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

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1.1 ANNEXURES

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Annexure “C”	Environmental Health Budget	(Pink)
Annexure “D”	Policies Revenue Related Policies <ul style="list-style-type: none">- Tariff Policy<ul style="list-style-type: none">• Electricity• Water• Sanitation• Refuse Removal• Property Rates- Credit Control & Debt Collection- Consumer Deposits- Cash Control Policy Budget Related Policies <ul style="list-style-type: none">- Budget Implementation and Management Policy- Indigent Policy- Supply Chain Management- Property Rates Policy- Cash Management and Investment Policy- Virement Policy- Adjustment Budget Policy- Preferential Procurement Policy- Borrowing Policy- Funding and Reserves Policy- Policy Relating to Long-Term Financial Planning- Policy Relating to Management and Disposal of Assets- Policy dealing with Infrastructure Investment and Capital Projects	

Annexure “E”	Guideline from National Treasury	(Yellow)
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1.2 INTRODUCTION

PURPOSE OF THIS REPORT

The purpose of this report is to request Council to consider the 2017/2018 (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 2017/2018 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. 86 which states inter alia that municipal revenues and cash flows are expected to remain under pressure in the 2017/2018 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 were advised to work towards financial sustainability, especially after a considerable period during which Tzaneen experienced cash flow constraints. It is paramount for sound Municipal Finance decision making to ensure long term sustainability of our finances and service delivery.

The budget was drafted with full consideration of the provisions contained in National Treasury Circulars, 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 advise 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 2017/2018 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 HIS WORSHIP MAYOR MARIPE MANGENA

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

3. BUDGET RELATED RESOLUTIONS

RECOMMENDATIONS

- (a) That the final budget of Greater Tzaneen Municipality for the financial year 2017/2018 and the indicative revenue and projected expenditure for the two subsequent years 2018/2019 and 2019/2020 be approved as contained in the following schedules:

Supporting tables:

A1 to A10
SA 1 to SA 37
Supporting Charts

- (b) That the Annexure 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, including GTEDA for capital projects for the 2017/2018 financial year be approved as follows:

Grants	R 91 144 900
Loans	R 34 744 614
Own Sources	<u>R 15 235 000</u>
TOTAL	R141 124 514

- (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 R100,00 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, Grants and Loans be approved as follows:

Greater Tzaneen Municipality and GTEDA

	<u>Own sources</u>	<u>Grants</u>	<u>Loans</u>
2017/2018 Financial year	R15 235 000	R 91 144 900	R34 744 614
2018/2019 Financial year	R17 072 200	R 96 501 000	R30 000 000
2019/2020 Financial year	R16 806 330	R102 152 550	R30 000 000

- II That an amount of R91 144 900 be approved from Grants for the 2017/2018 financial year.
- III That a loan of R34 744 614 be taken up to finance capital projects during the 2017/2018 financial year.
- IV That Council takes cognizance o the R95 942 000 (2017/2018) MIG allocation for capital projects of which R91 144 900 is allocated for Capital and R4 797 100 is allocated for Operational.
- V That Council takes cognizance of the capital allocation in the records of GTEDA to the amount of R235 000.

VI 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 R1 500 000 (previous year R1 400 000.00) be made available to the Mayor for the 2017/2018 financial year, allocated as follows:

I R500 000 Special account which must be subjected to Audit. (Funds will only be transferred to an organization) (Previous year R400,00)

II R1 000 000 For Bursaries (Previous year R1 000 000)

(p) SOLID WASTE: TARIFFS

That the following tariffs for solid waste be approved:

<u>Solid Waste Tariffs & Charges</u>			
<u>Solid Waste Kerbside Removals</u>		<u>Current</u>	<u>Proposed</u>
1.	<u>Residential waste</u>		
a.	Waste tariff for urban residential premises, for 1 x kerbside-removal p.w.	R 111-73 p.m.	R 118-88 p.m.
b.	Basic waste charge for non-urban residential premises	R 50-00 p.m.	R 118-88 p.m.
2.	<u>Business waste</u>		
a.	Basic waste charge	R 372-42 p.m.	R396-25 p.m.

	b. Waste tariff per unit of 85 x litres, for 6 x kerbside-removals p.w.	R 372-42 p.m..	R396-25 p.m.
3.	<u>Industrial waste</u>		
	a. Basic waste charge	R 297-94 p.m.	R 317-00 p.m.
	b. Waste tariff per unit of 85 x litres, for 3 x kerbside-removals p.w.	R 297-94 p.m.	R 317-00 p.m.
4.	<u>Institutional waste</u>		
	Basic waste charge	R 372-42 p.m.	R396-25 p.m.
	Waste tariff per unit of 85 x litres, for 6 x kerbside-removals p.w.	R 372-42 p.m..	R396-25 p.m.
5.	<u>Dead Animals</u>		
	Collection, transportation and disposal of animal carcasses per removal	R 259-89 p.m.	R 280-00 p.m.
6.	<u>Condemned Foodstuffs</u>		
	Collection; transportation and disposal of condemned foodstuffs per load of 1 x ton // 1 m ³ or part thereof	R 779-67 p.m.	R 1,110-00
7.	<u>Bulky Waste charges for Removals in 6m³ Skip-containers</u>		
	Removal of 6m ³ (or part there-of) of compactable-waste p.w.	R 703-56	R 750-00
	Removal of 6m ³ (or part there-of) of non-compactable-waste p.w.	R 1,769-56	R 1,886-00
8.	<u>Landfill entrance charges for private waste depositions</u>		
	Per entry of a light delivery van or trailer load not exceeding ≤1 ton // 1 m ³ (or part thereof)	R 159-90	R 270-00
	Per entry of a lorry load not exceeding 3 tons // 3m ³ , but exceeding ≤ 1 ton // 1m ³ (or part thereof)	R 490-36	R 540-00
	Per entry of a lorry load not exceeding 6 x tons // 6m ³ but exceeding ≤ 3 x tons // 3m ³ (or part thereof)	R 970-06	R 1,350-00

	Per entry of a lorry load not exceeding 10 x tons // 10m ³ but exceeding ≤ 6 x tons // 6m ³ (or part thereof)	R 1,599-00	R 2300-00
	Per entry of a lorry load exceeding ≤ 10 x tons // 10m ³ (or part thereof)	R 2,771-60	R 2,980-00
9.	<u>Health Care Risk Waste charges for collection, transportation & disposal</u>		
	≤ = 5 x lit sharps	R140.71	R 150-00
	≤ = 5 x lit human tissue	R234.52	R 250-00
	≤ = 10 x lit sharps	R223.86	R 340-00
	≤ = 10 x lit human tissue	R319.80	R 340-00
	≤ = 20 x lit sharps	R383.76	R 490-00
	≤ = 20 x lit human tissue	R469.04	R 500-00
	≤ = 85 x lit H.C.R.W. in liner	R159.90	R 170-00
	≤ = 25 x lit H.C.R.W box + liner	R0	R 130-00
	≤ = 50 x lit H.C.R.W box + liner	R458.38	R 250-00
	≤ = 140 x lit H.C.R.W box + liner	R234.52	R 650-00
	≤ = 140 x lit Empty liners	R31.98	R 35-00

