with effect from 1 July 2014 as set out in the Schedule below:

CHARGES PAYABLE TO LOCAL AUTHORITIES IN TERMS OF THE PROVISIONS OF THE TOWN-PLANNING AND TOWNSHIPS ORDINANCE 1986 (NO. 15 OF 1986).

FEEES EXCLUDING ADVERTISEMENT AND INSPECTION

	<u>OLD TARIFF</u>	<u>NEW TARIFF</u>
i Application for consent excluding spaza shops	R1 375.00	R1 460.00
ii Application for consent for spaza shops		R 200.00
iii Application for amendment of interim scheme	R1 500.00	R1 590.00
iv Application for amendment of Town Planning Scheme	R3 000.00	R3 180.00

v	Application for establishment of a township or land development area (DFA)	R5 500.00	R5 500.00
vi	Application for removal of restrictive conditions in Title Deeds and/or amendment of Town Planning Scheme.	R3 000.00	R3 180.00
vii	Application for extension of boundaries of an approved township i.t.o. Section 88 (1) of Town Planning and Townships Ordinance, 15 of 1986	R3 000.00	R3 180.00
viii	Application for subdivision for property in 5 or less portions (Section 92 (1) (a) of Ordinance 15 of 1986 Regulation 293 and Regulation 188	R1 700.00	R1 800.00
viii	Application for subdivision for property in more than 5 portions (Section 92 (1) (a)) Ordinance 15 of 1986 Regulation 293 and 188	R1 800.00 for the first 5 portions plus R160 in respect of each further portion	R1 900.00 for the first 5 portions plus R170.00 in respect of each further portion
x	Application for consolidation of properties	R680.00	R720.00
xi	Application for other uses than residential on traditional land	R110.00	R117.00
xii	Application for Council's reasons and written consent	R570.00	R600.00
xiii	Reimbursement of Chairpersons of Townships Advisory Committee established in terms of Section 59 or Ordinance 40 of 1960	R900.00/d	R955.00/d
ix	Comments of Council regarding applications in terms of Act 21/1940 Act 70/1970		

	permit rights and recommendation of layouts to R293.	R1 700.00	R1 800.00
xv	Comments of Council on application i.t.o. Act 70/1970	R1 700.00	R1 800.00
xvi	Amendment of pending division application – Section 17(3), Division of Land Ordinance, 1986	R1 450.00	R1 540.00
xvii	Amendment of pending Township application – Section 96, Town planning and Townships Ordinances, 15 of 1986		
	• Amendment not material	R1 450.00	R1 540.00
	• Material amendment	R4 840.00	R5 130.00
xviii	Phasing of Township Application – Section 99, Town Planning and Township Ordinance, 15 of 1986	R1 450.00	R1 540.00
xix	Consideration of a Site Development Plan Tzaneen Town Planning Scheme, 2000	R1 450.00	R1 540.00
xx	Application for extension of time –		
	All applications	R 720.00	R 765.00
	1 st Application (Year 1)	R 720.00	R 765.00
	2 nd Application (Year 2)	R1 450.00	R1 540.00
	3 rd Application (Year 3)	R2 175.00	R2 300.00

ADVERTISEMENT AND INSPECTION FEES

Apart from the fees prescribed in Section A, the following fees shall be payable to the Local Authority:

	<u>OLD TARIFF</u>	<u>NEW TARIFF</u>
1. Notice of application in Provincial Gazette and Newspapers	R3 140.00	R3 330.00
2. Inspection and hearing regarding any application	R1 375.00	R1 460.00

ALLOCATION AND RATES FOR HAWKERS BUSINESSES

<u>Site Allocation</u>	<u>Type of Business</u>	<u>Rates</u>
Market Stall	Hairdressing	R10/d
	Food and Soft drinks	R20/d
	Fruit and Vegetables	R10/d
	Accessories and other Appliances (Cell/ Jeweler/hair/books) Clothing	R10/d R20/d
Pavements/Sidewalks	Fruit and Vegetables	R5/d
	Accessories (Cell/Jewelery/Hair)	R5/d
	Clothing and Toys	R10/d
Trolleys/Designated Cart	Food and Soft drinks	R10/d
	Accessories	R5/d
	Fruit and Vegetables	R5/d
Junction/Road side	Food and Soft drinks	R10/d
	Fruit and Vegetables	R10/d
	Décor materials (flower pots/flowers, etc.)	R10/d
	Open designated site Hawkers fee centre of town	R 40.00
Adv. of Board handling fee	R 500.00	
Adv. Board Approval fee	R 500.00	
Hawkers Bush Mechanics	R 500.00	
Hawkers Car wash	R 500.00	
Taxi & Busses	R1 000.00	

REVENUE

Refer to drawer cheques (R/D) – Admin Fee
Current R175.00 and Proposed R175.00

Unpaid debit orders – Admin fee
Current R175.00 and Proposed R175.00

Supply of information (faxes)
Current R8.00 and Proposed R8.00

Supply of Duplicate statements
Current R8.00 and Proposed R8.00

Furnishing of Clearance Certificate
Current R60.00 and Proposed R65.00

Furnishing of Valuation Certificate
Current R100.00 and Proposed R105.00

Furnishing of Duplicate Clearance Certificate
Current R40.00 and Proposed R45.00

Applying for Clearance Figures
Current R50.00 and proposed R55.00

Final reading levy
Current R50.00 and Proposed R50.00

Credit Control Action – Final Demand Notice
Current R40.00 and Proposed R45.00

Credit Control Action – SMS Notification
Current R5.00 and Proposed R5.00

Copy of the Valuation Roll
Current R800.00 and Proposed R800.00

Minimum initial consumer deposits per category:

	CURRENT	PROPOSED
Flats with electricity only	R 630.00	R 680.00
Flats with electricity and water	R 720.00	R 780.00

Residential and agricultural properties:

Single phase	R 830.00	R 900.00
Three phase	R2 200.00	R2 500.00

Business:

Single phase	R2 300.00	R2 600.00
Three phase	R3 200.00	R3 500.00

Minimum deposit adjustment for disconnected accounts	R 100.00	R 100.00
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Minimum deposit adjustment for dishonoured cheques and returned debit orders	R 100.00	R 100.00
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Threshold for indigent households to be equal to the pensioners allowance as promulgated every year.

All above tariffs are VAT excluded.

RENTAL OF UNIMPROVED PORTIONS OF THE FARM LETABA FLYING CLUB 512

Hanger number	Area/m²	Current Rental per Month	Proposed Rental per Month
1A	437	R784.99	R 847.79
1	118	R212.28	R 229.27
2	215	R386.08	R 416.96
3	660	R1 185.06	R1 279.87
4	225	R404.74	R 437.12
5	175	R314.93	R 340.12
6	123	Club Hanger	
7	137	R246.11	R 265.80
8	215	R386.08	R 416.96
9	283	R508.55	R 549.23
10A	207	R372.08	R 369.10
10	190	R341.76	R 410.85

11	215	R386.08	R 416.96
12	193	R346.42	R 374.13
13	483	R867.80	R 937.23
14	231	R415.24	R 448.46
15	473	R849.14	R 917.07
16	422	R758.16	R 818.81
23	204	R366.25	R 395.55
24	391	R702.17	R 758.35
28	123	R221.62	R 239.35
29	188	R338.26	R 365.32
Hanger: Pro Air	992	No Contract	
Main Building	298	R535.38	R 578.21

LANDING FEES

	CURRENT	PROPOSED
Single motor aircraft:	R 60 per landing	R 60 per landing
Double motor aircraft:	R110 per landing	R110 per landing
Helicopter:	R 40 per landing	R 40 per landing
Parking fees:	R 25 per night	R 25 per night

ENVIRONMENTAL HEALTH FEES

Cleaning of overgrown stands	R0.60c/m ²	R0.65c/m ²
Application for certificate of Acceptability		R150.00
Application for certificate of competency		R250.00
Validation of waste management plan		R1 500.00

CHARGES PAYABLE FOR THE USE OF THE PUBLIC LIBRARIES

Members of the Tzaneen Library	R65.00 or R150/family
Members of the Haenertsburg or Letsitele Libraries	R35.00 or R75/family
Deposit	R150,00 per person
Duplicate certificate of Membership	R10.00
Overdue Library material	R1,00 per book per day

Block loans R150.00 per year plus membership of person responsible for block loan.

PHOTOCOPIES

A4 Photocopy R0,50 per page
A3 Photocopy R1,00 per page

Copies printed from the Internet and copies of documents created by library users:

Black & White R5.00 per page

RENT OF HALLS

Rent of the Tzaneen Library Study Hall (After hours) R200.00 per day or part thereof

Rent of Haenertsburg Turner room R100,00 per day or part thereof

LICENCING TARIFFS

Poster

With regard to posters the amount of R20.00 per advertisement of which R5.00 is refundable.

Election Posters

An once off payment of R600,00 per candidate/applicant per election and a R150,00 deposit which is refundable.

Pamphlets

An amount of R200.00 per applicant which is not refundable.

Advertisement – Properties

With regard to advertisement of the selling of properties, an amount of R600.00 per calendar year or any part thereof.

Banners

With regard to banners, an amount of R200.00 of which R125.00 is refundable.

Driving School Registrations

With regard to driving school registration an amount of R1 000.00 per calendar year or any part thereof.

Dog Tax

Application for dog tax (Licensing) R50,00 amount payable per dog.

AMENDMENT TO DETERMINATION OF CHARGES FOR THE FURNISHING OF INFORMATION AND DOCUMENTS

It is hereby notified in terms of Section 80B(8) of the Local Government Ordinance, 1939 (Ordinance 17 of 1939), read with Section 10G(7) of the Local Government Transition Act, 1993, read with Section 11 (3) of the Local Government Municipal Systems Act 2000, that the Greater Tzaneen Municipality has by special resolution further amended the charges payable for the furnishing of information and documents, contained in Municipal Notice no. 24 dated 29 July 1981, and published in Provincial Gazette, No. 4157 of 29 July 1981, with effect from 1 July 2014 as follows:

- | | | |
|----|--|--------|
| a) | Written information: for every folio of 150 words or part thereof: | R8,00 |
| b) | Continuous search for information: | |
| | - For the first hour | R50,00 |
| | - For every additional hour or part thereof | R28,00 |
| c) | Photostatic Copies (per copy) | R0,75 |
| d) | Faxes: | |
| | i Faxes received (per A4 copy) | R3,75 |
| | ii Faxes dispatched (per A4 copy) | R3,75 |
| e) | Duplicating Work: | |
| | Per folio | R0,35 |
| | Per master | R0,35 |

4. THE BUDGET

EXECUTIVE SUMMARY

INTRODUCTION

The 2014/2015 medium term revenue and expenditure framework proposes a consolidated budget of R996 million which includes the budget of our newly established municipal entity, GTEDA as well as budgets for the water and sewer services of which Greater Tzaneen Municipality is only the service provider. These two budgets will be submitted to Mopani District Municipality, the service authority, for approval and submission to Provincial Treasury for consideration. The budget of GTEDA will be discussed separately in the budget report as well as in a consolidated format.

The budget has been developed according to the requirements of the Municipal Finance Management Act (no. 56 of 2003) and will support the Municipality in achieving the strategic objectives contained in our IDP.

The projects in the IDP have been prioritized and will be implemented over the next three years. Due to funding constraints Council could not accommodate all high priority projects in the first year and had to spread it over a three year period which is in line with National Treasuries requirements. The three year capital programme also contributes to sound financial management.

The application of Sound Financial Management Principles for our Municipalities Financial Plan is essential and critical to ensure that Council remains financially viable and that our services are provided sustainably economically and equitably to all communities with emphasis on long term sustainability.

The budget has been prepared in terms of guidelines contained in National Treasury's MTREF Circular 70 and the requirements of the Municipal Budget and Reporting regulations.

Council has embarked on implementing a range of revenue collecting strategies to optimize the collection of debt owned by Consumers. Furthermore, Council is currently undertaking a billing data cleanup exercise which has already yield good results.

With regard to expenditure management Council is informed that cost containment measures have been approved by Cabinet on 23 October 2013 to ensure savings on the following fix focus areas:

- Consultancy fees
- No Credit Cards
- Travel and Related Cost
- Advertising
- Catering and events cost
- Cost for accommodation

To ensure value for money and to curb cost Municipalities are urged to take cognizance of the cost containment measures which have been prescribed for Government Departments, constitutional institutions and public entities.

The fact that National Treasury informed Municipalities that it is their intention to ensure that all Municipalities conform to these requirements puts an obligation on Municipalities to ensure that the following cost containing measures are implemented and complied with.

TRAVEL AND SUBSISTENCE

1. Trips by vehicles must be optimized to reduce costs.
2. Motor vehicle travel claims must be restricted to the actual distance travelled in excess of the normal distance from the employee's residence to his or her place of work.
3. International travel must be limited to meetings or events that are considered absolutely critical and the number of employees attending such meetings or events must be limited to those employees that are directly involved in the subject matter related to such meetings or events.
4. At least three quotations must be obtained for all accommodation.
5. Corporate air miles accumulated through loyalty programmes must be used to acquire air tickets.
6. Overnight accommodation must be limited to instances where the distance by road exceeds 500 kilometers to and from the destination (return journey).
7. Claims for meals must be prohibited if the hotel rate already includes dinner and/or breakfast or if the conference fee includes lunch and/or dinner.
8. To the extent feasible, air travel must be properly planned to ensure that restricted airline tickets are used as opposed to the more expensive flexible tickets.

INVENTORY

9. Bulk purchases should be considered for regularly consumed inventory.
10. Supplier and early settlement discounts must be negotiated to secure lower prices.
11. Corporate branded items availed to employees must be recovered at least at full cost.
12. Production costs related to publications must be minimized for example, by limiting the number of photographs, paying due attention to the quality of paper and giving consideration to the number of copies printed.
13. Savings on the amount of paper used must be considered by printing draft documents “back to back” and by using colour printing facilities prudently.
14. The use of electronic mail (e-mail) must be encouraged instead of postage.
15. All newspapers and other publications for employees should be discontinued. In instances where a department, constitutional institution or public entity has an existing contract for the supply and delivery of newspapers or other publications, such contracts should not be renewed.
16. Consideration should be given to purchasing software licenses through the State Information Technology Agency (SITA) to leverage economies of scale and preferential rates.

WATER AND ELECTRICITY

17. The prudent use of water and electricity must be encouraged to lower utility costs.

COMMUNICATION

18. Allowances to employees for private calls must be limited to a reasonable value.
19. The allocation of cellular phones and data facilities to employees must be based on the nature of their work as opposed to the positions they hold.

20. Telephone and/or video conferencing facilities must be used, where possible, to avoid unnecessary travel and subsistence costs.

ADVERTISING

21. Advertisements for vacancies should be placed through bulk advertisements. The job specification content of advertised vacancies should be provided in detail on the website of the department, constitutional institution or public entity concerned.
22. Consideration should be given to utilizing the services of the Government Communications and Information system (GCIS) for media related needs.

FINANCIAL ASSETS

23. Every effort must be made to recover debts from debtors before giving any consideration to writing off those debts.

HIRING OF VENUES

24. Meetings and planning sessions must, as far as practically possible, be held in-house. In instances where such sessions cannot be held in-house, alternate facilities at other Government Institutions must be sought.

MISCELLANEOUS MEASURES

25. There should be synergy between similar business activities to avoid duplication of processes and efforts.
26. Labour saving devices should be shared within the establishment to optimize the capacity utilization of each device.
27. Warranties on motor vehicles and computer equipment should, where possible, be extended for reasonable periods instead of procuring new motor vehicles and computer equipment.
28. Purchasing of new furniture and equipment and office refurbishments should only be undertaken where absolutely necessary.
29. Caution should be exercised in the selection of training service providers by ensuring that courses attended by employees are of sufficient quality to derive value for money. E-Learning methods should be considered for in-house training.

30. Where possible, transversal contracts must be used for the procurement of goods or services.

(A) SUMMARY OF THE TOTAL SERVICE DELIVERY PACKAGE AND FINANCIAL IMPLICATIONS

The budget is approved by National Treasury and Provincial Treasury on Vote level but to get an overall picture of the Revenue and Expenditure for the next 3 years the revenue and expenditure per item need to be discussed.

The following table is a summary of all revenue and expenditure on item level:

CONSOLIDATED BUDGET PER ITEM FOR GTM AND GTEDA EXCLUDING WATER AND SEWER SERVICES.