(q) WATER SUPPLY: TARIFFS

That the following tariffs for water supply be approved

Tariffs Basic Charges

	CURRENT	PROPOSED
Domestic (AA)	R30.125	R32.053
Business (BA)	R47.583	R50.628
Industrial (CA)	R47.583	R50.628
State (EA)	R80.894	R86.071
Dept (FA)	R30.125	R32.053
Transnet (HA)	R80.894	R86.071
Flats	R49.170	R52.315
Education	R38.077	R40.514

Tariffs for Consumption

		CURRENT	PROPOSED
i	DOMESTIC (AA)		
	0 – 6 kl 7 – 10 kl 11 – 25 kl 26 – 35 kl 36 – 100 kl 101 kl and more	R0.746 per kl R2.11 per kl R3.73 per kl R5.01 per kl R5.64 per kl R10.51 per kl	R0.794 per kl R2.24 per kl R3.97 per kl R5.33 per kl R5.99 per kl R11.18 per kl
ii	BUSINESS (BA)		
	0 – 50 kl 51 – 100 kl 101 and more	R2.68 per kl R4.47 per kl R5.37 per kl	R2.85 per kl R4.75 per kl R5.72 per kl
iii	INDUSTRIAL (CA)		
	0 – 50 kl 51 – 100 kl 101 and more	R2.68 per kl R4.47 per kl R5.37 per kl	R2.85 per kl R4.75 per kl R5.72 per kl
iv	STATE (EA)		
	0 – 50 kl 51 – 250 kl 251 and more	R7.04 per kl R5.79 per kl R4.13 per kl	R7.49 per kl R6.16 per kl R4.39 per kl
v	DEPT (FA)		
	0 – 6 kl 7 – 10 kl 11 – 25 kl 26 – 35 kl 36 – 100 kl 101 kl and more	R0.80 per kl R2.13 per kl R3.75 per kl R4.50 per kl R5.64 per kl R10.52 per kl	R0.85 per kl R2.26 per kl R3.98 per kl R4.78 per kl R5.99 per kl R11.19 per kl
vi	TRANSNET (HA)		
	0 – 50 kl 51 – 250 kl 251kl and more	R7.04 per kl R5.79 per kl R4.13 per kl	R7.49 per kl R6.16 per kl R4.39 per kl
vii	FLATS		
	0 – 75 kl 76 – 120 kl 121 – 200 kl 201 – 250 kl 251 – 370 kl 371kl and more	R0.80 per kl R4.18 per kl R4.42 per kl R4.64 per kl R4.86 per kl R5.30 per kl	R0.85 per kl R4.45 per kl R4.69 per kl R4.93 per kl R5.17 per kl R5.64 per kl
viii	EDUCATION		
	0 – 50 kl 51 – 200 kl 201 – 400 kl 401 kl and more	R3.06 per kl R2.50 per kl R1.79 per kl R3.58 per kl	R3.25 per kl R2.66 per kl R1.90 per kl R3.81 per kl

(r) SEWERAGE: TARIFFS

That the following tariffs for sewer services be approved:

	CURRENT	PROPOSED
Charge per m ² (Basic Charge)	R0.291/kl	R0.309/kl
CHARGE PER KL WATER USAGE/MONTH		
Domestic (AA)	R0.729/kl	R0.774/kl
Business (BA)	R1.22/kl	R1.29/kl
Hotel (BB)	R1.01/kl	R1.07/kl
Guest Houses	R1.01/kl	R1.07/kl
Industrial (CA)	R1.22/kl	R1.29/kl
Flats (IA)	R0.73/kl	R0.774/kl
State (EA)	R0.93/kl	R0.989/kl
Education	R0.41/kl	R0.43/kl
Incentives	R0.41/kl	R0.43/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	R0.002971	R0.002971
Business and Commercial Properties		
Tariff on market value	R0.011886	R0.011886
Cemeteries and Crematoriums Properties		
Tariff on market value	R0.00	R0.00
Industrial Properties		
Tariff on market value	R0.011886	R0.011886
Institutional Properties		
Tariff on market value	R0.011886	R0.011886
Multi-Purpose Properties		
Tariff on market value	R0.011886	R0.011886

Municipal Properties		
Tariff on market value	R0.00	R0.00
Privately Owned Vacant Land		
Tariff on market value	R0.011886	R0.011886
Public Benefit Organization Properties		
Tariff on market value	R0.002971	R0.002971
Public Infrastructure Properties		
Tariff on market value	R0.002971	R0.002971
Properties for Religious Use		
Tariff on market value	R0.00	R0.00
Residential Properties		
Tariff on market value	R0.011886	R0.011886
Special Properties		
Tariff on market value	R0.011886	R0.011886
State-Owned Properties		
Tariff on market value	R0.011886	R0.011886

To comply with the requirements of Government Gazette no 32991 the following ratios will apply:

- (a) The first number in the second column of the table represents the ratio to the rate on residential properties;
- (b) The second number in the second column of the table represents the maximum ratio to the rate on residential property that may be imposed on the non-residential properties listed in the first column of the table:

<u>Categories</u>	<u>Ratio in Relation to Residential property</u>
Residential property	1:1
Agricultural property	1: 0,25
Public service infrastructure property	1: 0.25
Public benefit organization property	1: 0.25

The Agricultural Property, public service infrastructure property and Public benefit organization property 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, and an additional 20% rebate be applied on the charge which will be phased out over the next four years at a rate of 5% per year.

(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 **R1.6478**

A.2. PRE-PAID TARIFF (I.B.T.)

1. Sufficient network capacity
2. Maximum 70A, single phase
3. Relevant NERSA approved Step Tariff
4. Prior payment of the relevant conversion cost

This tariff will therefore not be available as a standard tariff, but only in the residential areas of Tzaneen Town.

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 344,58	R1 162.23
25 kVA Three phase	45 Amp	R1 370.17	R1 346.61
50 kVA Three phase	80 Amp	R1 816.52	R1 590.31
75 kVA Three phase	100 Amp	R2 526.45	R2 356.02

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 R1,1483
- B.2.2 A consumption charge, per kWh consumed
(Agric/Domestic) Three phase R1,1990
- B.2.3 A consumption charge, per kWh consumed
(Agric/Domestic) Single phase R1.4481

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) R0,0344

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) **R0,0359**

PLUS

B.3.3 On single phase connections and additional charge per kWh for every unit consumed above 1500 units.
(Agriculture/Domestic 1Ø) **R0,0435**

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 532,65**

C.1.2 Business **R2 429,41**

C.2 If the demand is registered during the months of June, July or August per point of supply:

(Agricultural/Domestic) R288,21

C.3 If the demand is registered during the months of September to May per point of supply:

(Agric/Domestic) R179,12

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

(Business) R220,03

C.5 If the demand is registered during the months of September to May per point of supply:

(Business) R107,76

- 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) R0,8810
- C.6.2 If the kWh has been consumed during the months of September to May:
(Agric/Domestic) R0,6739
- 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) R0,9022
- C.7.2 If the kWh were consumed during the months of September to May:
(Business) R0,6655
- 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:
R8 480.09

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: **R57,88**

D.2.2 If the demand is registered during the months of September to May: **R57,88**

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 **R3,3460**

D.3.1.2 During Standard Hours **R0,9552**

D.3.1.3 During Off-Peak Hours **R0,5588**

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

D.3.2.1 During Peak Hours **R1,0089**

D.3.2.2 During Standard Hours **R0,7210**

D.3.2.3 During Off-Peak Hours **R0,4959**

NOTE 1: Please take note of the time frames that changed for the winter period

*For the purpose of this tariff Peak Hours will be from 06:00 to 09:00 and 17:00 to 19:00 on weekdays.
(June, July, August)*

Standard Hours will be from 09:00 to 17:00, 19:00 to 22:00 on weekdays and from 07:00 to 12:00 and 18:00 to 20:00 on Saturdays. (June, July, August)

*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.
(June, July, August)*

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

(September to May)

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.

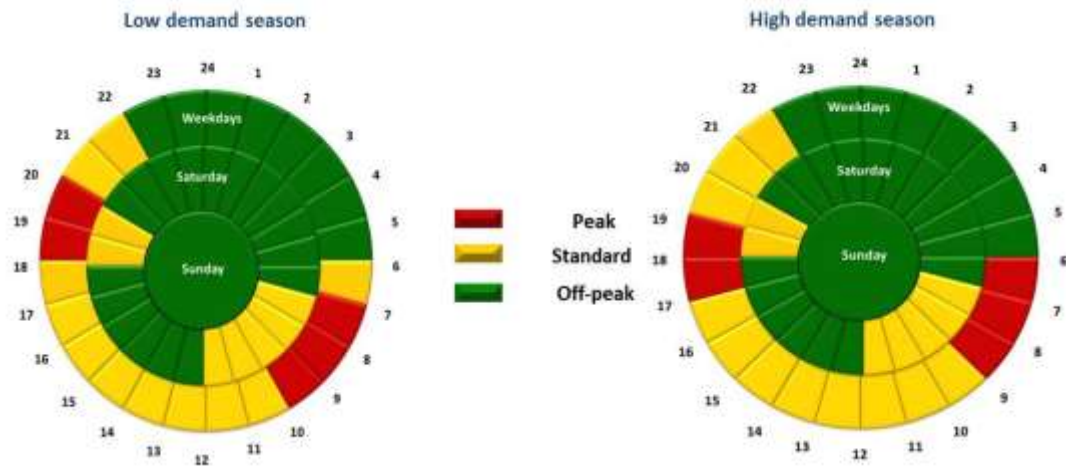
(September to May)

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.

(September to May)

A Public Holiday will be treated as per the day it falls on.

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%

NOTE: *With the changes to the TOU winter peak period June, July and August. The Greater Tzaneen Municipality will be reprogramming there electronic meters to align with the new times. We will also password protect our electronic meters for tampering and protection of data on the meter. This will be in line with the NRS 057 "Confidentiality of Metering Data"*

(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)
R0,8560	R1,1002	R1,5259	R1,8178

(x) That Council takes note that only a small number of the additional operational requests could be accommodated on the budget and that operational project will have to be prioritized over the next few years to ensure long term sustainability and optimal service delivery.

(y) That the Municipal Manager investigates and implement a strategy to ensure that Councils Tax Base is expanded and additional revenue can be generated.

SUNDRY TARIFFS 2017/2018

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 2017 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	R15 000	R15 000

DISCONNECTION CHARGES

Electricity

Electricity Cut – disconnections	R 390.00	R 410.00
Electricity Cut – Removal of meters	R 610.00	R 640.00
Remove installation	R2 550.00	R2 700.00

Water

Water restriction: Residential (15 – 20mm)	R235.00	R 245.00
Water disconnection: non residential (15 – 40 mm)	R425.00	R 450.00
Water disconnection: non residential(50-100mm)	R900.00	R 950.00
Water Tanker/Kiloliter	R 20.00	R 22.00

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.

More than 1 tent and stage on the pitch, pitch protectors must be hired, transported and be installed by event organizers.

	SECURITY DEPOSIT	2017/2018 TARIFFS
Major Soccer game	R5 000	R6 745
Sport bodies at club level:Stadium	R 500	R 680
Sport bodies at inter-district level	R1 000	R1 280
Athletics (Adults)	R1 000	R1 280
Athletics (Schools)	R1 000	R1 280

Meeting at Nkowankowa Community Hall R130/hour

Government and Agencies meetings and workshops R640 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	R760
	Vodacom	R620
	Castle	R350

Sporting codes such as: Tennis, Netball,
Volleyball, Aerobics, Boxing, etc. R3000 Once off annually
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	R680 per day
Julesburg stadium	R430 per day
Julesburg stadium	R250 per day
Julesburg Hall	R180 per day
Burgersdorp Stadium	
Major Games	R565 per day
Small Clubs	R230 per day

COMMUNITY HALLS AT NKOWANKOWA AND LENYENYE TARIFFS PER DAY

Film Shows	R1 375
Arts and Culture Activities	R1 700
Political Rally	R1 700
Traditional Dance	R1 375
Music competition / auditions, etc..	R1 375
Charitable Organization & NGO	R 575
Wedding Ceremony	R1 700 per day

Funeral Service	R 850
Church Activities	R 850 per day
Meetings	R 130 per hour
Festivals	R20 000 and 20% of all gate takings
Minitzani Hall	R160 per day
Clubhouse	R320 per day
Conference Room at Nkowankowa Stadium	R340 per day
Rent of Turner room (Haenertsburg Library)	R170 per day
Projector room (Muhlaba hall)	R170 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. The same venue cannot be booked out to someone else.

SWIMMING POOL PAYABLE FEES AT MUNICIPAL OFFICES

Monthly tickets R145,00 during swimming seasons per person

Single tickets at R20,00 during swimming seasons per person.

Season ticket R1000.

Local School galas or Aquatic sport events pay R400,00 per day.

Provincial and National School galas or aquatic sport events pay R700,00.

All other functions at the swimming pool (not school functions) R480,00 per booking and a refundable deposit of R1000,00.

Swimming instruction done at remuneration by trainees during week days which was previously approved per season, per instructor, be R3000,00 for two lanes at 10 persons per lane for 2 hours a day or R20 per person, 10 persons per lane for 2 hours for all categories i.e. Juniors, Seniors etc.

Toddlers from 3 years down and Pensioners in possession of pension cards be free.

All swimming development and coaching requirements be met by any interested person to conduct swimming and coaching development in the Greater Tzaneen Municipality. This will be verified by GTM with Swimming South Africa.

Organized Creach's groups of children, enter for free of charge, to use the swimming pool during school hours, provided that permission has previously been obtain and provided that:

- The teacher of the relevant school shall exercise direct supervision over the children in the swimming pool;
- The children on any school day, shall leave the premises not later than 14h00.