Row Labels	Values Sum of 2013 2014	Sum of 2014 2015	Sum of 2015 2016	Sum of 2016 2017
01-Inc	-856 561 462	-933 112 221	-1 037 310 651	-1 068 874 492
001PROPERTY RATES	-60 260 000	-77 000 000	-81 158 000	-85 540 532
003PENALTIES IMPOSED AND COLLECTION CHARGES ON RATES	-3 900 000	-4 500 000	-4 743 000	-4 999 122
005SERVICE CHARGES	-403 275 773	-430 751 643	-453 202 232	-481 865 152
009RENT OF FACILITIES AND EQUIPMENT	-259 100	-759 100	-800 091	-843 296
011INTEREST EARNED - EXTERNAL INVESTMENTS	-3 001 000	-2 001 000	-2 109 054	-2 222 943
012INTEREST EARNED - OUTSTANDING DEBTORS	-16 000 000	-11 800 000	-12 437 200	-13 108 809
016FINES	-3 210 136	-3 210 136	-3 383 483	-3 566 191
018LICENSES & PERMITS	-345 000	-497 138	-523 983	-552 279
020INCOME FROM AGENCY SERVICES	-44 448 250	-42 992 708	-45 314 314	-47 761 287
022OPERATING GRANTS & SUBSIDIES	-324 659 000	-364 845 000	-438 721 000	-433 352 000
024OTHER REVENUE	-5 203 203	-7 030 496	-7 856 143	-8 699 374
026GAIN ON DISPOSAL OF PROPERTY PLANT & EQUIPMENT	-2 300 000	-2 300 000	-2 424 200	-2 555 107
031INCOME FOREGONE	10 300 000	14 575 000	15 362 050	16 191 601
02-Exp	786 853 718	844 406 028	927 067 089	960 015 348
051EMPLOYEE RELATED COSTS - WAGES & SALARIES	176 200 110	203 989 956	215 070 411	226 758 604
053EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTIONS	38 565 957	47 227 439	49 803 967	52 499 959
055EMPLOYEE COSTS CAPITALIZED	-7 969 778	-7 969 778	-8 400 146	-8 853 754
056EMPLOYEE COSTS ALLOCATED TO OTHER OPERATING ITEMS	-71 815 712	-94 946 210	-100 073 305	-105 477 264
058REMUNERATIONS OF COUNCILLORS	18 968 694	19 222 973	20 281 590	21 395 002
060BAD DEBTS	11 006 000	16 483 459	17 373 566	18 311 738
062COLLECTION COSTS	200 000	200 000	210 800	222 183
063INVENTORY SURPLUS/LOSS	0	0	0	0
064DEPRECIATION	110 726 401	120 057 710	131 922 124	139 045 919
066REPAIRS AND MAINTENANCE	100 070 875	122 348 193	128 956 517	135 922 573
068INTEREST EXPENSE - EXTERNAL BORROWINGS	11 489 392	10 223 303	10 775 361	11 357 231
072BULK PURCHASES	248 769 734	268 820 574	283 336 885	298 637 077
074CONTRACTED SERVICES	39 461 872	39 382 693	41 524 254	43 783 623
076GRANTS & SUBSIDIES PAID	25 040 196	10 620 000	42 644 404	27 746 884
077GRANTS & SUBSIDIES PAID-UNCONDITIONAL	6 508 499	6 508 499	6 859 958	7 230 396

078GENERAL EXPENSES -				
OTHER	79 631 478	82 237 217	86 780 704	91 435 178
03-Abc	-5 442 386	-5 374 686	-5 664 919	-5 970 825
043INTERNAL RECOVERIES	-138 431 917	-152 782 195	-161 032 434	-169 728 185
087INTERNAL CHARGES	132 989 531	147 407 509	155 367 514	163 757 360
04-Cap	165 629 847	173 448 970	176 897 697	193 687 209
600INFRASTRUCTURE	138 963 347	118 116 420	140 264 697	147 328 364
602COMMUNITY	19 042 000	49 506 090	28 230 500	29 322 400
606INVESTMENT PROPERTY	1 000 000			0
608OTHER ASSETS	6 624 500	5 826 460	8 402 500	8 386 445
610SPECIALISED VEHICLES	0			8 650 000
5021OTHER MOTOR VEHICLES	0			900 000
5022PLANT & EQUIPMENT	0			7 750 000
05-App	-90 479 717	-79 368 091	-60 989 216	-78 857 240
095TRANSFERS FROM / (TO)				
RESERVES	-90 479 717	-94 912 965	-99 688 595	-105 071 779
089CASH REQUIREMENTS	0	15 544 874	38 699 379	26 214 539
Grand Total	0	-1	0	0

CONSOLIDATED BUDGET: GREATER TZANEEN MUNICIPALITY AND GTEDA, EXCLUDING WATER AND SEWER SERVICES

The total revenue for the 2014/2015 financial year amounts to R933 million, which represents an increase of R77 million over the 2013/2014 financial year. This increase is mainly due to the increase in service charges, and external grants from Government.

The total revenue budget includes an amount of R236 million which represents the equitable share allocation to the Greater Tzaneen Municipality.

An amount of R77 million will be levied by way of property tax and R431 million will be sourced from user charges. National allocations to fund operational activities amount to R4,6 million which includes the Finance Management Grant of R1,6 million, the Municipal Systems Improvement Grant of R934 thousand and the EPWP Grant of R2 million.

An amount of R844 million has been made available on the operational budget for expenditure. This substantial increase is largely due to the significant increase in salaries, repairs and maintenance, depreciation and ESKOM's tariff for bulk electricity purchases. The Expenditure amount also includes R251 million for salaries, R122 million for repairs and maintenance and R269 million for the purchase of bulk electricity and water.

An amount of R173 million has been allocated for capital expenditure for the 2014/2015 financial year. This amount includes the MIG allocation of R83 million which will be spend on roads and Sport and Recreational facilities as well as an amount of R18,5 million which represents counter funding on MIG Projects. Capital from own sources amounts to R65 million. A summary of the detailed capital budget is attached as Annexure “R” to this report.

GTEDA BUDGET

The detailed budget of GTEDA is contained in item 22 which needs to provide information on the Municipal Entities annual budget.

The total revenue of GTEDA’s Budget amounts to R6,5 million which represents an increase of R1 million on the 2013/2014 annual budget. The total revenue consist of a R3 million Grant from IDC, a R2,5 million Grant from GTM and facilitation fees of R1 million.

The total operational expenditure amounts to R6,5 million of which R3,8 million or 60% of the total expenditure represents salaries and an amount of R1,9 million on 29% of total expenditure represents general expenditure.

An amount of R25 thousand has been provided for office equipment in the capital budget.

CONSOLIDATED BUDGET: GTM, GTEDA AND MDM (WATER AND SEWER)

The total revenue for the 2014/2015 financial year amounts to R996 million, which represents an increase of R75 million over the 2013/2014 financial year. This increase is mainly due to the increase in service charges, and external grants from Government.

The total revenue budget includes an amount of R236 million which represents the equitable share allocation to the Greater Tzaneen Municipality.

An amount of R77 million will be levied by way of property tax and R459 million will be sourced from user charges. National allocations to fund operational activities amount to R4,6 million which includes the Finance Management Grant of R1,6 million, the Municipal Systems Improvement Grant of R934 thousand and the EPWP Grant of R2 million.

An amount of R902 million has been made available on the operational budget for expenditure. This substantial increase is largely due to the significant increase in salaries, repairs and maintenance, depreciation and ESKOM's tariff for bulk electricity purchases. The Expenditure amount also includes R278 million for salaries, R164 million for repairs and maintenance and R271 million for the purchase of bulk electricity and water.

No Capital expenditure has been budgeted for the Water and Sewer services.

(B) THE EFFECT OF THE ANNUAL BUDGET (TZANEEN AND WATER AND SEWER

The growth of Council's Medium-Term Revenue and Expenditure Framework (MTREF) is based on a combination of factors of which, the most important is the fact that National Treasury advised Council not to increase its budget unrealistically.

National Treasury also cautioned Municipality's not to materially and unreasonably prejudice national economic policies particularly those on inflation and that cognizance must be taken of the Municipal Budget Circular no. 70 of the 2014/2015 MTREF which determines the following:

Revising rates tariffs and other charges.

“National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality. For this reason municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target.”

The upper boundary of tariff increases prescribed by National Treasury in Circular no 70 is 6% for rates, tariffs and other charges.

The operating budget, of Greater Tzaneen Municipality reflects the following increases:

- Property rates 5,6%

Revenue increases to consumptive tariff-based services are:

- Electricity (average) 7,39%
- Water 6%
- Sanitation 6%
- Solid Waste 6%

National Treasury advice Municipalities to structure their 2014/2015 electricity tariffs based on the tariff increase guideline of 7,39% approved by NERSA and to provide for an increase of 8,06% in the cost of electricity bulk purchases. They also confirmed that any change to the above mentioned guidelines will be communicated to Municipalities in the next 2014/2015 budget circular.

Expenditure categories as a % of total expenditure:

- Staff cost 30,8%
- Bulk Purchases 30,1%
- Repairs & Maintenance 18,2%
- General Expenses 9,3%

It must be mentioned that the repairs and maintenance percentage above does not include renewal of assets. This amount is included in the capital budget.

All tariff increases are within the guidelines set by National Treasury which confirms that Greater Tzaneen Municipality does not prejudice National Economic Policy on Inflation.

(C) PAST AND CURRENT PERFORMANCE ACHIEVEMENTS

MUNICIPAL MANAGER'S DEPARTMENT:

The office of the Municipal Manager comprise of the Internal Audit, Disaster Management, Integrated Development Planning, Performance Management And Risk Management divisions. The following were the main achievements:

- Council approved the 2013/14 IDP on 28 May 2013, along with the budget, and it was submitted to the MEC
- The 2013/14 SDBIP was approved by the Mayor on the 18th of June 2013 and quarterly progress reports were submitted to Council.

- The 2012/13 annual performance report was submitted to the Auditor General, Provincial Treasury and COGHSTA on 30 August 2013.
- The mid-year performance report was submitted to the AG, Treasury and COGHSTA on the 24th of January 2014.
- The draft 2012/13 Annual Report was submitted to Council on the 29th of January 2013 and has been submitted to MPAC for investigation.
- A Risk Management Unit was established in April of 2013, the Strategic and Operational Risk registers have since been developed and progress is being monitored on a monthly basis.
- The Internal Audit charter was developed and approved by the Audit Committee. Quarterly audit reports are submitted to the Audit Committee. Audit Committee Meetings took place on 6 August '13 and 31 October '13.
- All Section 56/57 positions signed Performance Agreements for 2013/14 except for the Director Planning and Economic Development, as the position remains vacant.
- The 2012/13 Annual Individual Performance Assessments has not yet been concluded as the assessment of the Municipal Manager has not yet been concluded.
- The Annual Disaster Management Report for 2012/13 was approved by Council on the 6th of August 2013. Disaster Awareness Campaigns are conducted as schools and incidences are responded to within 72 hours.

FINANCIAL SERVICES DEPARTMENT:

MULTI YEAR BUDGETS (3 YEARS)

- The 2014/2015 Preliminary, Operational and Capital Budgets, which are based on the new financial structure as prescribed by National Treasury are in progress.

- The contents of the budgets and the budget processes that were followed are according to the requirements as set out in Chapter 4 of the Municipal Finance Management Act.

FINANCIAL REPORTING

All the Financial Reports required by the MFMA are completed and submitted to the MEC, NT, Mayor and Council on or before the dates stipulated in the Act.

FINANCIAL STATEMENTS

The 2012/2013 Financial Statements were compiled during August 2013 in accordance with the new format required by National Treasury and are GRAP compliant.

REVENUE

The municipality managed to collect R260 487 450 compared to the budgeted amount of R197 413 686 for the first 6 months. Revenue generated through services represents 52% of the total income.

We average a payment rate of 95%.

The payment rate increased due to credit control measures implemented.

SUPPLY CHAIN MANAGEMENT

A Supply Chain Management Unit has been established within the Budget and Treasury Office. This Unit is responsible for all procurement processes of the Municipality. Council has in this regard approved a Supply Chain Management Policy to regulate activities of the Unit. The officials engaged within the Unit have undergone the training offered by SAMDI for Municipal Supply Chain Officials.

ENGINEERING SERVICES DEPARTMENT

Council achieved a gold status which gave us a blue drop certificate for Tzaneen and Letsitele Water system. The results for Green Drop Assessments for 2013 whose conference was held in Sun City were not released by Minister of Water Affairs due to other reasons. Hence GDC outcome for Tzaneen Wastewater works pending.

Council bought its own fleet totaling 99 comprising of LDV's, Earthmoving Equipments, Trucks and Mini-busses.

ELECTRICAL ENGINEERING DEPARTMENT

The electricity distribution system which includes in excess of 2 200 km of overhead lines and total assets of an estimated R1.5 billion performed below standards as a result of the historical minimal capital (recapitalization) and operating funds allocated. Concerns of the system deteriorating faster than the refurbishment process were reinforced by a sharp increase in outages, especially in the outside and rural areas, highlighting the weaknesses of the distribution system created by sustained under re-capitalization of the system as well as increasing vegetation growth into our overhead lines. This was also the year that vegetation control was insourced and there is deemed to be a direct correlation between the teams' performance and number of outages. It needs to be noted that the current state of the electricity system and the under reinvestment into the system is considered a serious safety and performance concern.

On a positive note, the cable ring from the Western sub via the prison to the new Church sub was completed and the town of Tzaneen is for the first time in many years on a stable cable network. Not only does this mean that the stability of the power is improved, it also means that for the foreseeable future there is enough capacity for developments. This will give the economy of Tzaneen a well needed boost.

A concern is that with only 101 appointed personnel of the Electrical Department have however put in a valiant effort in keeping outages and faults to a minimum. Although there are 81 vacant positions, it is important to note that this is due to the new organogram, which contains many new posts which will be filled in the coming financial years.

Unfortunately no overhead lines were rebuilt and this remains a great concern of the department especially considering the lifespan of a wooden pole is calculated to be 20 years and we already have poles in the system that have not been replaced since 1965.

The Electrical Department acquired funding from DOE for Electrification of Settlements in the Greater Tzaneen Municipality distribution network. No farm worker houses receive electrical connections as all available DOE funding was channeled to electrification.

With this large farming community (3 500 square kilometres) and the towns of Tzaneen, Letsitele, Haenertsburg, Gravelotte and Politsi within its distribution area, the Electrical Department has, and will

continue to be the leader in the business of electricity distribution amongst Municipalities.

The Services Contribution Policy is now implemented and is a useful tool which will assist in addressing the maintenance and capital backlogs within the distribution system.

CORPORATE SERVICES DEPARTMENT

The Corporate Service Department consists of the Human Resource, IT, Communications, Administration and Records, Public Participation and Mayoral support divisions. The following are performances/achievements of the department:

1. 4 Scheduled and 5 Special Council meetings were held.
2. Council is able to track the resolutions taken through the register that circulates among the Directors and ultimately submitted to Council on a quarterly basis.
3. The initiative to introduce the paperless Council meeting was approved by Council during November 2013.
4. 27 Employees were enrolled for the MFMA Competency training to comply with the National Treasury Competency Regulations.
5. 4 Female managers were appointed to support the Employment Equity Plan.
6. Nine (9) HR Policies were reviewed and approved by Council with effect from 1 July 2013.
7. One (1) Mayoral Imbizo and the 2 EXCO outreach programmes were successfully held.
8. Radio interviews were held with local radio stations on service delivery matters including the Greenest Municipality award.

PLANNING & ECONOMIC DEVELOPMENT DEPARTMENT

Greater Tzaneen Municipality was allocated 333 units rural housing for 2012/13 financial year.

Progress report for rural housing projects 2012/13 financial year

275 Units are completed. The remaining 58 units will be rolled to 2013/14 financial year.

All contracts lapsed in June 2013; however COGHSTA has just renewed their contracts. We received email communiqué on the 21st of January 2014 from provincial project manager inform the Municipality that all contractors signed the extension for the rollover housing projects for 2012/13 Financial Year. They will resume with construction with immediate effect.

GTM was allocated 600 units rural housing project for 2013/14 financial year

Progress report for rural housing project for 2013/14 financial year

The specific contractors who were not awarded the tender lodged a complaint to the Public Protector which led to the multiple State Agencies to investigate the matter. The findings by the Provincial Treasurer and other state agencies are that there's gross irregularity on the awarding of the tender. The Department of COGHSTA was advised to cancel the appointment and Re-advertise the tender. The latest report received is that the project will be rolled over to 2014/15 financial year.

Land Matters

Politsi : Portion 14 and 34 of the Farm Dwarsfontein 541LT	An agreement of sale has been signed on the 05 th of December 2013 and the Deposit amount of R1 000. 000 has been paid Joubert & May Attorneys on the 30 th of December 2013. The purchase price is the sum of R 8 200 000.00 excluding VAT.
Tzaneen extension 89 (Portion 37 of farm Hamawasha 557LT	Department of Rural Development and Land Reform (Limpopo PSSC) purchased the above mentioned property on behalf of GTM. However the property is still on the process of being transferred to GTM. In the mean time Limpopo PSSC has entered into a

	<p>caretaker agreement with GTM. The Minister has approved that the property be transferred to GTM. Council resolved that the property be lease amongst the interested applicant while waiting for transfer and future development.</p>
<p>Upgrading Of Informal Settlement</p> <ul style="list-style-type: none"> • Purpose and Progress Report 	<p>Nine (9) Villages were identified for informal settlements upgrading within the jurisdiction of the Greater Tzaneen Municipality are as follows: Mokgolobotho ,Mapolankeng, Gabaza Extension, Burgersdorp Extension, Nkambako, Pulaneng, Mbambamencisi, Mohlaba Cross, Kuwait</p> <p>Pre- feasibility study was conducted by the Housing Development Agency.</p> <p>The objective of the study was to enable COGHSTA to take an informed decision whether to upgrade those settlement or not and as a results of mapping out the way forward in terms of upgrading into integrated sustainable human settlements. The report was submitted to Council and approved.</p>
<p>Appraisal of the Urban Housing Projects</p>	<p>Housing Development Agency (HDA) in conjunction with COGHSTA has appointed Aurecon Group-Town and Regional Planner and Nkolo Nebo Trading to conduct appraisal of Urban Housing Projects. HDA approved the following project sites:</p> <p>Tzaneen Extension 60, Tzaneen Extension 78 & 70, Tzaneen Extension 89 (Portion 37 Hamawasha) (Old Macdonalds), Portion 292 & 293 Pusela (Talana Hostel),Tzaneen Extension 103 (Pusela, Portion 6)</p> <p>Nkowankowa Erf 1628 (Former Transnet Hostel), Erf 2639 Nkowankowa- B, Mariveni A & B</p>

SOCIO-ECONOMIC DEVELOPMENT, LED & TOURISM AND GTEDA

TOURISM	Attended and conducted 5 meetings including site visits to Mefakeng projects: Stakeholders involved were Limpopo Tourism Agency, LEDET and Office of the Premier. Facilitated and attended 5 LTA (Local Tourism Association) meetings.
RESTITUTED FARMS	Offered continued support to restituted farms: Mokgolobotho, Batlhabine, Banareng baMathunyeng, Mamahlola and Sapekoe. Attended and conducted 7 meetings for restituted farms and agricultural projects; held 2 events in partnership with other stakeholders. Investor identified for Batlhabine pending negotiations to finalize the process.
AGRICULTURE	Prioritized irrigation schemes for support on mechanization with New Hollard, 3 meetings held in the process. Allocated R400,000 in support of agricultural.
GTEDA	Alignment process continued, 2 board meetings attended including strategic session. Continued to support the agency during meetings and events. Council resolved the Board and CEO terms extension to June 2014.
SHOPPING CENTERS	Facilitated the development of 2 shopping centers (Morutji and Mokgwathi) and acquired community resolution for both. Conducted site visits and briefings with potential developers.

Town Planning Division

Review of the Tzaneen Nodal Plan	Project pending adjudication
Township Establishment: Bulamahlo Library area	Project progressed up to 40% and stopped by legal impediments, the adoption of SPLUMA by cabinet will start progressing of the project.
Township Establishment: Pusela 555 LT, Ptn 6	Project undertaken and almost complete with the general plan approved only pending registration at the Deed Office.

Nkowankowa Park closure and subdivision of residential erven	Project pending at supply chain for adjudication.
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COMMUNITY SERVICES DEPARTMENT

Community services department comprise of seven divisions which are Waste Management, Licensing and Testing, Law enforcement, Environmental Health, Libraries, Parks, Cemeteries, Sports and Recreation and Safety and Security.

WASTE MANAGEMENT

The division is responsible for public toilets, street cleansing, kerbside collection, bulk collection, landfill site and medical waste.

ENVIRONMENTAL HEALTH SERVICES

Environmental health promotes public health through evaluation and management of caterers during events.

LAW ENFORCEMENT SERVICES

The division renders traffic Law enforcement including By-laws enforcement.

LICENSING AND TESTING

The division is responsible for licensing of drivers and vehicles.

LIBRARY DIVISION

Library services provide valuable information to the community and promote a culture of reading.

PARKS, CEMETRIES, SPORTS & RECREATION

The division is responsible for stadiums, swimming pool, parks, tennis courts and open spaces and cemeteries.

SAFETY AND SECURITY

The division is responsible for safety of Council assets and personnel.

(D) CONSOLIDATED FINANCIAL POSITION

The 2014/2015 Budget which is submitted to Council for approval can be summarized as follows:

CONSOLIDATED BUDGET OF GREATER TZANEEN MUNICIPALITY AND GTEDA BUT EXCLUDING THE WATER AND SEWER BUDGET.

DEPARTMENT	2013/2014	2014/2015	2015/2016	2016/2017
Municipal Manager	11 277 949	11 931 774	12 672 512	13 356 827
Planning & Economic Dev.	23 732 758	27 623 550	30 279 511	32 040 139
Financial Services	60 100 585	70 796 131	74 629 297	78 618 961
Corporate Services	71 520 720	76 324 662	80 492 010	84 838 578
Engineering Services	112 171 584	124 789 257	134 345 033	141 561 085
Community Services	151 011 394	160 366 995	166 628 180	175 626 102
Electrical Engineering	357 038 728	372 573 660	428 020 546	433 973 655
TOTAL	786 853 718	844 406 028	927 067 089	960 015 348

GREATER TZANEEN MUNICIPALITY BUDGET EXCLUDING GTEDA AND WATER AND SEWER BUDGETS

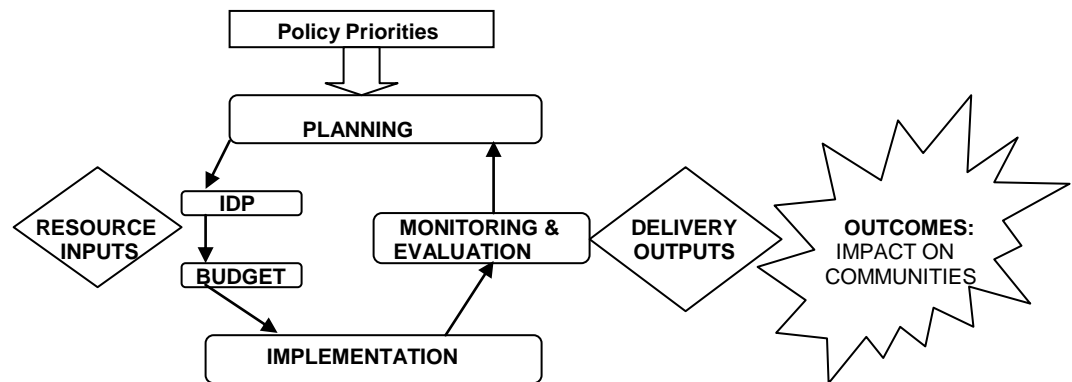
DEPARTMENT	2013/2014	2014/2015	2015/2016	2016/2017
Municipal Manager	11 277 949	11 931 774	12 672 512	13 356 827
Planning & Economic Dev.	18 232 758	21 148 550	23 307 011	24 565 590
Financial Services	60 100 585	70 796 131	74 629 297	78 618 961
Corporate Services	71 520 720	76 324 662	80 492 010	84 838 578
Engineering Services	112 171 584	124 789 257	134 345 033	141 561 085
Community Services	151 011 394	160 366 995	166 628 180	175 626 102
Electrical Engineering	357 038 728	372 573 660	428 020 546	433 973 655
TOTAL	781 353 718	837 931 027	920 094 589	952 540 799

(E) MUNICIPAL PRIORITIES AND LINKAGES TO THE IDP

The strategies objectives of Council are informed by the national priorities arising from the 2009 national electoral mandate and the Limpopo Economic Growth and Development Plan. Key to our focus as municipality is the following priorities:

- Maintenance of municipal infrastructure
- Addressing service delivery backlogs
- Rural development

The process that was followed to ensure that the abovementioned political priorities are linked with the IDP and budget is as follows:



All the operating and capital projects in the 2014/2015 reviewed IDP have been evaluated through our prioritization system to ensure that the IDP, budget and performance targets are aligned. The IDP forms the basis of this process and all resources are focused on combining the different strategies in attaining our vision.

(F) KEY AMENDMENTS TO THE IDP

- ✓ Analysis Phase
 - No amendments were made.
 - However, extensive analysis was made on the current status quo of Council.
- ✓ Strategies Phase
 - No amendments were made
- ✓ Project Phase
 - Prioritized projects approved and being implemented.

(G) ALIGNMENT WITH NATIONAL, PROVINCIAL AND DISTRICT PRIORITIES

To attain the Strategic Intent, with limited resources, forced the Municipality to develop strategies on how to achieve these through optimal utilization of human and capital resources. Using the BSC methodology the Municipality has a proven way of developing their strategies to ensure that they can attain their strategic intent. Taking into account the various aspects and challenges facing Greater Tzaneen Municipality, the BSC methodology is implemented to develop strategies to ensure that the Municipality focuses on all perspectives as contained within the BSC methodology:

- Customer perspectives (defines what the organization will do to satisfy customers and community members)
- Financial perspectives (defines how effectively the Municipality is utilizing its resources to deliver on the community expectations)
- Internal processes perspective (defines and clarifies activities and processes required at providing the value expected by community)
- Learning and growth perspective (defines the foundation of strategic attainment by focusing on the development of skills and capabilities of human resources.

In addition to the above mentioned perspective Greater Tzaneen Municipality has identified and aligned strategic themes that will provide the essential components of the strategies developed. A theme can be defined as an area of strategic focus within the organization that will enable the organization to focus on achieving their strategic intent. The three themes are mentioned below.

- Economic Growth
- Social, Environmental Sustainability and Infrastructure Development
- Governance and Administration

The first two themes are contributing towards the growth strategy of Greater Tzaneen Municipality. (The focus of growth within the Municipality will be towards increasing the income for all and to contribute towards a quality of life for all living within the Municipal boundaries).

(H) KEY AMENDMENTS TO BUDGET RELATED POLICIES

No key amendments have been effected on policies:

(I) DEMOGRAPHIC, ECONOMIC AND OTHER ASSUMPTIONS

All assumptions are contained in Item 10, Budget assumptions.

(J) PROGRESS WITH PROVISION OF BASIC SERVICES

Service delivery initiatives 2012/13	
Service	Activities
1. Water	<ul style="list-style-type: none">✓ More than 70 villages supplied with water through tankers✓ More than 40 % of the schools in rural areas supplied with water through tankers✓ 82 new water meters installed✓ 676 burst water pipes reported and attended
2. Sanitation	<ul style="list-style-type: none">✓ 1211 sewer blockages attended✓ 2452.9 Ml of sewer influent treated at Tzaneen wastewater works✓ 5 pump stations for sewer were built in Tzaneen and Dan Village✓ 5.0 km of Sewer bulk pipeline was constructed from Dan Village to Nkowankowa Sewage Works✓ More than 7000 households benefitted from VIP✓ 1200 stands in Tzaneen Extension 70 and 78 were reticulated with sewer
3. Electricity	<ul style="list-style-type: none">✓ Strategic lightings installed in the following areas<ul style="list-style-type: none">• Politsi✓ For the financial year 2012/13, the following villages benefitted:-<ul style="list-style-type: none">• Joppie/Mavele 596 Unit• Mandlakazi 184 Units• Mokomotji 67 Units• Mathipa/Senopelwa 802 Units• Moime 81 Units
4. Roads and Storm water	<ul style="list-style-type: none">✓ 2355 km of internal streets in villages were graded✓ 29.7 km of internal streets regravelled✓ Small bridges constructed in Nkomanini and Shikwambane✓ 7595 m² Tar patches done in Tzaneen town and all townships

Service delivery initiatives 2012/13	
Service	Activities
	<ul style="list-style-type: none"> ✓ 150 m2 sidewalks paved ✓ Construction of concrete drift at Petanenge and Shikwambane. Installation of stormwater pipes at Mashakeni Street in Nkowankowa and Khopo. Installation of subsoil drains at Billy Maritz, Pikkie Kemp, Tony Law and Boet Lombard in Tzaneen. Construction of stone pitching at Petanenge and Shipungu.
5. Fleet Management	<ul style="list-style-type: none"> ✓ Additional regravelling earthmoving equipment which was procured in 2011/2012 was only delivered in 2012/2013 which consisted of 4 tipper trucks, 2 roller compactors, 2 water tankers, and 2 TLB's
6. Waste Management	<p>Waste Minimization</p> <ul style="list-style-type: none"> ✓ Recycling at source ("yellow-bags") is undertaken in all formal suburbs on voluntary basis by residents ✓ Rural Waste Management: 10,767 or 11.5% urban households of 93,825 households receive a full kerbside service, where 88.5% of households are not serviced at present <p>Collection & Transportation</p> <p>A full kerbside collection service is rendered at the following towns, which represents only 11.5% of all households: -</p> <ul style="list-style-type: none"> ✓ Nkowankowa ✓ Lenyenye ✓ Letsitele ✓ Haenertsburg ✓ Tzaneen
7. Building and Maintenance	<ul style="list-style-type: none"> ✓ A total budget of R 380 000 was used to do emergency maintenance (which was not planned for) to meet OHS requirements and facilities regulations. ✓ All smoke detectors in all municipal buildings and fire extinguishers were serviced to a total of R 200 000 to comply to the OHS act ✓ Various planned capital projects on maintenance was carried out in municipal buildings to the cost of R 600 000 ✓ The projects below have been completed on operations and maintenance of municipal buildings (to an amount of R 470 000). <ul style="list-style-type: none"> • Renovation of sewer plant • Tiling of Tzaneen Library

Service delivery initiatives 2012/13													
Service	Activities												
	<ul style="list-style-type: none"> • Installation of new air cons in engineering services offices • Renovation of municipal house in Letsitele. 												
8. Land, Property and Housing	<p>Registration of Houses to Owners</p> <ul style="list-style-type: none"> ✓ 200 Title Deeds for Nkowankowa C ✓ 472 Title Deeds for Dan Extension 2 <p>Transfer of sites</p> <ul style="list-style-type: none"> ✓ Portion 292 and 293 of the farm Pusela 555-LT (Talana Hostel and surrounding areas) donated to the Municipality by the Department of Public Works ✓ Portion 37 Hamawasha/Tzaneen Extension 89 (McDonald) purchased by Rural Development and Land Reform on behalf of the Municipality. Awaiting the long process of State disposal to transfer the property to GTM. <p>Leases</p> <p>Tenants of Pusela 6 signed a new lease agreement to rent as family units from December 2013 to December 2014.</p> <p>Areas earmarked for development</p> <p>Council entered into land availability agreement for development of the following extensions</p> <table border="1"> <thead> <tr> <th>Town</th> <th>Developer</th> </tr> </thead> <tbody> <tr> <td>Dan Extension 1</td> <td>Dewcon</td> </tr> <tr> <td>Tzaneen Extension 13</td> <td>Phethego Projects</td> </tr> <tr> <td>Tzaneen Extension 53</td> <td>Phadima Holdings</td> </tr> <tr> <td>Tzaneen Extension 60</td> <td>Solidarity Developers</td> </tr> <tr> <td>Tzaneen Extension 78</td> <td>Ngoma Trading</td> </tr> </tbody> </table> <p>Installation of Services</p> <ul style="list-style-type: none"> ✓ COGHSTA is funding the installation of services (water, sewer and road grading) at Dan Extension for an amount of R 8, 187, 000.00 ✓ COGHSTA is also funding the installation of services (water, sewer and road grading) at Dan Village for 2000 sites and an amount of R 44, 000,000 	Town	Developer	Dan Extension 1	Dewcon	Tzaneen Extension 13	Phethego Projects	Tzaneen Extension 53	Phadima Holdings	Tzaneen Extension 60	Solidarity Developers	Tzaneen Extension 78	Ngoma Trading
Town	Developer												
Dan Extension 1	Dewcon												
Tzaneen Extension 13	Phethego Projects												
Tzaneen Extension 53	Phadima Holdings												
Tzaneen Extension 60	Solidarity Developers												
Tzaneen Extension 78	Ngoma Trading												
9. Library Services	<ul style="list-style-type: none"> ✓ 93984 Library users were assisted ✓ 80907 Books were lent out ✓ 116 Displays set up ✓ 104 Groups hosted ✓ 3 Holiday programmes arranged and hosted ✓ 10 Major and 16 minor book related events arranged ✓ 1039 Learners participated in the GTM annual competition 												

Service delivery initiatives 2012/13		
Service	Activities	
	<ul style="list-style-type: none"> ✓ 650 School project themes assisted with. New Libraries: ✓ New Library under construction at Shiluvane by the DSA & C at original cost of R 4, 221, 059.00. To open in 2013/14 ✓ New Library under construction at Molati by the DSA & C at original cost of R 4, 326, 904.60. To open in 2014/15. 	
10. Licensing Services	Service	Number/ Value
	Vehicle registration	12,287
	Vehicle renewal	54,202
	Traffic fine payment	R5 559 480
	Issuing of driving license	18415
	Issuing of learners license	7 665
	Issuing of public driver's license	3 618
11. Sport, Arts and Culture	Events <ul style="list-style-type: none"> ✓ Hosted Cluster Indigenous games ✓ Hosted Municipal Indigenous games ✓ Hosted Cluster Arts and Culture competition ✓ Hosted Municipal Arts and Culture competition ✓ Hosted Mayors Cup 2011 and 2012 ✓ Supported Youth camps 	

(k) DETAILS OF PROPOSED AMENDMENTS TO THE IDP

Preparation Phase

Amendments were made to the IDP, Budget and PMS process plan to align with MFMA Circular 70.