The opening time is 10:00 until 18:00 except on special events / arrangements that are pre-approved.

That every Monday and Tuesday Swimming pool facility be closed for maintenance from the Public. But open for special arrangements and swimming clubs, on Tuesday.

The application of hiring of swimming pool be submitted 10 days before the event to allow completion of preparations.

All persons be in proper male or female swimming attire at all times.

No alcohol allowed.

INDOOR SPORT CENTRE

You enter and use equipment at own risk. No Floor Manager to assist.

All access payments are done at Municipal Offices.

Personal Trainer: Arranged at own fee, the Municipality is not involved.

The personal Trainer to assist, must have paid access fee.

Access fee is R100 monthly, per person.

Annual fee is R1000 per person

SPORT CLUBS

Access fee: R3 200 annual fee.

All organized clubs/schools. Must submit time table to be able to share the facility.

All who have valid access to the facility are permitted to use the netball and soccer courts too provided courts are available.

Sport centre open from 05:00 until 20:30.

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 2017 by the substitution for item 3 of the following:

Miscellaneous Charges

- 1(a) For each separate 19 mm new water connection:
R3 222 Vat included
(Old Tariff R 3 040-00 VAT included)
- 1(b) For each new 50 mm water connection
R11 872 VAT included
(Old Tariff R11 200 VAT included)
- 1(c) For each new 80 – 110 mm water connection
R14 098 VAT included.
(Old Tariff R13 300 VAT included)
- 1 (d) For each water re-connection:
R1 187 VAT included
(Old Tariff R1 120 VAT included)
- 1 (e) For each disconnection:
R1 017 VAT included
(Old Tariff R960 VAT included)
- 1 (f) Water Tanker/kilolitre:
R15,50 VAT included
(Old Tariff R14.60 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 217.00	No

CHEMICAL INORGANIC

DETERMINANDS

Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Ammonia Nitrogen	NH ₃	mg/L N	R 69.00	No
Chloride	Cl	mg/L Cl	R 77.00	No

Fluoride	F	mg/L F	R 80.00	No
Free Chlorine	ClFre	mg/L Cl ₂	R 170.00	No
Nitrate Nitrogen	NO3	mg/L N	R 131.00	No
Orthophosphate	PO4	mg/L P	R 88.00	No
Sulphate	SO4	mg/L SO ₄	R 65.00	No

**CHEMICAL PHYSICAL
DETERMINANDS**

Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Apparent Colour	Col	PtCo	R 64.00	No
Conductivity	Cond	Ms/m@25 ⁰ C	R 37.00	No
Dissolved Solids	TDS	mg/L@180 ⁰ C	R 71.00	No
PH	PH		R 37.00	No
Suspended Solids	TSS	mg/L@105 ⁰ C	R 83.00	No
Total Alkalinity	Talk	mg/LCaCO ₃	R 71.00	No
Turbidity	Turb	FTU	R 61.00	No

Calculation Methods (requires additional determinands, please confirm with laboratory)				
Ryznar Index	RyzInd		R 27.00	No

OTHER

Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Calcium Hardness	CaHard	mg/L	R 68.00	No
Magnesium Hardness	MgHard	mg/L	R 68.00	No
Total Hardness	Thard	mg/L CaCO ₃	R110.00	No

**CHEMICAL METALIC
DETERMINANDS**

Dissolved Metals				
Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Aluminium	Al	mg/LAl	R 61.00	No
Calcium	Ca	mg/L Ca	R 61.00	No
Iron	Fe	mg/L Fe	R 61.00	No
Magnesium	Mg	mg/LMg	R 61.00	No
Manganese	Mn	mg/LMn	R 61.00	No
Potassium	K	mg/LK	R 61.00	No
Sodium	Na	mg/L Na	R 61.00	No
Zinc	Zn	mg/ L Zn	R 61.00	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 58.00	No
Total Coliforms	TC	cfu/100ml	R 145.00	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 2017:

- 1(a) For each sewer connection
R3 225 VAT included
(Old Tariff R3 042 VAT included)

- 1(b) Sewer Honey Sucker Services
R129/m³ VAT included + R0.00/km from 0 – 60 km
+ R2.92/km from 61-120 km
+ R4.60/km from 121 km plus
(Old Tariff R122/m³ VAT included)

- 1(c) Domestic effluent by private tanker = R37/m³.
- 1(d) Domestic effluent by private discharger = R12.30/drum of 200L
- 1(e) Trade effluent from outside Municipal jurisdiction: R539.50/tanker
- 1(f) Trade effluent from within Municipal jurisdiction: R471.50/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 2017 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: R520-00 (Old tariff R480-00).
 - 1.2 The charges payable for any building plans shall be R8-25 per m² (Old tariff R7-50)
 - 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 R2.92c per m² (Old tariff R2.65) 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 R30 for every R500-00 or part thereof, with a minimum charge of R660-00 and a maximum charge of R7 150-00.
4. Building plans for swimming pools will be approved at a charge of R409-00 per plan (Old tariff R372-00).
5. Charges payable for the re-inspection of buildings and swimming pools: R583-00 per re-inspection (Old tariff R530-00).

6. Town maps: R230-00 per copy (Old tariff R230-00).
7. New Tariffs for copy of approved building plans R200/copy
8. Re-examination of building plans the cost as per item 1

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 2017:

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: R450-00
(Old tariff R397-00)
- 1.2 Per grave for any person 12 years and over: R810-00
(Old tariff R718-00)
- 1.3 Opening for second burial: R480-00
(Old tariff R435-00)

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 190-00
(Old tariff R1 120-00)
- 2.2 Per grave for any person 12 years and over: R2 380-00
(Old tariff R2 240-00)

- | | | |
|-----|--|-----------|
| 2.3 | Opening for second burial:
(Old tariff R1 190-00) | R1 270-00 |
| 3. | Niches: Per niche per deceased
(Old tariff R470-00) | R490-00 |
| 4. | Memorial work: Removal or re-affixing to per memorial work
(Old tariff R280-00) | R280-00 |
| 5. | Removal of ashes from a niche: Per removal
(Old tariff R280-00) | R280-00 |

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 2017 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
III New Connection charge	R 315.00	R 333.00

PRE-PAID

Tamper Fee	R3 000.00	R3 300.00
Keypad Replacement Fee	R 350.00	R 400.00
Lost Card Fee	R 35.00	R 40.00

Pre-paid: Conventional to 60 Amp pre-paid conversion charge R1 755.00
(If infrastructure is available)

Pre-paid: Upgrade from 20 Amp to 60 Amp R1 755.00
(Rural settlements overhead connections only)

DETERMINATION OF CHARGES PAYABLE IN TERMS OF THE PROVISIONS OF CHAPTER 3, REGULATION 14(1)(b) OF THE SPATIAL PLANNING & LAND USE MANAGEMENT ACT, 2013 (ACT 16 OF 2013) AND THE TOWN-PLANNING AND TOWNSHIPS ORDINANCE, 1986 (ORDINANCE 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 Chapter 3, Regulation 14(1)(b) of the Spatial Planning & Land Use Management Act, 2013 (Act 16 of 2013) and the Town-Planning and Townships Ordinance, 1986 (Ordinance 15 of 1986), with effect from 1 July 2017 as set out in the Schedule below.