ACTIVITY	DATE
Approval of Draft IDP	7 March 2014
Public Participation Programme	April 2014
Approval of final IDP	31 May 2014

Strategies Phase

Amendments were made to the Strategic Map of Council

5. ANNUAL BUDGET TABLES

The budget tables to be approved by Council are attached hereto as Tables A1 to A 10 and SA 1 to SA 37.

PART 2:

SUPPORTING DOCUMENTATION (Budget Report)

6. OVERVIEW OF ANNUAL BUDGET PROCESS

(a) Overview of the Budget Process

The Annual Budget process outlines the current and future direction that our Municipality would follow in order to provide services in a sustainable manner. The budget process enables Council to optimally involve residents and other stakeholders in the preparing of the budget.

Greater Tzaneen Municipalities IDP, Budget and PMS process plan for the 2014/2015 financial year was developed and approved by Council in August 2013. The process plan provides broad timeframes for the IDP and Budget preparation process and the main aim of the process plan is to ensure integration between the IDP and Budget and the adoption of a well balanced and credible budget.

The Budget process is guided by Chapter 2 of the Municipal Budget and Reporting Regulations, Gazetted 17 April 2009, which states that the Mayor of a Municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in Section 53 of the Act.

Section 53(1)(a) of the Municipal Finance Management Act determines that the Mayor must provide general political guidance over the budgetary process and the priorities that must guide the preparation of the budget, while Section 21(1) of the Municipal Finance Management Act states that the Mayor of a Municipality must co-ordinate the processes for preparing the annual budget and for reviewing the Municipality's Integrated Development Plan and Budget related policies, to ensure that the tabled budget and any revisions of

the Integrated Development Plan and Budget related policies are credible.

The Budget Steering Committee has been established and is functional. It discusses all budget related activities to ensure that all legislative requirements are adhered to and that a well balanced and realistic budget is approved.

Some of the issues, with regard to the 2014/2015 financial year, that were discussed by the Budget Steering Committee include:

- Increase in salaries
- Overtime
- Increase in Councillor allowances
- Increase in tariffs
- Amount to be allocated for capital projects
- Financing of Capital Projects
- DORA allocations
- Water and Sewer Budget = Operational
- Water and Sewer Budget = Capital
- GTEDA
- Review of past performances
- Budget requests
- Property Rates, new valuation roll

Budget meetings were held with all departments with the commencement of the budget process to review the 2013/2014 budget and to discuss past performance trends of the operating budget. During these meetings the alignment of the IDP and Budget was discussed as well as the 2014/2015 budget realities to ensure that critical service delivery needs are budgeted for.

The Mayor and Councillors have, through the IDP process, guided the 2014/2015 budget process in such a manner that the balance between policy priorities and fiscal realities resulted in a balanced and credible budget.

(b) Planning Process

Effective budget planning assists the Municipality in transforming its area of responsibility into a better place to live for all. Budget planning is primarily about the priorities and choices that the Municipality has to meet the policy objectives through better service delivery.

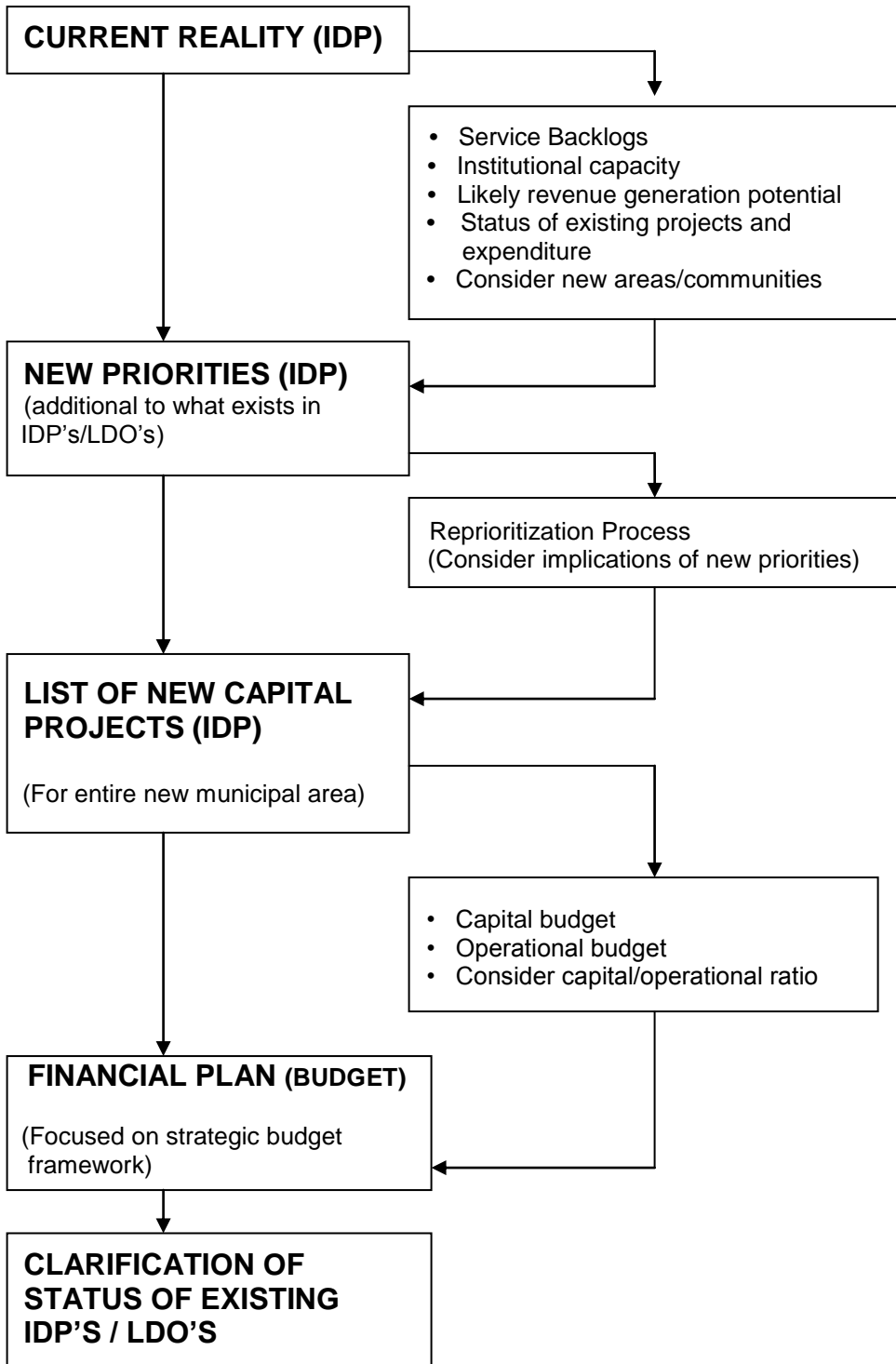
The review of the IDP and drafting of the budget is an evolving and interactive process over a 10 month period. This process

commences with the approval of the IDP and Budget time table, followed by the public participation process, approval of the IDP and the drafting of the budget to determine the affordability of service delivery.

In contrast to the role planning has played in the past, Integrated Development Planning is now seen as a function of Municipal Management which includes a system of planning and delivery. The Integrated Development Planning process is meant to arrive at decisions on issues that need to be provided for in Municipal budgets. Integrated Development Planning not only informs management, it also guides the activities from the planning stage through the budget culminating in the execution thereof.

The table below is a summary of the IDP/Budget methodology used by Greater Tzaneen Municipality:

INTERIM IDP/BUDGET METHODOLOGY (1-2 WORKSHOPS)



To comply with the requirement of the Act, Ward committees, residents, community organizations and other stakeholder interest groups, have been invited to participate in the IDP and budget process.

(c) Process for Consultations With Each Group of Stakeholders and Outcomes

Section 22 (1) of the Municipal Finance Management Act determines that:

“22 PUBLICATION OF ANNUAL BUDGETS

Immediately after an annual budget is tabled in a Municipal council, the Accounting Officer of the Municipality must:-

in accordance with Chapter 4 of the Municipal Systems Act-

make public the annual budget and the documents referred to in section 17(3); and

invite the local community to submit representations in connection with the budget; and

submit the annual budget:-

in both printed and electronic formats to the National Treasury and the relevant Provincial Treasury; and

in either format to any prescribed National or Provincial organs of state and to other Municipalities effected by the budget.”

The Municipalities Consultation process on its Draft IDP review and Budget commenced during August 2013 with the approval of the IDP, Budget and PMS calendar.

After approval of the draft IDP and draft budget it will be submitted to National Treasury and Provincial Treasury for their consideration in line with Section 22 of the MFMA.

The draft budget will be made available on Greater Tzaneen Municipality's website and it will be advertised in two local newspapers.

Community representatives and organizations will also be given the opportunity to review the priorities indicated previously to ascertain whether it has been captured as agreed upon.

Public hearings will be held in all 34 Wards. The meetings will be scheduled during April 2014.

Timing Number and type of Consultation

WARD	VENUE	TIME	DATE
01	Masupa High School	10:00	08-03-2014
02	Lekgwareng Tribal	10:00	09-03-2014
03	Xihoko School	10:00	22-03-2014
04	Mokgope Primary School	08:00	23-03-2014
05	Mahwahwa High School	09:00	30-03-2014
06	Runnymede Primary School	08:00	06-04-2014
07	Botludi Primary School	09:00	12-04-2014
08	Relela Thusong com Centre	10:00	13-04-2014
09	Kgwekgwe High School	10:00	19-04-2014
10	Mohlatlego Machaba H/School	09:00	20-04-2014
11	Fobeni Primary School	08:00	27-03-2014
12	Baloyi Tribal Offices	14:00	26-04-2014
13	Mandlahazi Sports Ground	10:00	20-04-2014
14	Politsi School	18:00	15-04-2014
15	Laerskool Tzaneen	18:00	17-04-2014
16	Khujwana Shikha Thip school	18:00	12-04-2014
17	Sebone School	08:00	13-04-2014
18	Magreth Shilubane Prim School	10:00	15-06-2014
19	Nkowankowa Comm Hall	15:00	20-04-2014
20	Dan Paypoint Hall	08:00	22-04-2014
21	Bombeleni School	18:00	23-04-2014
22	Mafarana	08:00	22-03-2014
23	Tito Mboweni Prim. School	08:00	22-03-2014
24	Mhlaba Head Kraal	08:00	28-03-2014
25	Professor School	09:00	30-03-2014
26	Julesburg Sport Field	09:00	25-04-2014
27	Bulamahlo MPCC	08:00	26-03-2014
28	Rhandzacece Chreche	10:00	16-03-2014
29	Semana Primary School	08:00	16-03-2014
30	Motsheng	10:00	22-03-2014
31	Lenyenye Community Cen	18:00	20-03-2014
32	Sekaba High School	14:00	28-03-2014
33	Bakgaga Tribal Offices	09:00	30-03-2014
34	Lesedi MPCC	09:00	30-03-2014

The IDP and Budget time table was approved by Council, 10 months before the start of the budget year in order to comply with the requirements of the MFMA. This time table guides all IDP, Budget,

SDBIP and performance activities and is in line with legislative frameworks.

Process of tabling the budget in Council for consideration and approval.

The tabling of the draft budget in Council on 7 March 2014 will be followed by extensive publication of the IDP and budget in newspapers. It will also be published on Councils website.

Public hearing on both the operational and capital budgets will be held during April 2013 as mentioned above.

Process to record and integrate inputs from the community in the final budget.

During the consultative process all verbal questions and answers will be recorded.

All written submissions will be directed to the IDP Manager who keep record thereof.

All the submissions received during the consultation process will be considered before the tabling of the final budget.

The Preliminary Budget will also be hand delivered to National Treasury and Provincial Treasury to enable them to comment their-on.

Statistics relevant to the process (Submissions received and attendance at forums)

The framework that will be utilized to summarize submissions received during the consultation process is as follows:

WARD	DATE	ATTENDING	SUBMISSION

On completion of the consultation process the CLO will submit a summarized report (as per the framework above) to the Chief Financial Officer who will scrutinize the report and the Mayor, Municipal Manager and Chief Financial Officer, will determine what action if any, has to be taken to address the needs of the Community.

7. ALIGNMENT OF BUDGET WITH INTEGRATED DEVELOPMENT PLAN / SERVICE DELIVERY AGREEMENTS

The Vision of Greater Tzaneen Municipality

To be the most prosperous economy in the country where communities are integrated and have access to sustainable basic services.

Strategic Focus (Key Performance Areas)

The strategic focus, or strategic theme, as it is known in Greater Tzaneen Municipality is an area of strategic focus that will enable Council to focus on achieving its strategic intent. Greater Tzaneen Municipality has followed the initiative from Provincial Government and the Mopani District Municipality to align the strategic themes to that of the provincial clusters.

- »Economic growth (Increased income for all)
- »Social environmental sustainability and infrastructure development (Sustainable quality of live)

(A) Details of proposed amendments to the IDP

- ✓ Strategies Phase
 - New strategies and possible projects were identified
- ✓ Project Phase
 - New projects were prioritized for implementation during the 2014/15 financial year.

(B) Revenue, Operating Expenditure and Capital Expenditure aligned to action plans of the IDP

The IDP provides a five year strategic program aimed at setting short, medium and long-term strategic and budget priorities. The Plan aligns the resources and the capacity of a Municipality to its development goals and guides the Municipal Budget.

As part of the alignment process extensive financial modeling was undertaken to ensure affordability and long-term financial sustainability.

The following factors have been taken into account during this process:

- IDP priorities and strategic objectives
- Economic climate and trends
- Councils cash flow situation
- Current debtors payment levels
- Council's current loan status
- Tariff increase versus affordability.
- Improved and sustainable service delivery

The budgetary allocations for both the capital and operating expenditure are determined in a manner that will not only ensure that the outcomes of the IDP are achieved but also to ensure that Council's vision is realized.

The Performance Management System (PMS) which is aligned with the IDP and Budget also allows Council an opportunity to monitor and evaluate the organizational performance as well as individual performances of Directors and Managers to ensure that the IDP outcomes and vision of Council are met. Greater Tzaneen Municipality utilizes the SDBIP as a performance monitoring and evaluation tool. Quarterly performance reports are submitted to Council detailing progress with the implementation of the IDP.

The IDP projects have been prioritized to be implemented over the next three years. These projects will be included in the capital budget, and is attached hereto as Annexure "R".

Alignment with National, Provincial and District Plans

The constitution of South Africa provides for co-operative Governance in that the three spheres of Government align their functions, strategies and programmes which entails that Municipalities have to align their activities to that of national and Provincial Government to ensure optimal service delivery and that the strategic priorities of government are supported.

As mentioned previously in this report an integrated process plan was drafted and approved by Council. This plan which includes various processes i.e. Strategic Planning, Integrated Development Planning and the budget process had brought about a collective approach in which the contributions of all the stakeholders are valued. We are therefore confident that this budget is structured in such a way that it will support the strategic priorities of Government.

Various meetings were held with stakeholders to comply with the requirements of the Local Government Municipal Systems Act which determines that the planning undertaken by a municipality must be aligned with and compliment the development plans and strategies of affected municipalities and organs of state.

8. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

(A) KEY FINANCIAL INDICATORS AND RATIO'S FOR:

OUTSTANDING SERVICE DEBTORS

A = B
C

"A" Outstanding service debtors to revenue	49.81%
"B" Total outstanding service debtors	<u>227 812 325</u>
"C" Annual revenue actually received for services	457 395 000

DEBT COVERAGE

$$A = B - C$$

D

"A" Debt Coverage	8.96%
"B" Total Operating Revenue Received	<u>414 746 288</u>
"C" Operating Grants	150 351 000
"D" Debt Service Payments	29 522 601

COST COVERAGE

$$A = B + C$$

D

"A" Cost Coverage	1.44%
"B" All available cash at a particular time	<u>22 205 588.10</u>
"C" Investments	6 274 306
"D" Monthly Fixed Operating Expenditure	30 834 000

(B) MEASURABLE PERFORMANCE OBJECTIVES FOR:

The measurable performance objectives are attached as Annexure "K".

Providing clean water and managing waste water.

- Mopani District Municipality is a Water Service Authority (WSA) while Greater Tzaneen Municipality is the Water Service Provider (WSP). Under the Service Level Agreement, Greater Tzaneen Municipality operates and manage the following Water and Waste water works:

Name of Water Works	Capacity
1. Georges Valley Water Works	9.0MI/d
2. Tzaneen Dam Water Works	6.0MI/d
3. Letsitele Water Works	1.4MI/d
4. Tzaneen Waste water Works	8MI/d

Greater Tzaneen Municipality is partially assisting Mopani District Municipality in the maintenance of Nkowankowa Waste water and Lenyenye Maturation Ponds. In this case Greater Tzaneen Municipality supplies chemicals and maintains the waste water works.

- Blue Drop and Green Drop performance ratings

Greater Tzaneen Municipality received a Blue Drop Certificate during 2011 assessment for Tzaneen and Letsitele Systems. For the 2012 year assessment for both Blue and Green Drop, all Water and Wastewater works and networks for four towns were assessed, and the results are as follows:

Assessment	System	Percentage	Status
2011	Tzaneen	95.08%	Achieved Silver
2011	Letsitele	95,05%	Achieved Silver
2011	Tzaneen Sewerage	84,3%	Not achieved
2011	Nkowankowa Sewer	77,9%	Not achieved
2011	Lenyenye Sewer	21,9%	Not achieved
2012	Tzaneen	95,14%	Achieved Gold
2012	Letsitele	95,02%	Achieved Gold
2012	Tzaneen Sewerage	Pending	Pending
2012	Nkowankowa Sewer	Pending	Pending
2012	Lenyenye Sewer	Pending	Pending

- As part of the Blue Drop Certificate and Green Drop Certificate requirements, Water Safety Plans (WSP's) for both Wastewater and Water had been established. This Water Safety Plan is only applicable to the systems operated and Managed by Greater Tzaneen Municipality. There were a few things identified during the audit process for Wastewater Works in Tzaneen and the findings are treated accordingly to Wastewater Risk Abatement Plan (W²RAP).
- The following are the identified challenges in Water and Sewerage management
 - There is not enough water for Tzaneen as demand is higher than supply. Application for an increase in water allocation by DWAF has been made but with no success as both dams are over allocated (Tzaneen & Ebenezer)
 - There are illegal or unauthorized connections of both water and sewer by community members which results in high water loss and high blockages of sewers due to soil and debris entering the sewer lines.
 - Water meters and pipes being vandalized leading to excessive water loss.

- Shortage of funds in repairing and maintenance of water services infrastructure.
- Steps are:
 - Implementation of Bylaws.
 - Mopani District Municipality to intervene in speeding up the application of an increase in Water quota.
 - Engage Mopani District Municipality as WSA to fund activities that will improve water supply and control.
 - Mopani to fund upgrading of Tzaneen Water Works.
 - Engage communities (public participation) and educate them about the importance of protecting the Water and Sewerage system.
- Budget for 2013/2014 as outlined in the budget.

The certificate of analysis is attached as **Annexure “J”**.

9. BUDGET RELATED POLICIES OVERVIEW AND AMENDMENTS

The budget process of Greater Tzaneen Municipality is guided and Governed by relevant Legislation, Frameworks, Strategies and Policies. The budget related Policies and Amendments are discussed as follows:

9.1 LIST OF BUDGET RELATED POLICIES

Revenue Framework

Section 18 of the Municipal Finance Management Act (MFMA) states that the Budget can only be funded by realistically anticipated revenue to be collected, and cash-backed accumulated funds from previous years, which was not committed for other purposes.

Council has approved policies for main services provided by the Municipality, which are attached as **Annexure “ D ”** to this document.

9.1.1 Revenue-related policies

a) Tariff Policy

The General Financial Management functions covered in Section 62 of the MFMA includes the implementation of a Tariff Policy. Specific legislation applicable to each service has been taken into consideration when the Policy was drafted.

b) Credit Control and Debt Collection Policy

This has been formulated in terms of Section 96 (b) and 98 of the Local Government: Municipal Systems Act, 2000 and the Credit Control and Debt Collection By-Law.

9.1.2 Budget-related policies

The following budget-related policies have been approved by Council in line with National Guidelines and Legislation.

a) Budget Policy

The Budget Policy which was approved by Council deals with the objectives, budgeting principles, Responsibilities of the Chief Financial Officer's Legal requirements, Funding of Expenditure and Adjustment budget and is attached to this report.

b) Equitable Share and Indigent Policy

This policy deals with the Equitable Share allocation and Indigent Subsidy and was approved by Council on 17 March 2003.

c) Supply Chain Management Policy

Section 111 of the MFMA requires each municipality and municipal entity to adopt and implement a Supply Chain Management Policy, which gives effect to the requirements of the Act. The Municipal Supply Chain Management Policy was adopted by Council and the three committees required by the Act have been established and are functional.

The Supply Chain Management Policy provides systems for the following functions:

- Demand Management
- Acquisition Management
- Logistics Management
- Disposal Management
- Risk Management
- Performance Management

It also describes in detail the process and procedures of the acquisition of goods, services and works as well as the disposal of inscrutable, redundant and obsolete goods.

d) Rates Policy

In 2008 Greater Tzaneen Municipality prepared a General Valuation Roll of all property in terms of the Local Government: Municipal Property Rates Act of 2004 (MPRA) and it was implemented on 1 July 2008. The policy is attached to the report. The new valuation roll has been implemented on 1 July 2013.

e) Investment and Cash Management Policy

The Council, at its meeting on 13 July 2004 (Item B 145) approved the Investment Policy that deals with the management of the surplus cash resources and the investment thereof.

f) Virement Policy

The Virement Policy aims to empower Senior Management with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA. While no limits were placed on the amount of the virement, certain limitations were placed in terms of allocations and it further provides for flexibility within votes.

g) Adjustment Budget Policy

The Adjustment Budget Policy is governed by various provisions in the MFMA and the Municipal Budget and Reporting Regulations, which are aimed at establishing an

increased level of discipline responsibility and accountability in the financial management practices of the Municipality.

9.2 PROPOSED AMENDMENTS TO THE BUDGET RELATED POLICIES

No changes have been effected.

10. BUDGET ASSUMPTIONS

Budget assumptions and 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. The assumptions and principles applied in the drafting of this budget are mainly based upon guidelines from National Treasury and the National Electricity Regulator of South Africa (NERSA).

Municipalities long-term financial viability depends largely on the extent to which improved and sustainable revenue capacity on the one hand - and sound financial management of its resources on the other hand – can be achieved. These imperatives necessitate proper multi-year financial planning. Future impacts of revenue and expenditure streams and the financial implications for the community at large (i.e. the potential influence on property tax, tariffs and service charges) must be identified and assessed to determine the sustainability of planned interventions programmes, projects and sundry service delivery actions.

The following paragraphs outline the assumptions made by the Chief Financial Officer and the Budget Steering Committee:

A) INFLATION TARGET

At the beginning of each calendar year National Treasury issues a budget circular that is intended to guide Municipalities in the preparation of their budgets. Amongst other things the circular indicates anticipated inflation figures that are to guide the Municipalities when setting increases to their tariffs. Circular no 70 indicates an inflation rate of 5,6% for the 2014/2015 financial year.

PERSONNEL ISSUES

The collective agreement regarding salary/wage increases provides for a 6,8% increase with effect from 1 July 2014. The Budget Steering Committee of Council however resolved that an increase of 7% with effect from 1 July 2014 must be budgeted for.

A Salary increase of 7% has therefore been provided for on the 2014/2015 salary budget.

- **Number of employees:** Provision has been made for positions that are filled and those that became vacant the past 6 months to accommodate critical and essential positions.

B) COUNCILLOR'S ALLOWANCES

Composition of and increases to Councillor's allowances are determined annually by the Minister of the Department of Co-operation and Traditional Affairs (COGSTA) through a Gazette setting out the upper limits of the allowances to Councillors. This Gazette is normally issued towards the end of December to apply retrospectively from July of that year. The Gazette had not been issued yet. An increase of 7% was resolved by the Budget Steering Committee.

C) BORROWINGS

The Municipal Finance Management Act no 56 of 2003 permits long term borrowing by Municipalities only to finance Capital Expenditure. The strategy of Greater Tzaneen Municipality is to borrow long-term funds only at the lowest possible interest rate at minimum risk. The outstanding loan amount is also taken into account when loan requirements are determined. It is this amount which directed the Budget Steering Committee to advice that no loan be taken up to finance Capital projects during the 2014/2015 financial year.

D) COLLECTION RATES

In accordance with relevant legislation and national directives, revenue recovery rates are based on realistic and sustainable trends. The municipal collection rate is set at an average of 94% and is based on a combination of actual rates achieved to date and estimated outcomes of the current financial period. Adequate provision is made for non-recovery.

E) BAD DEBTS PROVISION

The BAD debt provision is determined on the collection rate of Council.

F) TARIFF ADJUSTMENTS

An average Property Tax Rates tariff increase of 5.6% was modeled. This increase is based on the inflation forecast set by National Treasury.

The electricity tariff adjustment is 7,39%, largely due to the increase for Eskom bulk purchases.

Water and Sewerage tariff adjustments are 6%, while refuse and disposal charges are modeled to increase by 6%. These increases are as per the upper limit set by National Treasury.

G) REPAIRS AND MAINTENANCE

Greater Tzaneen Municipality's target with regard to repairs and maintenance is set between 10% and 15% of total expenditure to address backlogs.

H) DEPRECIATION

Depreciation which is prescribed by the Budget Regulations on new capital expenditure is calculated at a varying rate ranging between 3 and 20 years, depending on the nature of the asset. Actual depreciation was modeled on existing assets.

I) WATER AND SEWER SERVICES

Mopani District Municipality is the Water and Sewer Services Authority and Greater Tzaneen Municipality is the Water and Sewer Service Provider. An agreement to this extend has been signed. The budget for these services has been drafted according to legislative requirements and will be submitted to Mopani District Municipality for approval.

The following DORA allocations have been made to Mopani District Municipality for services in the Greater Tzaneen Municipality area of jurisdiction for the 2014/2015 financial year:

Water	R87 192 000
Sewer	R71 186 000

It is assumed that from this allocation at least the following will be transferred to Greater Tzaneen Municipality:

Water R28 165 805
Sewer R1 265 774

J) ESKOM

National Treasury advice Municipalities to provide for an increase in electricity tariffs of 7,39% as approved by NERSA.

K) TARGETED GROWTH

As part of the normal budgeting process consideration is normally given to the anticipated growth in the population of the Municipality due to normal increment and mobility of people into the urban areas where cost recovery is taking place. However due to stagnation of development in areas where cost recovery is taking place, due to infrastructural capacity constraints, no increases in the population has been taken into account.

L) CAPITAL EXPENDITURE

It is recommended that no loan be taken up to finance Capital expenditure and that all Capital projects be funded from Grants and own sources.

Very little has been done in terms of maintenance and general investment into the electricity infrastructure of the Municipality in general to ensure continued availability of the system. Should this not be addressed the Municipality might face a catastrophe in a few year's time.

M) GENERAL MAINTENANCE

Due to reduced maintenance budgets in previous years, the infrastructure of the Municipality has been deteriorating at a faster rate than normal. This will require substantial expenditure in future years in order to maintain these assets in a working condition. It is recommended that repairs and maintenance be split between routine maintenance and repairs and maintenance on renewal of assets as required by National Treasury.

N) PROPERTY RATES

The new Valuation Roll has been finalized is effective from 1 July 2013. The new valuation roll has been utilized to calculate the property rates tariffs.

O) OTHER ASSUMPTIONS

That unconditional grants and subsidies not be allocated to certain services but that it be allocated within the context of the overall financial position of Council.

11. OVERVIEW OF BUDGET FUNDING

Fiscal Overview

As part of our financial sustainability strategy an Aggressive Revenue Management Framework has been implemented to increase our Cash flow, not only from current billings but also from debtors that are in arrears. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

With regard to creditors management Council is in the process of ensuring that creditors are settled within the legislated 30 day of invoice. All invoices are paid within 30 days with the exception of a few where services have not been provided at an acceptable standard. With regard to expenditure special attention will also be given to the cost containment measures approved by Cabinet on 23 October 2013 to ensure value for money and cost savings.

The free basic service of Council is a social package which assists residents that have difficulty paying for services and are registered as indigent households in terms of Councils Indigent Policy. Only registered indigents qualify for the free basic service.

Cash flow problems are experienced from time to time due to the seasonal electricity tariff of ESKOM.

The implementation of the MFMA required a reform in financial planning within Municipality's. The focus has shifted from the Municipal Manager and Chief Financial Officer to all senior managers who are responsible for managing the respective votes or departments of the Municipality, and to whom powers and duties for this purpose have been delegated. Top

Management must also assist the Accounting Officer in managing and co-ordinating the financial administration of the Municipality.

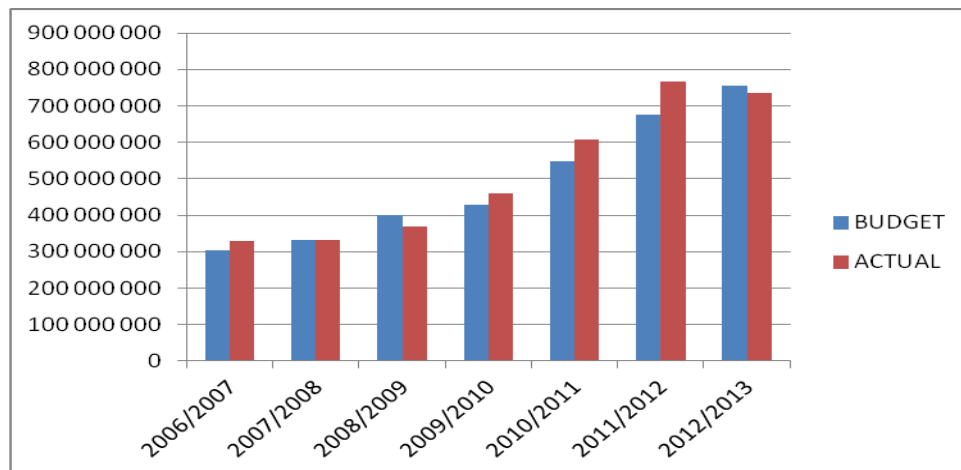
(A) Outcomes of the Past Years and Current year

The graph below indicates the comparison between budgeted and actual operating expenditure over the past 7 years:

OPERATING EXPENDITURE

YEAR	BUDGET	ACTUAL
2006/2007	304 739 349	329 472 551
2007/2008	331 225 571	333 231 173
2008/2009	399 323 160	368 815 783
2009/2010	429 143 386	458 726 916
2010/2011	547 791 565	607 531 345
2011/2012	675 115 734	766 127 341
2012/2013	754 126 931	734 442 031

GRAPH
Operating Expenditure

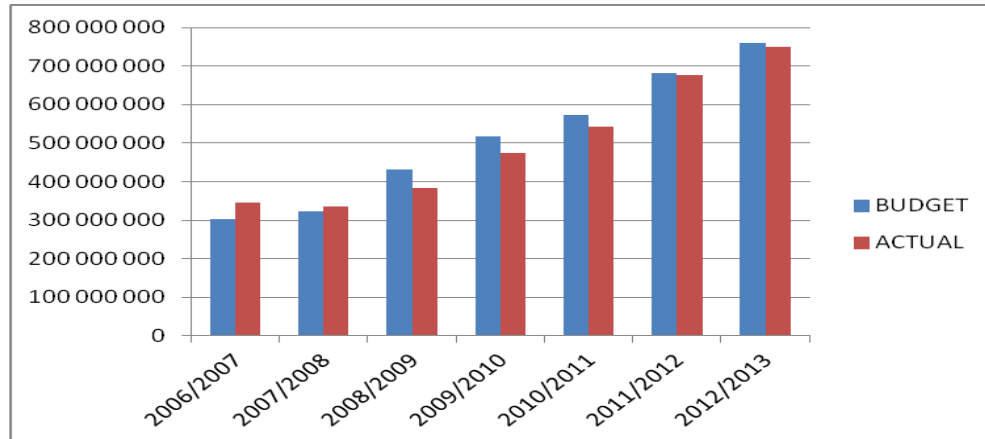


The graph below indicates the comparison between budgeted and actual operating Income over the past 7 year.

OPERATING INCOME

YEAR	BUDGET	ACTUAL
2006/2007	302 218 188	345 928 848
2007/2008	321 808 837	336 481 594
2008/2009	430 916 687	382 896 432
2009/2010	516 701 190	473 373 253
2010/2011	571 808 669	543 258 099
2011/2012	682 705 617	677 487 982
2012/2013	759 986 389	748 889 365

GRAPH
Operating Income

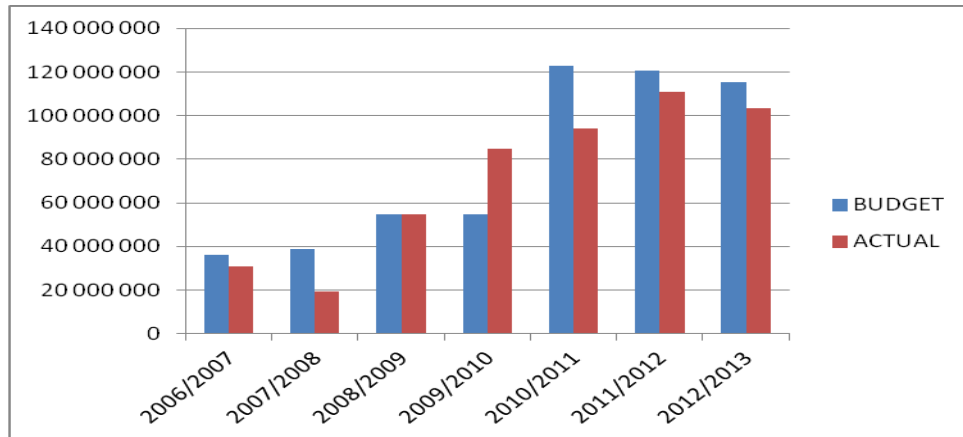


The capital expenditure against the budget of the past 7 years are also indicated graphically below:

CAPITAL EXPENDITURE – MIG INCLUDED

YEAR	BUDGET	ACTUAL
2006/2007	36 364 059	30 747 402
2007/2008	38 888 000	19 406 629
2008/2009	54 605 000	54 626 953
2009/2010	54 605 000	84 646 163
2010/2011	122 763 000	94 017 000
2011/2012	120 712 000	111 073 584
2012/2013	115 091 062	103 549 587

GRAPH
Capital Expenditure



OPERATING BUDGET 2013/2014

Operating Revenue

The revenue of Greater Tzaneen Municipality is pre-dominantly raised through rates and tariffs. Grants and subsidies from National and Provincial Government constitute a relative small portion of the total revenue and thus the budget is based on a strong base of own sources.