CHARGES PAYABLE TO LOCAL AUTHORITIES IN TERMS OF THE PROVISIONS CHAPTER 3, REGULATION 14(1)(B) OF THE SPATIAL PLANNING & LAND USE MANAGEMENT ACT, 2013 (ACT 16 OF 2013) AND THE TOWN-PLANNING AND TOWNSHIPS ORDINANCE, 1986 (ORDINANCE 15 OF 1986)

SECTION A:

FEES EXCLUDING ADVERTISEMENT AND INSPECTION

	<u>OLD TARIFF</u>	<u>NEW TARIFF</u>
i Application for township establishment, extension of boundaries of an approved township, or amendment or cancellation in whole or in part of a General Plan of a township	R6 148.00	R6 516.00
ii Application for consent use/special consent, excluding Spaza shops	R1 643.00	R1 740.00
iii Application for consent use for spaza shops provided for in terms of an existing scheme	R 225.00	R 238.00
iv Application for amendment of an existing scheme or land use scheme by the rezoning of land	R3 572.20	R3 786.00
v Application for removal, amendment or suspension of a restrictive or obsolete condition, servitude or reservation registered against the title of land	R3 572.20	R3 786.00
vi Application for subdivision for property in 5 or less portions	R2 014.00	R2 134.00
vii Application for subdivision for property in more than 5 portions	R2 120.00 for the first 5 portions plus R190 in respect of each further portion	R2 247.00 for the first 5 portions plus R200.00 in respect of each further portion

viii	Application for consolidation of any land	R805.60	R853.00
ix	Application for permanent closure of any public place-	R2 000.00	R2 120.00
x	Application for amendment of land use on communal land (former application for Permission to Occupy (PTO) i.e. applications for churches, crèches, taverns, etc	R132.50	R140.00
xi	Application for any consent or approval required in terms of a condition of title/condition of establishment of a township/existing scheme or any consent or approval provided for in a Provincial law - R300.00		R318.00
xii	Application for Council's/Tribunal's reasons	R675.00	R715.00
xiii	Comments of Council/Tribunal regarding applications in terms of Act 21/1940, Act 70/1970 and recommendation of layouts on R293 or any other consent i.t.o. legislation not listed herein.	R2 014.00	R2 134.00
xiv	Amendment of pending division application – Section 17(3), Division of Land, 1986 Ordinance	R1 727.80	R1 830.00
xv	Amendment of pending Township application – Section 96, Town planning and Townships Ordinances, 15 of 1986		
	• Amendment not material	R1 727.80	R1 830.00
	• Material amendment	R5 766.40	R6 110.00
xvi	Phasing of Township Application – Section 99, Town Planning and Township Ordinance, 15 of 1986	R1 727.80	R1 830.00
xvii	Consideration of a Site Development Plan i.t.o. Tzaneen Town Planning Scheme, 2000	R1 727.80	R1 830.00
xviii	Application for extension of time –		
	All applications	R 858.60	R910.00
	1 st Application (Year 1)	R 858.60	R910.00
	2 nd Application (Year 2)	R1 727.80	R1 830.00
	3 rd Application (Year 3)	R2 586.40	R2 740.00
xix	Hard copy of Tzaneen SDF	R5 000.00	R5 300.00
xx	Hard copy of SPLUMA By-Law of GTM		R2 000.00
xxi	Copy of record of Municipal Planning Tribunal i.t.o. Section 44(2) of the SPLUMA By-Law of Greater Tzaneen Municipality		R2 000.00
xxii	Lodging of an appeal		R7 000.00

SECTION B:

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>
i Notice of application in Provincial Gazette and Newspapers	R3 741.80	R3 965.00
ii Inspection and hearing regarding any application	R1 643.00	R1 740.00

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)	R10/d
	Clothing	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 R180.00 and Proposed R190.00

Unpaid debit orders – Admin fee
Current R180.00 and Proposed R190.00

Supply of information (faxes)
Current R10.00 and Proposed R12.00

Supply of Duplicate statements
Current R10.00 and Proposed R12.00

Furnishing of Clearance Certificate Electronically
Current R80.00 and Proposed R110.00

Furnishing of Clearance Certificate Manually
Current R80.00 and Proposed R160.00

Furnishing of Valuation Certificate
Current R120.00 and Proposed R130.00

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

Applying for Clearance Figures Electronically
Current R65.00 and proposed R100.00

Applying for Clearance Figures Manually
Current R65.00 and proposed R160.00

Final reading levy
Current R60.00 and Proposed R65.00

Credit Control Action – Friendly Reminders and
Final Demand Notice
Current R50.00 and Proposed R55.00

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

Copy of the Valuation Roll
 Current R900.00 and Proposed R950.00

Minimum initial consumer deposits per category:

	CURRENT	PROPOSED
Flats with electricity only	R 800.00	R900.00
Flats with electricity and water	R 910.00	R1 000.00

Residential and agricultural properties:

Single phase	R1 200.00	R1 300.00
Three phase	R3 300.00	R3 500.00

Business:

Single phase	R3 300.00	R3 500.00
Three phase	R4 500.00	R4 800.00

Minimum deposit adjustment for disconnected accounts	R 100.00	R100.00
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Minimum deposit adjustment for dishonoured cheques and returned debit orders	R 100.00	R100.00
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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	R1 001.97	R1 102.16
1	118	R 270.56	R 297.61
2	215	R 492.97	R 542.26
3	660	R1 513.27	R1 664.60
4	225	R 515.89	R 567.48

5	175	R 401.25	R 441.37
6	123	Club Hanger	-
7	137	R 314.12	R 345.53
8	215	R 492.97	R 542.26
9	283	R 648.88	R 713.77
10A	207	R 474.62	R 522.08
10	190	R 435.64	R 479.21
11	215	R 492.97	R 542.26
12	193	R 442.52	R 486.77
13	483	R1 107.45	R1 218.19
14	231	R 529.65	R 582.62
15	473	R1 084.51	R1 192.96
16	422	R 967.58	R1 064.34
23	204	R 467.74	R 514.52
24	391	R 896.50	R 986.15
28	123	R 282.02	R 310.22
29	188	R 431.06	R 474.17
Hanger: Pro Air	992	No Contract	
Main Building	298	R 683.27	R 751.59
16A	400	R 917.14	R1 008.85
20		R 495.25	R 544.78

LANDING FEES

	CURRENT	PROPOSED
Single motor aircraft:	R 80 per landing	R 90 per landing
Double motor aircraft:	R130 per landing	R150 per landing
Helicopter:	R 50 per landing	R 60 per landing
Parking fees:	R 30 per night	R 40 per night
Indigent Management Fee	R70.00	R100.00