Metered services and property rates contributed the following revenue to Greater Tzaneen Municipality during the 2013/2014 financial year:

Electricity	45%
Refuse Removal	3%
Property Rates	7%

Since the 2008/2009 financial year the fair market value of a property has been applied in terms of the Property Rates Act.

OPERATING BUDGET 2014/2015

The Greater Tzaneen Municipal operating income will be allocated as follows during 2014/15 Financial year:

Greater Tzaneen Municipality Budget excluding GTEDA and Water & Sewer services.

REVENUE	BUDGET
Property rates	-R 77 000 000
Property rates – penalties imposed and collection charges	-R 4 500 000
Service charges	-R430 751 643
Rental of facilities and equipment	-R 759 100
Interest earned – external investments	-R 2 001 000
Interest earned – outstanding debtors	-R 11 800 000
Fines	-R 3 210 136
Licenses and permits	-R 497 138
Income from agency services	-R 42 992 708
Government Grants and Subsidies	-R359 345 000
Other Revenue	-R 6 030 496
Gains on disposal of property, plant & Equip.	-R 2 300 000
Income Foregone	<u>R 14 575 000</u>
TOTAL REVENUE	<u>-R926 612 221</u>

Consolidated Budget of Greater Tzaneen Municipality and GTEDA Excluding Water & Sewer services

REVENUE	BUDGET
Property rates	-R 77 000 000
Property rates – penalties imposed and collection charges	-R 4 500 000
Service charges	-R430 751 643
Rental of facilities and equipment	-R 759 100
Interest earned – external investments	-R 2 001 000
Interest earned – outstanding debtors	-R 11 800 000
Fines	-R 3 210 136
Licenses and permits	-R 497 138
Income from agency services	-R 42 992 708
Government Grants and Subsidies	-R364 845 000
Other Revenue	-R 7 030 496
Gains on disposal of property, plant & Equip.	-R 2 300 000
Income Foregone	<u>R 14 575 000</u>
TOTAL REVENUE	<u>-R933 112 221</u>

Operating Expenditure

The budgeted expenditure per item are as follows for the 2014/2015 financial year:

Greater Tzaneen Municipality Budget excluding GTEDA and Water & Sewer services.

ITEM	BUDGET
Employee Related Costs	R200 428 739
Employee Related Cost Social Contributions	R 46 906 480
Employee Cost Capitalized	-R 7 969 778
Employee Costs Allocated to other Operating Items	-R 94 946 210
Remunerations of Councillors	R 18 866 973
Bad Debts	R 16 483 459
Collection Costs	R 200 000
Inventory Surplus/Loss	R 0
Depreciation	R120 057 710
Repairs and Maintenance	R122 315 087
Interest Expense – External Borrowings	R 10 223 303
Bulk Purchases	R268 820 574
Contracted Services	R 39 058 872
Grants & Subsidies paid	R 10 620 000
Grants & Subsidies Paid unconditional	R 6 508 499
General Expenses	<u>R 80 357 320</u>
EXPENDITURE TOTAL	<u>R837 931 027</u>

Consolidated Budget of Greater Tzaneen Municipality and GTEDA Excluding Water & Sewer services

ITEM	BUDGET
Employee Related Costs	R203 989 956
Employee Related Cost Social Contributions	R 47 227 439
Employee Cost Capitalized	-R 7 969 778
Employee Costs Allocated to other Operating Items	-R 94 946 210
Remunerations of Councillors	R 19 222 973
Bad Debts	R 16 483 459
Collection Costs	R 200 000
Inventory Surplus/Loss	R 0
Depreciation	R120 057 710
Repairs and Maintenance	R122 348 193
Interest Expense – External Borrowings	R 10 223 303
Bulk Purchases	R268 820 574
Contracted Services	R 39 382 693
Grants & Subsidies paid	R 10 620 000
Grants & Subsidies Paid unconditional	R 6 508 499
General Expenses	<u>R 82 237 217</u>
EXPENDITURE TOTAL	<u>R844 406 028</u>

CAPITAL BUDGET

An amount of R169 million was approved for capital projects for the 2013/2014 financial year. This was funded as follows:

- Own Sources	R85 312 727
- Loans	R 0
- Grants	R84 317 120

(b) FUNDING MEASURES

The funding of the budget is based on realistic anticipated revenue to be collected which was calculated on collection levels to date and actual revenue collected in previous financial years.

Financial Challenges

The challenges facing Greater Tzaneen Municipality are, inter alia, the following:

- Debt collection and Credit control
- The levying of property rates with emphases on subdivisions and consolidations
- Recovering of all Greater Tzaneen Municipality income with emphasis on land sales

Sources of Funding

It is evident from the summary below that the revenue of Council is predominantly raised through rates, service charges and grants. This high level of relative stable revenue source is a key factor in sound financial position, the Municipality will however have to increase its tax base to insure that the much needed development can be funded.

The 2014/2015 expenditure will be funded as follows:

Consolidated Budget: Greater Tzaneen Municipality and GTEDA,
Excluding Water and Sewer services

Funding source	Amount
Grants & Subsidies	R364 845 000
Rates & Service Charges	R507 751 643
Sundry Income	<u>R 60 515 578</u>
Budgeted Revenue	<u>R933 112 221</u>

Greater Tzaneen Municipality Budget Excluding GTEDA and Water & Sewer:

Funding source	Amount
Grants & Subsidies	R359 345 000
Rates & Service Charges	R507 751 643
Sundry Income	<u>R 59 515 578</u>
Budgeted Revenue	<u>R926 612 221</u>

(c) PROPERTY VALUATION RATES TARIFFS AND OTHER CHARGES

To maintain an effective, efficient and sustainable town, tariff increases are inevitable. Tariff setting plays a major role in ensuring desired levels of revenue by assisting in the compilation of a credible and balanced budget to accommodate the basic service provision. The determination of tariffs for the 2014/2015 financial year has been guided by our Tariff Policy and guidelines set by National Treasury in the Municipal Budget Circular 70 for the 2014/2015 MTREF.

Property Rates

The proposed property rates are to be levied in accordance with existing Council's Policy, and both the Local Government Municipal Property Rates Act 2004 (MPRA) and the Local Government Municipal Finance Management Act 2003.

The Property Rates Policy of Council is attached hereto as prescribed by National Treasury.

Property rates are based on values indicated in the General Valuation Roll. The Roll is updated for properties affected by land sub-division, alterations to buildings, demolitions and new buildings (improvements) through Supplemental Valuation Rolls. A new valuation roll became effective from 1 July 2013 and the Property Rates Tariff contained in the 2014/2015 Preliminary Budget is calculated on the new Valuation Roll.

The proceeds from property rates must cover the shortfall in the provision of general service. It is also seen as the most important source of general revenue for Municipalities, especially in developed areas. The revenue generated from property rates is used to fund services like maintaining streets, roads, sidewalks, storm water drainage, parks and cemeteries.

It is proposed that the property rates tariff be increased by 5,6%, the same as the CPI inflation forecast seeing that this is a tax and not a metered service of which the user has the choice to the extent he/she wants to make use of it.

Water Service

Council must take note that Greater Tzaneen Municipality is only the service provider and not the service authority.

The water and sewer budget is drafted by Greater Tzaneen Municipality but submitted to Mopani District Municipality for approval.

The proposed Water and Sanitation Tariffs for 2014/2015 are consistent with National Policy on the extension of free basic services, the National Strategic Framework for Water and Sanitation and with Council's Indigent Relief Measures, Rates and Tariff Policies and Equitable Service Framework.

The progressive nature of the existing domestic stepped tariff structure both for water and sanitation is pro-poor and allows for the needs of the indigent. It is also designed to discourage high water consumption levels, which have an impact on the size of both the water and sanitation portions of a consumer's bill. It enables all consumers to adjust their consumption levels to ensure affordability.

It is proposed that the step tariff structure from the 2013/2014 financial year be retained, with a proposed 6% increase in volumetric water tariffs generally, and a proposed 6% increase in sanitation tariffs generally.

It is also recommended that the indigent account be increased from R40 per month to R50 per month.

Electricity Service

The proposed revisions to the tariffs have been formulated in accordance with Section 74 of the Municipal Systems Act as well as

the recommendations of the National Energy Regulator of South Africa (NERSA).

Guidelines for the Municipal Electricity tariff increases in July are normally published by NERSA in the previous December. This did not materialize and National Treasury advises Municipalities to budget for a 7.39% increase in their tariffs. They also confirmed that any change to the above mentioned guideline will be communicated to Municipalities in the next 2014/2015 budget circular.

Refuse Removal Service

According to the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) a municipality must ensure a safe and healthy environment for its residents. Greater Tzaneen Municipality is therefore responsible to adequately maintain its refuse removal service. We must also maintain our refuse sites and solid waste disposal efforts.

The solid waste tariffs are levied to recover costs of services provided directly to customers and include collection fees, disposal fees and other ad hoc services.

It is proposed that the tariff be increased by 6% on the 2013/2014 tariffs with effect from 1 July 2014.

Tariffs and Charges Book

Council is permitted to levy rates, fees and charges in accordance with the Local Government Municipal Property Rates Act, the Local Government: Municipal Systems Act, Act 32 of 2000, Section 75A and the Municipal Finance Management Act, no. 56 of 2003, 17 (a)(ii).

(d) DEBTORS

The table below illustrates the debtor revenue in millions for the 6 months, July 2013 to December 2013:

DEBTOR REVENUE	JULY 13 R000,	AUG 13 R000,	SEPT 13 R000,	OCT 13 R000,	NOV 13 R000,	DEC 13 R000,
Revenue Billed	42 115	46 037	44 964	43 625	37 576	37 335
Revenue Collected	39 195	40 596	51 413	47 491	39 195	42 596
% Revenue Collected	93,07%	88,18%	114,34%	108,86%	104,31%	114,09%

The MFMA requires that the budget be based on realistic forecasts for revenue and over the said period the collection rate for Greater Tzaneen Municipality amounted to 103,8%.

(e) SAVINGS AND EFFICIENCIES

To ensure value for money and efficient utilization of resources, performance indicators have been set for all Section 57 Directors as well as all Managers. In-year reports (monthly and quarterly) as well as annual reporting are done on functional service delivery against information contained in the approved SDBIP.

Performance plans and productivity measures exist for each manager and it is expected of top management (all Directors) to manage their respective votes / departments.

(f) INVESTMENTS

Adequate provision has been made by way of external investments to ensure that cash is available on the maturity date of external sinking fund loans. Short-term Investment income on the other hand is utilized to fund the operational budget.

Details of the investments of Greater Tzaneen Municipality are disclosed as follows.

Valuation of unlisted Investments

Liberty	<u>R6 274 306</u>
TOTAL	<u>R6 274 306</u>

Excelsior 1000 Investment

An investment of R855 619 has been made with Liberty to repay a loan of R15 million on maturity date. The loan bears interest on variable rate and the value of the investment amounts to R6 274 306.

(g) GRANT ALLOCATION

The grant allocations as published in the 2014/2015 Division of Revenue Bill are summarized as follows:

<u>Allocation</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>
Equitable Share	R235 717 000	R288 119 000	R294 096 000
Municipal Infrastructure Grant	R 87 083 000	R 92 085 000	R 96 286 000
Financial Man Grant	R 1 600 000	R 1 650 000	R 1 700 000
INEP (Elect)	R 6 000 000	R 40 000 000	R 25 000 000
Mun. Syst Imp. Grant	R 934 000	R 967 000	R 1 018 000
Neighbourh Dev Grant	R 21 951 000	R 4 400 000	R 4 752 000
Expanded Public works Prog.	R 2 060 000	R 0	R 0
EE & D	R 4 000 000	R 6 000 000	R 5 000 000

Council must also take note of the following indirect Grants which have been allocated to Greater Tzaneen Municipality.

<u>GRANT</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>
INEP	R 26 031 000	R 43 429 000	R49 601 000
NDPG	R 893 000	R 345 000	R 242 000

These are indirect Grants which means that the money will not be transferred to Council, but projects to the Value of the mentioned amounts will be executed in our area of jurisdiction.

There is also a breakdown in DORA of Equitable share allocations per Local Municipality for District Municipalities Authorized for services.

The allocations for Tzaneen are as follows:

GRANT	2014/2015	2015/2016	2016/2017
Water	87 192 000	99 144 000	111 152 000
Sanitation	71 186 000	79 232 000	86 917 000

As water service provider some of these funds need to be transferred to Greater Tzaneen Municipality.

The breakdown of MIG allocated for district Municipalities for services is summarized as follows:

GRANT	2014/2015	2015/2016	2016/2017
MIG	R151 816 000	R159 937 000	R167 652 000

12. EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

According to the introduction of the Municipal Infrastructure Grant (MIG) the grant has been divided as follows for the following three Municipal Budget years:

FINANCIAL YEAR 2014/2015: ALLOCATION R87, 083, 000.00

Project Name	MIG Fund	Counter Fund	Total
1. Thapane to Moruji: Phase 2	R20,166,029	R16,385,000	R36,551,029
2. Refurbishment and Upgrading of Tzaneen Swimming Pool: Phase 2	R8,237,000	R2,118,060	R10,355,060
3. Refurbishment and Upgrading of Lenyenye Stadium: Phase 2	R10,675,030	R0	R10,675,030
4. Rita to Mariveni Upgrading of Road from Gravel to Tar: Phase 1	R43,715,391	R0	R43,715,391
PMU Management	R4,289,550	R0	R4,298,550
TOTAL	R87,083,000	R18,503,060	R105,586,060

FINANCIAL YEAR 2015/2016: ALLOCATION R92, 085, 000.00

Project Name	MIG Fund	Counter Fund	Total
1. Rita to Mariveni: Upgrading Road from Gravel to Tar-Phase2	R24,705,662	R9,578,947	R34,284,609
2. Upgrading of Runnymade Sports Complex: Phase1	R15,000,000	R0	R15,000,000
3. Tickyline to Mafarana: Upgrading of Road from Gravel to Tar: Phase 1	R47,775,088	R0	R47,775,088
PMU Management	R4,604,250	R0	R4,604,250
TOTAL	R92,085,000	R9,578,947	R101,663,947

FINANCIAL YEAR 2016/2017: ESTIMATED ALLOCATION R96, 286, 000

Project Name	MIG Fund	Counter Fund	Total
1. Tickyline to Mafarana Upgrading of Road from Gravel to Tar: Phase 2	R13,741,912	R10,001,000	R23,742,912
2. Runnymade Sports Complex: Phase2	R12,972,000	R0	R12,972,000
3. Moruji to Maswi: Upgrading of Road from Gravel to Tar:	R26,484,627	R5,968,864	R32,453,491

Phase 1			
4. Upgrading of Nkowankowa Stadium	R10,091,200	R1,187,200	R11,278,400
5. Risaba to Musiphana: Upgrading of Road from Gravel to Tar: Phase 1	R15,000,000	R2,100,000	R17,100,000
6. Upgrading of Municipal Offices: Phase 1	R13,181,961	R0	R13,181,961
PMU Management	R4,814,300	R0	R4,814,300
TOTAL	R96,286,000	R19,257,064	R115,543,064

13. ALLOCATIONS OF GRANTS MADE BY THE MUNICIPALITY

The allocations made by Council for the 2014/2015 financial year can be summarized as follows:

Museum	R 33 326
Eskom EBSST	R3 500 000
Mayor Special Account	R 120 000
SETA	R 26 000
SPCA	R 102 500
Mayors Bursary Account	R 400 000
Sport Council	R 106 644
Arts & Cultural	R 24 217

14. DISCLOSURE ON COUNCILLORS ALLOWANCES AND EMPLOYEE BENEFITS

(A) COUNCILLORS ALLOWANCES AND COST TO COUNCIL

	SALARY	LAPTOP	TRAVELLING	TEL. ALL	SETA
CHIEF WHIP	403 429	3 600	134 476	21 263	2 224
COUNCILLOR	8 875 430	198 000	2 958 476	729 505	47 420
EXCO	1 109 428	18 000	369 809	66 319	5 967
FULL TIME	1 996 972	18 000	672 381	106 315	8 366
MAYOR	537 905	3 600	179 302	21 263	2 930
SPEAKER	430 324	3 600	143 441	21 263	2 366
TOTAL	13 353 488	244 800	4 457 885	965 928	69 273