ENVIRONMENTAL HEALTH FEES

Cleaning of overgrown stands	R0.80c/m ²
Application for certificate of Acceptability	R250.00
Application for certificate of competency	R500.00
Validation of waste management plan	R1 500.00

CHARGES PAYABLE FOR THE USE OF THE PUBLIC LIBRARIES

Members of the Tzaneen Library	R70.00 or R150/family
Members of the Haenertsburg, Letsitele, Shiluvane or Mulati Libraries	R40.00 or R80/family
Deposit	R150,00 per person
Duplicate certificate of Membership	R10.00
Overdue Library material	R1,00 per book per day
Block loans	R200.00 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
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RENT OF HALLS

Rent of the Tzaneen Library Study Hall (After hours)	R300.00 per day or part thereof
Rent of Haenertsburg Turner room	R100.00 per day or part thereof
Rent of Shiluvane Conference room	R100.00 per day or part thereof
Rent of Muloti Conference 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 2017 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)	Photostat 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 primary function of Municipalities is to deliver services to its communities. They must provide services that are essential for the daily lives of residents such as the distribution of water and electricity as well as the collection and disposal of waste. The provision of services however depends on the availability of financial resources.

During tough economic times, Municipalities find it difficult to collect rates and service charges but it is still expected that they provide quality and uninterrupted service regardless of the economic climate.

This raises the question of financial sustainability.

Financial instability is of the utmost importance as it refers to the ability of a Municipality to achieve the provision of services without interruptions in the long run. It cannot be achieved by just having good Laws and Regulations. Financial sustainability is achieved through a combination of factors such as adherence to Laws, Regulations and good financial management practices with other elements such as good leadership and strong oversight by Council.

To ensure Municipal financial viability and sustainability our Municipality needs to put emphasis on the following activities:

- Productivity of Officials
- Cut Cost – Do more with less resources
- Decrease debt by improving collection rates
- Base Budget on realistic anticipated revenue to be collected
- Management of Councils expenditure budget
- Management of Contractors payment
- Reduction of irregular expenditure
- Eliminate fraud and corruption

Although Greater Tzaneen Municipality performed well during the 2015/2016 financial year, financial sustainability is the provision of uninterrupted services over the long run.

Our Municipality, like other Municipalities is a susceptible victim of the economic pressure in the current economic climate. The financial strain on our consumers which resulted from the rising unemployment, the increase in service charges and the increase in food prices must therefore not be under estimated. Consumer disposable income is dropping and if their financial position / payment ability is not taken into account, with the determination of service charge increase we will have to prepare for an increase in arrear accounts.

Apart from the approval and implementation of an IDP, Budget and PMS Calendar to guide the IDP Budget and PMS processes, the Municipality has also addressed the following issues to ensure financial sustainability:

- Vacant positions in the Revenue and Expenditure divisions have been filled.
- The challenges with meter readings and meter management have been addressed.
- Customer data have been corrected.
- Financial Administration and reporting have been addressed to the extent that the Municipality received an unqualified audit opinion from the Auditor General for the 2015/2016 financial year.
- Increased spending on Conditional Grant funding has been achieved.

Awareness of our impact and sense of that “making a difference with available resources is possible”, is promoted under Officials. This is moving away from just doing what is expected to providing sustainable services to our Communities.

The 2017/2018 medium term revenue and expenditure framework proposes a consolidated budget of R1,225 Billion 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.

BACK TO BASICS FOR LOCAL GOVERNMENT

National Governments Back to Basics programme for Local Government has been introduced to Council and implemented during the 2013/2014 financial year. The objective of this programme is to ensure that Local Government provides services to the people and that Municipalities takes more decisive action to involve communities and community organizations in the matters of Local Government. This programme is monitored on a monthly basis by co-operative Government and Traditional Affairs and the following areas are focused on:

- Basic services to create decent living conditions
- Good governance
- Public participation
- Financial Management, and
- Institutional capacity

mSCOA IMPLEMENTATION

The implementation of mSCOA is an initiative of National Treasury to ensure transparency and expenditure control in each sphere of Government by introducing generally recognized accounting practice, uniform expenditure classifications and uniform treasury norms and standards as introduced to Council during the previous financial year.

Uniform expenditure classifications have already been established and implemented for National and Provincial government departments. These Regulations proposed segments and a classification framework for the standard chart of accounts to be applied in Local Government in similar form to that implemented for National and Provincial Government departments. In order to enable the National Treasury to provide consolidated Local government information for incorporation in National accounts, national policy and other purposes, it must obtain financial information from individual municipalities. Currently, each Municipality manages reports on its financial affairs in accordance with its own organizational structure and unique chart of accounts. The result is a disjuncture amongst Municipalities and Municipal entities and between Municipalities and the other spheres of Government as to how they classify revenue and expenditure and consequently report thereon.

To accommodate this matter of concern, National Treasury has embarked on the rollout of mSCOA to all Municipalities in the country with the objective to provide for a National Standard for the uniform recording and classification of Municipal budget and financial information at a transaction level by prescribing a standard chart of accounts for Municipalities and Municipal Entities which:-

- Are aligned to the budget formats and accounting standards prescribed for Municipalities and Municipal Entities and with the standard charts of accounts for National and Provincial Government; and
- Enable uniform information sets recorded in terms of National norms and standards across the whole of Government for the purposes of National Policy coordination and reporting, benchmarking and performance measurement in the Local Government sphere.

The effective date by which all Municipalities and Municipal Entities need to comply with Municipal Regulations on Standard Chart of Accounts Gazette no. 37577 is 1 July 2017.

In summary, compliance to mSCOA by 1 July 2017 requires that Municipalities have the following in place:

- Systems-Integrated, Integrated Development Plan (IDP)
- Systems-Integrated, Budget module; and
- Systems that enable transacting across the seven segments of mSCOA with subsystems seamlessly integrating to the core system.

All the tabled 2017/2018 MTREF Budgets and the IDP submissions will be assessed in March 2017 for mSCOA compliance. National Treasury has a

dedicated website to support Municipalities with their mSCOA readiness efforts.

To comply with the requirements of the Gazette the Municipal Manager resolved during a meeting held in May 2016 to establish a mSCOA Steering Committee. This Committee is responsible to ensure that all mSCOA implementation requirements are adhered to.

The following Officials have been appointed by the Municipal Manager to serve on the mSCOA Steering Committee:

mSCOA STEERING COMMITTEE MEMBERS

Chief Financial Officer:	Vacant
Corporate Services Director:	MS Monyela Acting
Community Services Director:	OZ Mkhombo
Engineering Services Director:	Vacant
Electrical Engineering Director:	Vacant
Planning & Economic Development Director:	BM Mathebula

J Biewenga:	Manager Financial Services
PM Viljoen:	Manager Revenue
ME Sono:	Manager Expenditure
TA Ramokgano:	Manager Assets
NL Mashao:	Manager Supply Chain Management
AJJ Le Grange:	Manager Stores and Fleet Management (Project Manager)
FM Human:	PMS Officer
MM Mpyana:	Manager Risk Management
TG Maluleke:	Manager IT
NMH Maake:	Manager Human Resources
ML Mahayi:	Manager Building Control and Maintenance
ML Mahayi:	Manager Water and Sewer (Acting)
AG Laubscher:	Manager Operations and Maintenance Urban
MS Lelope:	Manager Operations and Maintenance Rural
NG Fourie:	Manager Projects
MJ Matlala:	Technical Design and PMU (Acting)

Council is however informed that although the Draft Budget and Supporting documents have been prepared in accordance with the Municipal Financial Management Act and Regulations made under the Act and that the Draft Budget and Supporting documents are consistent with the IDP of the Municipality, the Municipality did not comply with the Municipal Regulations on a Standard Chart of Accounts promulgated in Government Gazette Notice 37577 on 22 April 2017. During the draft budget process.