(B) EMPLOYER BENEFITS FOR MUNICIPAL MANAGER AND OTHER SENIOR MANAGERS

	MUNICIPAL MANAGER	DIRECTOR PLANNING & ECONOMIC DEVELOPMENT	CHIEF FINANCIAL OFFICER	DIRECTOR CORPORATE SERVICES VACANT	DIRECTOR COMMUNITY SERVICES	DIRECTOR ELECTRICAL ENGINEERING SERVICES	DIRECTOR ENGINEERING SERVICES
B/SALARY	1 355 134	1 099 713	1 219 622	1 099 713	1 099 713	1 099 713	1 099 713
INSENTIVE Bonus	112 928	91 643	101 635	91 643	91 643	91 643	91 643
A/BONUS	0	0	0	0	0	0	0
UIF	1 910	1 910	1 910	1 910	1 910	1 910	1 910
SETA	13 551	10 997	12 196	10 997	10 997	10 997	10 997
LEAVE RED	43 364	35 191	39 028	35 191	35 191	35 191	35 191
TOTAL	1 526 887	1 239 454	1 374 390	1 239 454	1 239 454	1 239 454	1 239 454

(C) EMPLOYEE BENEFITS FOR OTHER MUNICIPAL EMPLOYEES

BENEFIT	AMOUNT
Basic Salary	R159 065 163
Overtime	R 10 597 053
Bonus	R 12 354 537
Standby	R 808 249
Leave Redemption	R 9 543 341
Housing Allowance	R 1 157 882
Travel Allowance	R 9 673 178
Performance Incentive Schemes	R 770 553
Medical Aid Contribution	R 11 254 581
Pension Schemes	R 27 721 847
UIF Contribution	R 1 175 826
Group Insurance	R 2 379 142
Workmens Compensation	R 2 684 608
SETA	R 1 956 561
Bargaining Council	R 54 875
TOTAL	<u>R251 197 395</u>

Cost to Council: Political Office – Bearers and collectively

	SALARY	LAPTOP	TRAVELLING	TEL.	SETA
CHIEF WHIP	403 429	3 600	134 476	21 263	2 224
COUNCILLOR	161 371	3 600	53 790	13 264	914
EXCO	221 885	3 600	73 962	13 264	1 231
FULL TIME	403 429	3 600	134 476	21 263	2 110
MAYOR	537 905	3 600	179 302	21 263	2 930
SPEAKER	430 324	3 600	143 441	21 263	2 366

Number of Councillors: 68

Number of Personnel: 689

Greater Tzaneen has 689 full time personnel employed which includes Senior Managers appointed in terms of Section 57 of the Municipal Systems Act. The Senior Managers are:

The Municipal Manager	Mr. M.E. Mankabidi
The PED Manager	Vacant
The Manager Corporate Services	Mr. E.L. Mugari
The Chief Financial Officer	Me. N.M. Lion
The Engineering Services Manager	Ms. D.S. Makoti
The Electrical Engineering Manager	Mr. P Van den Heever
The Community Services Manager	Mr. O.Z. Mkhombo

15 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASHFLOW

(a) CONSOLIDATED PROJECTION OF REVENUE BY SOURCE AND EXPENDITURE BY TIPE.

Attached as Annexure "L"

(b) CONSOLIDATED PROJECTION OF REVENUE AND EXPENDITURE BY VOTE.

Attached as Annexure "M"

(c) CONSOLIDATED CAPITAL EXPENDITURE BY VOTE.

2014/2015

DEPARTMENT	OWN SOURCES	LOANS	GRANTS	TOTAL
Eng. Services	22 038 060		82 793 450	104 831 510
Elect. Services	33 466 460		4 000 000	37 466 460
PED	5 325 000		21 951 000	27 276 000
Municipal M	450 000			450 000
Corp Serv M	800 000			800 000
Community S	2 325 000			2 325 000
Budget & Treasury Office	300 000			300 000
TOTAL	64 704 520		108 744 450	173 448 970

2015/2016

DEPARTMENT	OWN SOURCES	LOANS	GRANTS	TOTAL
Eng. Services	18 563 947		87 480 750	106 044 697
Elect. Services	48 445 000		6 000 000	54 445 000
PED	6 827 500		4 400 000	11 227 500
Municipal M	550 000			550 000
Corp Serv M	300 000			300 000
Community S	4 030 500			4 030 500
Budget & Treasury Office	300 000			300 000
TOTAL	79 016 947		97 880 750	176 897 697

2016/2017

DEPARTMENT	OWN SOURCES	LOANS	GRANTS	TOTAL
Eng. Services	33 007 064		91 471 700	124 478 764
Elect. Services	58 100 000		5 000 000	63 100 000
PED	525 451		4 752 000	5 277 451
Municipal M	500 000			500 000
Corp Serv M	10 994			10 994
Community S	320 000			320 000
Budget & Treasury Office	0			0
TOTAL	92 463 509		101 223 700	193 687 209

The Capital budget increased from R169 million in the 2013/2014 financial year to R173 million in the 2014/2015 financial year. The growth is a direct result of the availability of funds and the three year capital programme that was approved by Council during the 2013/2014 budget process.

(d) CASH FLOW SETTING OUT RECEIPTS BY SOURCE AND PAYMENT BY TIPE.

Attached as Annexure "F"

16 SUMMARY OF THE BUDGET AND THE SDBIP – INTERNAL DEPARTMENTS

A) Executive summary of the SDBIP for each internal department.

In terms of Section 53 (1) (c) (ii) of the Municipal Finance Management Act, the Service Delivery and Budget Implementation Plan (SDBIP) is defined as a detailed plan approved by the Mayor of a Municipality for

implementing its delivery of municipal services and its annual budget which must indicate the following:-

a) Monthly projections of-

- I Revenue to be collected, by source; and
- II Operational and capital expenditure by vote

b) Service delivery targets and performance indicators for each quarter.

c) Other matters prescribed.

The Mayor, in accordance with Section 53 of the MFMA, is expected to approve the SDBIP within 28 days after the approval of the Budget. In addition, the Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the SDBIP are made public within 14 days after its approval.

The SDBIP gives effect to the Integrated Development Plan and the Budget of the Municipality. It is an expression of the objectives of the Municipality in quantifiable outcomes which will be implemented by the administration for the financial period from 1 July 2014 to 30 June 2015. It includes the service delivery targets and performance indicators for each quarter, which should be linked to the performance agreements of senior management. It therefore facilitates oversight of financial and non-financial performance of the Municipality and allows the Municipal Manager to monitor the performance of the managers.

B) Services provided including level of services

With regard to service delivery standards Greater Tzaneen Municipality endeavors to realize the following values:

- Give priority to the basic needs of the community
- Promote the development of the community
- Ensure that all members of the Local Community have access to at least the minimum level of basic municipal services.

With regard to the levels of services currently rendered in our area of jurisdiction we are convinced, although much more needs and will be done, that Greater Tzaneen Municipality is one of the leading municipalities in the Province.

The level of the different services currently rendered by Council can be summarized as follows:

Waste Management

- Powers and Function of Waste Management

The mandate of GTM is to provide all households with a basic removal service to protect the environment for the benefits of future and present generations through legislative and other measures to prevent pollution and ecological degradation promote conservation to secure sustainable development. Section 84 read with Section 85 of the Municipal Structures Act 117 of 1998; determine the division of powers and functions between and such require landfill-site to be a district function for more than one Municipality. The Department of Environmental Affairs already resolved that a process of Landfill "REGIONALIZATION" must be pursued, which is aligned with Section 84 (1) (e) (iii) of the abovementioned Act.

Waste quantities and Characteristics

Greater Tzaneen Municipality processed the following during 2012/2013:

- a) General Waste = 61,842.9 m³ (59.46t/day)
- b) Health Care Waste = 385.14 m³
- c) Garden Waste = 13,376.85 m³
- d) Recycling = 5,862.16 m³

Geographic Distribution

The jurisdiction of GTM is divided by the main roads from Politsi via Tzaneen, Tarentaalrand, Letsitele and Trichardtsdal, in a Northern and Southern service region.

- DESCRIPTION OF THE REFUSE COLLECTION FUNCTIONS

Waste Minimization (Recycling)

Recycling at source (Yellow-bags") is undertaken in all formal suburbs on voluntary basis by residents as there is yet not a legal prescriptive on "recycling at source."

Waste Minimization (Composting)

+ - 15,436m³ Organic waste (garden) is treated at a basic technology composting site. Unfortunately no tub-grinder is available and therefore bulky organic waste cannot be composted.

Waste Minimization (Rural waste minimization)

10,775 or 10% of 108,926 households receive a full kerbside service in formal towns, where 90% of households are not serviced at present, these reside mainly in rural areas. The lack of Eco-Development-Workers (EDW), 40 required, to do awareness activities at Eco-club schools hampers progress. The re-use of firewood from the Landfill are available and delivered to rural Drop-off Centres (DoC's) for utilization by communities, to mitigate deforestation – practices. 97 DoC's have been erected at present, but it is anticipated that it will become “White elephants” if dedicated intervention are not implemented in terms of the National Basic Refuse Removal Policy.

Collection and Transportation

A full curbside collection service is rendered at following suburbs, which represents only 10% of all households in:

- Nkowankowa
- Lenyenye
- Letsitele
- Haenertsburg
- Tzaneen

90% of all households representing rural households do not receive a basic service. The cost to address the service in full (Urban & Rural), with immediate effect, will be approximately R128 000 000.00 per annum for all waste service areas.

Litter Picking

Urban streets, main roads & urban taxi / bus ranks are cleaned on a regular and period schedule from all debris and solid waste, where 5,312 m³ are collected monthly. Roads and streets in rural areas are not being attended to.

Vehicle Replacements

Replacement of vehicles to start during 2014/15 with an appropriate & dedicated vehicle for the removal of Health Care Waste also required.

Treatment & Disposal

One 11ha permitted landfill classified as a GMB site, are managed in compliance with specifications, with an expected life-span of the site is +/- 15 years. Health Care Waste is removed to a permitted and approved treatment facility in Gauteng. There is no weather – proof entrance or internal roads at the landfill drop off centres. Drop off Centers (DoC's) are located at:

- Nkowankowa
- Lenyenye
- Letsitele
- Haenertsburg

All DoC's are managed by a Service Provider, 6 m³ skips utilized for this purpose and are cleaned on a daily basis at the Tzaneen Landfill. However the following issues needs to be addressed:

- ✓ Political engagement with MDM is required to initialize the establishment of a District Landfill in accordance with the National Waste Sector Plan. R15 000 000 will be required to select, rank and erect a new site.
- ✓ The procurement of a service provider to undertake bulk-removals at DoC's and also with appropriate equipment to operate the Landfill site (included appropriate – technology compost plant, as part of landfill management) is required.
- ✓ Roads & Storm water maintenance on access roads must be improved.

Pollution Control

9 Public toilet blocks managed at the following locations:

- 6 Blocks at Tzaneen
- 1 Block at Nkowankowa
- 1 Block at Letsitele
- 1 Block at Haenertsburg
- 1 Block at Lenyenye

- LAW ENFORCEMENT

The appointment of 2 Environmental Law Enforcement Officers delayed due to lack of Workload-assessment and organizational layout. There is also a lack sufficient number of CDW's in the rural waste programme.

- MANAGEMENT, ADMINISTRATION, COMMUNICATIONS & LOGISTICS

In order to manage solid waste removal more efficiently the following is required:

- Administrative support
- Sufficient budget – provision
- GIS – Lack of operational applications software
- Networking – Lack of network at “outside” offices
- Electronic “Data capturing”
- Organisational Development interventions by HR.

- SERVICE BENEFICIARIES

Residential removals: 10,775 households

Business removals: 562

Own removals – villages (no services): 98,151 households

- M³ OF REFUSE DISPOSED

Domestic & Commercial: 61,974 m³

Garden: 11,597 m³

- TOTAL OPERATING COST

Operating cost of collections & disposal:	R27,7 million
Operating cost of litter picking:	R16,9 million
Operating costs of public toilet:	<u>R 6,0 million</u>
Total cost	R50,6 million

Table 34: Household access to solid waste collection services 2010/11 - 2012/13						
Level of access	2010/2012		2011/2012		2012/2013	
	Nr of Households	% of Total	Nr of Households	% of Total	Nr of Households	% of Total
Solid waste removal once a week	9892	11%	10775	12%	8732	8%
Removal less frequently than once a week	0	0%	0	0%	2034	2%
Using communal dump + own refuse dump	80034	89%	79,134	88%	98,160	90%
Using own refuse dump	above	above	above	above	above	above
Other disposal	0	0%	0	0%	0	0%
No waste disposal	0	0%	0	0%	0	0%
Total Households	89926	100%	89926	100%	108,926	100%
Nr of Households receiving Free Basic Waste services	13737		13377		13377	
Budget allocation for Solid waste collection services	R 37,500,307		R 47,200,000		R 50,600,000	

Water and Sewer Services

Level of Service

Water Treatment

Greater Tzaneen Municipality manages and operates Water Works in Tzaneen (Georges Valley and Tzaneen Dam) and Letsitele (Letsitele Water Works) at 100% efficiency level. These water works comply with Blue Drop Certification and SANS 241:2011 levels and criteria as set by Department of Water Affairs. Haenertsburg and Nkowankowa are supplied by Lepelle Northern Water while Lenyenye is supplied by Mopani District Municipality as Water Services Authority. Regular water samples are collected from different points of these mentioned towns and analyzed accordingly.

Boreholes are mainly used to augment the non-functional water works in rural areas and in places where there is no other sources than ground water. More than 35% of the total boreholes are dysfunctional due to vandalism, theft of electrical cables, transformers and also theft

of borehole pumps. Council supplies water to the rest of the rural community through water tankers.

Wastewater Treatment

Greater Tzaneen Municipality manages and operates Tzaneen Sewage Works and assist Mopani District Municipality to maintain Nkowankowa Sewerage Works and Lenyenye Oxidation Ponds. Both Haenertsburg and Letsitele are using Septic tanks which are drained regularly at the request of the owner. The majority of the rural community use VIP latrines.

Maintenance of Water services network

A 100% maintenance services is rendered by Greater Tzaneen Municipality to the following towns:

- Tzaneen
- Nkowankowa
- Lenyenye
- Letsitele
- Haenertsburg

Although Greater Tzaneen Municipality always respond to community request to repair or assist with maintenance to equipments in rural areas but to date the maintenance in rural areas is in the hands of Mopani District Municipality.

Electricity

Tzaneen has the options of power delivery in single or three phase form. Pilot projects with 20 Amp pre-paid dispensers are also currently running, which constitutes a growing third option available to town residents only due to technological limitations.

The Municipality's licensed distribution area is basically 89% electrified, with some minor farm labour electrification projects in progress, whilst where the municipal area overlaps with the Eskom licensed distribution area, these areas are 87% electrified.

Power provision is on a 24 hour basis with interruptions due to faults and maintenance due to lack of funding for operational and capital activities systems integrity is being negatively affected. Vegetation Control has now been in sourced and is proving a huge challenge.

The issue of FBE (Free Basic Electricity) to our indigent people has been fully addressed by Council and is implemented as far as the Eskom administrative constraints will allow.

Council is also one step closer to resolving the electricity capacity issues with the first phase of the Western substation complete.

C) Senior Management Capability and Structure

The organizational structure of the Municipality as from 1 July 2011 provides for the following service departments:

- Office of the Mayor
- Office of the Municipal Manager
- Budget & Treasury Office
- Planning & Economic Development Services
- Corporate Services
- Engineering Services
- Community Services
- Electrical Engineering Services

Each department is headed by a Section 56/57 Manager appointed on a fixed term contract coupled to an renewable Annual Performance Agreement.

Only the positions of six Senior Managers (Directors) were filled. The position Director Planning & Economic Development Services will be re-advertised whilst that of the Director in the office of the Mayor is not filled due to unavailability of funds.

Care is being taken as prescribed in legislation that capable Senior Managers are being appointed who have the necessary qualifications and experience to do justice to their respective functions and responsibilities.

D) Changes to service levels and standards

The service levels and standards are contained in item 16 (B) of this report.

17 SUMMARY OF BUDGET AND SDBIP – ENTITIES

Budget is contained in Item 22 of this report.