These Regulation apply to all Municipalities and are effective from 1 July 2017. This means that 2017/2018 MTREF (Budget) must be compliant with the mSCOA classification framework and that the Draft IDP and Budget should have been assessed during March 2017 for mSCOA compliance.

The fact that our Municipality has not implemented the mSCOA Classification framework by end of March 2017 resulted in the implementation of mSCOA been reported in the Municipalities Assessment report with the condition that it must be implemented by end of June 2017.

ASSESEMENTOF THE 2017/2018 DRAFT BUDGET

Section 22 (i) of the Municipal Finance Management Act determines the following with regard to the Consultation process of the Draft Budget.

“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.”

In terms of the MFMA and as part of its oversight role over Municipal Finances, Provincial Treasury is responsible for the review and commenting on the tabled Draft Budgets of Municipalities, prior to the adoption of the Final Budgets.

The Draft Budgets of Municipalities are assessed in terms of quality and compliance with the requirements of the MFMA and Municipal Budget and Reporting Regulations.

The 2017/2018 Draft Budget of Greater Tzaneen Municipality was assessed by Provincial Treasury and the assessment report received is attached under **Annexure “E” Guidelines from National Treasury.**

The assessment report confirms that Greater Tzaneen Municipality performed well with Legislative requirements but some of the Budget

schedules were not completed adequately and more information on certain activities are required.

The key strategic issues raised by Provincial Treasury have been considered and have been addressed as follows. The issues are summarized point by point to ensure that the Municipality addresses all recommendations:

1. ***Proper alignment of collection rate (Budget book reflects 91 percent, table A8 reflects 85 percent);***

Table A8 has been amended to reflect 91 percent.

2. ***The total revenue excluding capital contributions (A4) should reconcile with SA4;***

Schedule A4 and SA 4 have been reconciled.

3. ***Table A8 should be correctly completed taking into consideration of all line items;***

Schedule A8 has been amended to include all line items.

4. ***Sufficient narrations should be provided in the budget document;***

It is not clear what is referred to.

Care has however been taken to ensure that all requirements contained in the Budget Regulations have been adhered to.

5. ***Schedule of key deadlines should be submitted;***

The Schedule of Key deadlines, IDP, Budget and PMS timetable, has been attached to the budget report as Annexure "T".

6. ***Evidence that the Budget Steering Committee is functional;***

It has been confirmed under Item 6. ***Overview of Annual Budget process***, of this report that a Budget Steering Committee has been established and is functional. It discusses all budget related activities to ensure that all Legislative Requirements are adhered to. The issues considered by the Budget Steering Committee is also summarized. On request from Provincial Treasury the minutes of the Budget Steering Committee, as evidence that it is functional, are attached to this report as Annexure "U".

7. Supporting table SA 36 should be adequately completed, (project information which includes the ward allocation and whether the project is new or completed needs to be populated);

Table SA36 has been adequately completed.

8. Mechanisms to raise revenue not to be fully reliant on grants;

Greater Tzaneen Municipality is not fully reliant on Grants.

The sources of funding for the 2017/2018 financial year as contained under item 11. **Overview of Budget Funding** are as follows:

<u>Funding Source</u>	<u>Amount</u>	<u>Percentage</u>
Grants & Subsidies	R 439 982 000	38%
Rates & Service Charges	R 642 220 616	} 62% own revenue
Sundry Income	<u>R 67 656 573</u>	
Budgeted Revenue	<u>R1 149 859 189</u>	

A recommendation which requires the Municipal Manager to investigate Revenue raising strategies to expand Councils Tax base has however been added to the recommendations.

9. Adequate budget for repairs and maintenance;

Repairs and Maintenance consist of the following three items:

- Material
- Transport Cost
- Labour Cost

The information contained in the Executive summary Item 4 (B) **The effect of the Annual Budget** shows that if the labour cost on Repair and Maintenance is included in Repairs and Maintenance it constitutes 19,6% of the total expenditure.

10. Proper allocation of renewal and upgrading of existing assets according to MFMA Circular 70;

Renewal and upgrading of existing assets have been allocated.

11. Compliance to mSCOA minimum requirements;

Although mSCOA has not been implemented by the end of March 2017, measures have been put in place to ensure that a new financial

system is implemented and that the minimum requirements of mSCOA is met by 1 July 2017.

12. Submission of the mSCOA version 6.1 and version 2.8 budget;

mSCOA will be submitted to Treasury in Version 6.1 and Version 2.8 Budget.

Changes to the Draft Budget that were requested and approved by the Budget Steering Committee include the following:

13. As advice by National Treasury

- The inflation forecasts for the next three years were amended as follows:

<u>CPI</u>	<u>2017/2018</u>	<u>2018/2018</u>	<u>2019/2010</u>
Draft Budget	6,1%	5,9%	5,8%
Final Budget	6,4%	5,7%	5,6%

The Budget estimates have been changed accordingly.

- The Salary budget increases have been changed from 7,1% to 7,4% to comply with the South African Local Government Bargaining Councils three year salary and wage collective agreement for the period 1 July 2015 to 30 June 2018.
- The Councillors allowances were also increased from 7,1% to 7,4%.

14. As resolved by the Budget Steering Committee

- An additional amount of R400 000 has been made available for MPAC.
- To accommodate the additional allocation on salaries, increase from 7,1% to 7,4%, the following provisions were reduced:
 - Distribution network, Electricity

The additional amount of R7 million has been reduced by R288 241.

- Road Maintenance

The additional amount of R6 million has been reduced by R500 000.

The allocation for repairs and maintenance amounts to R229,4 million.

The Water, Sewer and Solid waste tariff increases have been changed from 6,0% to 6,4%.

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

Over the past 20 years remarkable achievements have been made in increasing access to basic services, especially for historically disadvantaged communities. The focus must now turn to those remaining communities without access to basic services, particular in informal settlements. The challenge with on-going functionality of Municipal services in some areas needs to be addressed to ensure basic municipal services to all our communities. This must however be done within the requirements of Chapter 7 of our Constitution which determines the following:

- Provide democratic and accountable service to all communities.
- Be responsible to the needs of local communities
- Ensure provision of services to communities in a sustainable manner.
- Promoting social and economic development
- Promoting a safe and healthy environment

Although the budget is approved by National Treasury and Provincial Treasury on vote level/department level the revenue and expenditure needs to be discussed on item level to get an overall picture of the 3 year budget.