18 CONTRACTS HAVING FUTURE AND BUDGETARY IMPLICATIONS

a) NAMES OF ALL CONTRACTING PARTIES

NAME	SERVICE
ASEDS	- NKOWANKOWA SPORTS CENTRE
MACP	- UPGRADING OF SASEKANI TO NKOWANKOWA(Roads)
EXPECTRA 388 CC	- SENAMKWE TO MORAPALALA (Roads)
LESHIKA CONSULTING	- MBHEKWABA VILLAGE (Electrification)
LESHIKA CONSULTING	- LEKGWARENG VILLAGE (Electrification)
LESHIKA CONSULTING	- MOHLABA CROSS (Electrification)
SELBY CONSTRUCTION	- MAFARANE – SEDAN (Roads)
MARSH (PTY) LTD	- INSURANCE
UMS	- CREDIT CONTROL
DDP VAUERS	- VALUATION ROLL
NASHUA	- PHOTOCOPIERS
MOTLA CONSULTING	- SPECIALISED SERVICES(Electrical)

b) INFORMATION ON EXPENDITURE ON EACH CONTRACT FOR THE LAST THREE YEARS

MACP	-	R11 926 621
QUALITY PLANT HIRE	-	R39 234 963
EXPECTRA 388 CC	-	R32 659 235
MOTLA CONSULTING	-	R 1 896 994
MARSH (PTY) LTD	-	R 5 006 529
UMS	-	R13 267 168
NASHUA	-	R 1 397 836
AMR	-	R 4 210 265
DDP VALUERS	-	R 2 943 335

c) THE TOTAL EXPENDITURE ON EACH CONTRACT TO DATE

MACP	-	R11 926 621
QUALITY PLANT HIRE	-	R39 234 963
EXPECTRA 388 CC	-	R32 659 235
MOTLA CONSULTING	-	R 1 896 994
MARSH (PTY) LTD	-	R 5 006 529
UMS	-	R13 267 168
NASHUA	-	R 1 397 836
AMR	-	R 4 210 265
DDP VALUERS	-	R 2 943 335

d) PLANNED EXPENDITURE ON EACH CONTRACT FOR THE BUDGET YEAR AND THE FOLLOWING TWO YEARS

CREDIT CONTROL	-	UMS	=	R 4 000 000
INSURANCE	-	MARSH	=	R 2 000 000
PHOTOCOPIERS	-	NASHUA	=	R 1 600 000
VALUATION ROLL	-	DDP VALUERS	=	R 2 500 000
METER READING	-	AMR	=	R 1 800 000
SPECIALISED SERVICES	-	MOTLA CONSULTING	=	R 800 000
SASEKANI/NKOWANKOWA	-	MACP	=	R 7 000 000
RAMOTSHINYADI – MOKGWATH	-	QUALITY PLANT HIRE	=	R39 234 963
MAFARANE TO SEDAN	-	SELBY CONSTRUCTION	=	R 9 087 146

e) ESTIMATE OF THE TOTAL BUDGETARY IMPLICATIONS OF EACH CONTRACT

Provision has been made on the budget by the department to accommodate the cost i.e. Contracted Services, Repairs & Maintenance, Depreciation, etc., of all contracts.

19 SUMMARY OF DETAILED CAPITAL BUDGET

Capital expenditure relates to the investment in major initiatives, the benefit of which is going to last for more than one financial year.

Although the benefits derived from capital projects will last for more than one year, Council must take cognizance that capital expenditure has ongoing financial implications on the operational budget. If a vehicle testing station is built it has ongoing financial implications with regard to staffing, furniture, municipal services (water and lights), interest on external loans and depreciation, etc.. Not only must funds be made available on the capital budget, but sufficient funds must also be provided on the operational budget to sustain the operations into the future.

Section 19(2) of the MFMA determines that:

“(2) Before approving a capital project in terms of subsection (1)(b), the council of a municipality must consider:-

(a) the projected cost covering all financial years until the project is operational; and

(b) the future operational costs and revenue on the project, including municipal tax and tariff implication.”

Council must also take cognizance that the budget which includes the capital projects is informed by the IDP. The projects on the IDP are firstly

subjected to a prioritization system and subject to the availability of funds, before it is included in the capital budget.

Section 19 of the MFMA determines that a Municipality may spent money on a capital project only if the money for the project has been appropriated in the capital budget. It also determines that the total cost of the project must be approved by Council and that the sources of funding for the project are available and have not been committed for other purposes.

The borrowings of Greater Tzaneen Municipality amounted to R130 million on 30 June 2013. This amount represented 14% of the total Actual Income for the 2012/2013 financial year which is the last Audited financial year. Due to the high outstanding loan amount the Budget Steering Committee recommends that no loan be taken up to finance Capital projects during the 2014/2015 financial year.

The details of the capital budget are summarized as follows:

LOANS

No loans will be taken up.

CONSOLIDATED CAPITAL PROJECTS FROM OWN SOURCES: GREATER TZANEEN MUNICIPALITY AND GTEDA

2014/2015

DEPARTMENT NUMBER	DEPARTMENT	2014/2015	2015/2016	2016/2017
002	Municipal Manager	450 000	550 000	500 000
052	Corporate Services	800 000	300 000	10 994
032	Financial Services	300 000	300 000	0
140	Community Services	2 325 000	4 030 500	320 000
062	Engineering Services	22 038 060	18 563 947	33 007 064
162	Electrical Engineering Services	33 466 460	48 445 000	58 100 000
012	PED	5 325 000	6 827 500	525 451
	TOTAL	64 704 520	79 016 947	92 463 509

The Capital Projects of GTEDA financed from own sources are as follows:

2014/2015 Financial year R25 000
 2015/2016 Financial year R27 500
 2016/2017 Financial year R25 451

Capital Projects from Grants: Greater Tzaneen Municipality.

2014/2015

DEPARTMENT NUMBER	DEPARTMENT	2014/2015	2015/2016	2016/2017
002	Municipal Manager			
052	Corporate Services			
032	Budget & Treasury Office			
140	Community Services			
062	Engineering Services (MIG)	82 793 450	87 480 750	91 471 700
162	Electrical Engineering Services (EED)	4 000 000	6 000 000	5 000 000
012	PED (NDPG)	21 951 000	4 400 000	4 752 000
	TOTAL	108 744 450	97 880 750	101 223 700

GTEDA has no Capital projects financed through Grants.

FINANCIAL IMPLICATIONS OF CAPITAL EXPENDITURE

Section 18 of the MFMA determines, inter alia, that a Municipality may make use of borrowed funds, but only to finance capital expenditure.

External borrowing therefore represents capital funds. It must, however, be emphasized that although external borrowing represents capital funds it has a negative effect on the operational budget in the form of interest and depreciation. The result of this is less funds available for maintenance and general administration costs.

Should Council consider a loan for Capital projects it will have the following financial implication on the operational budget:

LOAN	INTEREST	DEPRECIATION	TOTAL
R10 000 000	R1 200 000	R666 666	R1 866 666

These costs are based on a 15 year loan at an interest rate of 12%. This is just an indication of what the borrowing cost for every R10 million will be, should Council consider to take up a loan to finance Capital projects.

No capital cost, interest and depreciation, have been included in the operational budget.

20 LEGISLATIVE COMPLIANCE STATUS

Compliance with the MFMA requirements have been substantially adhered to through the following activities:

- Budget and Treasury Office have been established in accordance with the MFMA.
- Budget Steering Committee required by the Budget Regulations has been established and is functional.
- The 2014/2015 IDP review process is underway, with community consultation in process as required by Legislation.
- The Annual Budget has been prepared in accordance with the requirements prescribed by National Treasury, the MFMA and budget regulations.
- The Municipal Supply Chain Management Policy was adopted and the three committees required by the Act have been established and are functional.
- Compliance with regard to monthly, quarterly and annual reporting to the Mayor, Executive Committee, Council, Provincial Government and National Treasury.
- The Annual Financial Statements complies with all the statements of GRAP.
- The Annual Report has been prepared in accordance with the MFMA and National Treasury requirements.
- A District Audit Committee has been established which provides an oversight function over the Financial Management and Performance of the Municipality.
- A Municipality Public Accounts Committee has been established to ensure that the administration is held accountable for the Management of Municipal funds and assets and to ensure the efficient and effective utilization of Councils resources.

21 OTHER SUPPORTING DOCUMENTS

21.1 Providing clean water and managing waste water.

Attached as Annexure “J” is a certificate of analysis of water samples of Greater Tzaneen Municipality.

22 ANNUAL BUDGET OF MUNICIPAL ENTITIES

Greater Tzaneen Municipality established a Municipal Entity to inter-alia market Greater Tzaneen's Economic Development potential and investment opportunities to the Local, National and International Business communities.

GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (GTEDA)

NAME OF ENTITY	GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (GTEDA)
Service Provided	<p>To market Greater Tzaneen's Economic Development potential and investment opportunities to the local, national and international business communities.</p> <p>To create a positive investment climate for the GTM.</p> <p>To facilitate strategic alliances, joint ventures and encourage participation of local communities, where appropriate.</p> <p>To promote private public partnerships.</p> <p>To provide business support services.</p> <p>To create networking platforms by inviting local, national and international delegates to conferences and exhibitions.</p> <p>To promote Greater Tzaneen products to new markets through trade missions and exhibitions.</p> <p>To facilitate access to available factory space and industrial land.</p> <p>To conduct feasibility studies and facilitate project funding.</p>

	<p>To act as an agent for and on behalf of the Municipality for the purpose of implementing economic, social and environmental policies and projects in areas within the Municipal boundaries.</p> <p>To collect income, raise, receive and hold funds, or receive guarantees, from any lawful source, for the purpose of the Agency and to manage, administer and disburse those funds in pursuance of the objectives of the Agency and for administrative purposes in accordance with terms and conditions determined by the Agency and approved by the Municipality.</p>
Period of agreement	No period stipulated
Expiry date	Not applicable
Ownership and Control	100% owned by Greater Tzaneen Municipality
Oversight process	Performed by Board of Directors who reports to the Greater Tzaneen Municipality
Mandate	Seeks to have tourism within the area revitalized to enable the sector to develop in line with the agency's states intention of assisting the Greater Tzaneen Municipality to achieve global standards of social and economic growth and development.
Funding from parent Municipality	R2,5 Million 40%
Link to the IDP	All our projects are derived from the Greater Tzaneen Municipality - IDP
Future objectives	To be the leading catalyst for economic development within Greater Tzaneen Municipality's and to play a major role in achieving vision 2030.

The Municipal Budget Circular 70 for the 2014/2015 MTREF determines that to ensure consistency of reporting across Municipalities and individual Municipalities with entities, the Municipality with entities must produce.

- An annual budget, adjustment budget and monthly financial statements for the parent Municipality, as well as,
- A consolidated annual budget, adjustment budget and monthly financial statements for the parent Municipality and all its Municipal entities.

The consolidated budget has been discussed in the executive summary, item 4 of this report. Although it is not a requirement the budget of our Municipal entity, GTEDA is summarized as follows:

Multi Year GTEDA Budget 2013/2014,2014/2015, 2015/2016,2016/2017

Row Labels	Values			
	Sum of 2013 2014	Sum of 2014 2015	Sum of 2015 2016	Sum of 2016 2017
01-Inc	-5 500 000	-6 500 000	-7 000 000	-7 500 000
GTD	-5 500 000	-6 500 000	-7 000 000	-7 500 000
013GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY	-5 500 000	-6 500 000	-7 000 000	-7 500 000
022OPERATING GRANTS & SUBSIDIES	-5 500 000	-5 500 000	-5 500 000	-5 500 000
0227IDC	-3 000 000	-3 000 000	-3 000 000	-3 000 000
0233MUNICIPAL GRANT	-2 500 000	-2 500 000	-2 500 000	-2 500 000
024OTHER REVENUE	0	-1 000 000	-1 500 000	-2 000 000
0250FACILITATION FEE	0	-1 000 000	-1 500 000	-2 000 000
02-Exp	5 500 000	6 475 000	6 972 500	7 474 549
GTD	5 500 000	6 475 000	6 972 500	7 474 549
013GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY	5 500 000	6 475 000	6 972 500	7 474 549
051EMPLOYEE RELATED COSTS - WAGES & SALARIES	2 999 986	3 561 217	3 818 520	4 099 111
1001SALARIES & WAGES - BASIC SCALE	2 547 825	3 166 081	3 387 707	3 624 846
1002SALARIES & WAGES – OVERTIME	25 000	55 000	60 500	72 823
1004SALARIES & WAGES – ANNUAL BONUS	254 783	182 361	196 761	210 534
1010SALARIES & WAGES – LEAVE PAYMENTS	81 000	60 000	66 000	72 600
1016PERFORMANCE INCENTIVE SCHEMES	91 379	97 775	107 553	118 308
053EMPLOYEE RELATED COSTS – SOCIAL CONTRIBUTIONS	40 892	320 959	364 537	390 799
1021CONTRIBUTION - MEDICAL AID SCHEME	0	137 407	147 025	157 317
1022CONTRIBUTION - PENSION SCHEMES	0	120 231	147 858	156 864
1023CONTRIBUTION - UIF	40 892	63 322	69 654	76 619

058 REMUNERATIONS OF COUNCILLORS	350 000	356 000	395 800	435 380
1053 ALLOWANCE - EXECUTIVE COMMITTEE	250 000	268 000	294 800	324 280
1057 COUNCILLORS ALLOWANCE - TRAVEL	100 000	88 000	101 000	111 100
066 REPAIRS AND MAINTENANCE	15 000	33 106	36 416	40 786
1101 FURNITURE & OFFICE EQUIPMENT	15 000	33 106	36 416	40 786
074 CONTRACTED SERVICES	403 000	323 821	356 203	392 497
1261 CONTRACTED SERVICES – INFORMATION TECHNOLOGY	8 000	22 990	25 289	27 818
1263 CONTRACTED SERVICES – SECURITY SERVICES	7 000	7 659	8 425	9 267
1265 CONTRACTED SERVICES - CLEANING SERVICES	6 000	15 972	17 569	20 000
1270 CONTRACTED SERVICES – INTERNAL AUDIT	130 000	0	0	0
1277 RENT PREMISES	252 000	277 200	304 920	335 412
078 GENERAL EXPENSES - OTHER	1 691 122	1 879 897	2 001 024	2 115 976
1301 ADVERTISING - GENERAL	68 000	60 000	66 000	72 600
1302 ADVERTISING – RECRUITMENT	1 500	15 000	16 500	18 150
1303 AUDITORS FEES	200 000	220 000	242 000	266 200
1306 BANK ADMINISTRATION FEES & INTEREST ON OVERDRAFT	51 000	47 524	52 276	57 504
1307 COMMUNITY BASED PLANNING	455 000	450 000	495 000	487 000
1310 CONSULTANTS & PROFESSIONAL FEES	25 000	50 000	55 000	60 500
1311 CONSUMABLE DOMESTIC ITEMS	4 500	36 895	40 585	44 643
1320 ENTERTAINMENT – EXECUTIVE COMMITTEE	4 000	15 000	16 500	18 150
1321 ENTERTAINMENT – OFFICIALS	25 000	15 000	16 500	18 150
1324 EMPLOYEE ASSISTANCE PROGRAMME	10 000	12 000	13 200	14 520
1327 INSURANCE	12 200	16 000	17 600	19 360
1332 LEASES - PHOTOCOPIERS	70 000	48 141	52 955	58 251
1333 LEGAL FEES - OTHER	25 000	50 000	55 000	60 500
1347 POSTAGE & COURIER FEES	1 500	2 795	3 075	3 382
1348 PRINTING & STATIONERY	15 500	25 000	27 500	30 250
1363 SUBSCRIPTIONS	35 000	25 000	27 500	30 250
1364 SUBSISTANCE & TRAVELLING EXPENSES	182 500	157 500	173 250	190 575
1366 TELEPHONE	103 500	150 000	165 000	181 500
1368 TRAINING COSTS	145 000	135 000	148 500	163 350
1378 TEAM BUILDING	0	38 978	42 876	47 164

1379	ACCOUNTING FEES	81 000	40 064	44 070	48 477
1380	SOCIAL INCLUSION	25 922	70 000	77 000	84 700
1381	BURSARIES	150 000	200 000	153 137	140 800
04-Cap		0	25 000	27 500	25 451
GTD		0	25 000	27 500	25 451
013	GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY	0	25 000	27 500	25 451
608	OTHER ASSETS	0	25 000	27 500	25 451
5023	OFFICE EQUIPMENT	0	25 000	27 500	25 451
Grand Total		0	0	0	0

23 PERFORMANCE AGREEMENTS OF SENIOR MANAGERS

The performance agreements of Senior Managers are attached hereto as annexure “Q”

24 MUNICIPAL MANAGERS QUALITY CERTIFICATION

The Quality Certificate is attached as Annexure “ N “.

DEPARTMENTAL COMMENTS

COMMENTS FROM DIRECTOR CORPORATE SERVICES: MR. E.L. MUGARI

Supported

COMMENTS FROM ENGINEERING SERVICES

COMMENTS FROM ELECTRICAL ENGINEERING SERVICES: MR. P. VAN DEN HEEVER

Recommendation supported.

**COMMENTS FROM ACTING PLANNING AND ECONOMIC DEVELOPMENT:
MR. E.L. MUGARI**

Supported

COMMENTS FROM COMMUNITY SERVICES

COMMENTS FROM THE CFO

Own Item

COMMENTS FROM THE MUNICIPAL MANAGER

COMMITTEE OUTCOME OR STUDY GROUP OUTCOMES

RESOLVED TO RECOMMEND

ATTACHMENT