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	Sum of Original 2016 2017	Sum of Original 2017 2018	Sum of Budget 2018 2019	Sum of Budget 2019 2020
	-1 092 066	-1 149 941	-1 205 669	
01-Inc	284	726	589	-1 275 881 752
001PROPERTY RATES	-95 000 000	-108 000 000	-114 156 000	-120 548 736
032ADMINISTRATION FINANCE	-95 000 000	-108 000 000	-114 156 000	-120 548 736
003PENALTIES IMPOSED AND COLLECTION CHARGES ON RATES	-5 000 000	-6 500 000	-6 870 500	-7 255 248
005SERVICE CHARGES	-520 501 261	-534 303 153	-564 758 433	-596 384 905
009RENT OF FACILITIES AND EQUIPMENT	-1 072 100	-1 372 100	-1 450 310	-1 531 527
011INTEREST EARNED - EXTERNAL INVESTMENTS	-2 101 000	-3 501 000	-3 700 557	-3 907 788
012INTEREST EARNED - OUTSTANDING DEBTORS	-12 000 000	-13 000 000	-13 741 000	-14 510 496
016FINES	-3 805 136	-5 503 136	-5 816 815	-6 142 556
018LICENSES & PERMITS	-651 000	-701 000	-740 957	-782 451
020INCOME FROM AGENCY SERVICES	-49 264 291	-50 264 291	-53 229 884	-56 210 758
022OPERATING GRANTS & SUBSIDIES	-416 697 000	-439 982 000	-455 168 000	-483 380 000
024OTHER REVENUE	-8 465 046	-10 235 046	-10 838 914	-11 467 571
026GAIN ON DISPOSAL OF PROPERTY PLANT & EQUIPMENT	-2 129 450	-2 200 000	-2 329 800	-2 464 928
031INCOME FOREGONE	24 620 000	25 620 000	27 131 580	28 705 212
	1 040 202	1 104 879	1 149 219	
02-Exp	386	328	933	1 215 543 396
051EMPLOYEE RELATED COSTS - WAGES & SALARIES	238 676 572	257 227 860	272 404 304	288 203 753
053EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTIONS	54 831 695	59 452 253	62 959 936	66 611 612
055EMPLOYEE COSTS CAPITALIZED	-10 915 558	-12 806 413	-13 561 991	-14 348 587
056EMPLOYEE COSTS ALLOCATED TO OTHER OPERATING ITEMS	-111 518 988	-126 656 069	-134 128 777	-141 908 246
058REMUNERATIONS OF COUNCILLORS	23 035 604	24 683 925	26 140 277	27 656 413
060BAD DEBTS	24 141 000	27 351 000	28 964 709	30 644 662
062COLLECTION COSTS	400 000	400 000	423 600	448 169
063INVENTORY SURPLUS/LOSS	0	0	0	0
064DEPRECIATION	128 674 868	128 908 633	132 477 813	135 821 773
066REPAIRS AND MAINTENANCE	153 527 486	180 522 343	191 173 162	202 261 205
068INTEREST EXPENSE - EXTERNAL BORROWINGS	14 853 686	12 771 030	13 524 521	14 308 943
072BULK PURCHASES	332 500 000	345 000 000	365 355 000	386 545 590
074CONTRACTED SERVICES	47 852 372	49 612 372	52 539 502	55 586 793
076GRANTS & SUBSIDIES PAID	28 785 000	32 063 000	17 145 000	22 145 000
077GRANTS & SUBSIDIES PAID-UNCONDITIONAL	6 888 499	7 115 999	7 535 843	7 972 922
078GENERAL EXPENSES - OTHER	108 470 150	119 233 395	126 267 036	133 593 394
(blank)				
03-Abc	-7 566 150	-7 272 672	-7 701 760	-8 148 462
043INTERNAL RECOVERIES	-189 034 065	-189 529 937	-200 712 203	-212 353 511
087INTERNAL CHARGES	181 467 915	182 257 265	193 010 444	204 205 049
04-Cap	140 549 300	140 889 514	143 573 200	148 958 880
600INFRASTRUCTURE	130 043 024	140 889 514	143 573 200	148 958 880
602COMMUNITY	4 659 996	0	0	0
608OTHER ASSETS	5 846 280		0	0
05-App	-74 023 382	-88 554 444	-79 421 785	-80 472 061
089CASH REQUIREMENTS	43 318 821	42 730 184	53 309 433	58 217 567
095TRANSFERS FROM / (TO) RESERVES	-117 342 203	-131 284 628	-132 731 218	-138 689 628
(blank)				
(blank)				
Grand Total	7 095 870	0	-1	0

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

The total revenue for the 2017/2018 financial year amounts to R1,150 billion, which represents an increase of R57,9 million over the 2016/2017 financial year. This increase is mainly due to the increase in property rates, service charges and external grants from Government.

The total revenue budget includes an amount of R311,9 million which represents the equitable share allocation to the Greater Tzaneen Municipality.

An amount of R108 million will be levied by way of property tax and R534,3 million will be sourced from user charges. National allocations to fund operational activities amount to R7,063 million which includes the Finance Management Grant of R2,145 million and the EPWP R4,918 million.

An amount of R1,105 Billion has been made available on the operational budget for expenditure. This substantial increase is largely due to the increase in salaries, repairs and maintenance, general expenses and ESKOM's tariff for bulk electricity purchases. The Expenditure amount also includes R257 million for salaries, R181 million for repairs and maintenance and R345 million for the purchase of bulk electricity.

An amount of R140,8 million has been allocated for capital expenditure for the 2017/2018 financial year. This amount includes the MIG allocation of R91 million which will be spend on roads and Sport and Recreational facilities as well as an amount of R5 million which represents counter funding on MIG Projects. Capital from loans amount to R34 744 614. 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 R7,146 million which represents an increase of R411 thousand or 6,1% on the 2016/2017 Annual Budget. The total revenue amount consist of a Grant from GTM.

The total operational expenditure amounts to R6,911 million of which R4,622 million of the total expenditure represents salaries and an amount of R1,5 million of total expenditure represents general expenditure.

An amount of R235 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 2017/2018 financial year amounts to R1,225 billion, which represents an increase of R60,3 million over the 2016/2017 financial year. This increase is mainly due to the increase in property rates, service charges and external grants from Government.

The total revenue budget includes an amount of R311,9 million which represents the equitable share allocation to the Greater Tzaneen Municipality.

An amount of R108 million will be levied by way of property tax and R567,5 million will be sourced from user charges. National allocations to fund operational activities amount to R7,063 million which includes the Finance Management Grant of R2,145 million and the EPWP R4,918 million.

An amount of R1,173 billion has been made available on the operational budget for expenditure. This substantial increase is largely due to the increase in salaries, repairs and maintenance, General Expenses and ESKOM's tariff for bulk electricity purchases. The Expenditure amount also includes R288 million for salaries, R230 million for repairs and maintenance and R348,3 million for the purchase of bulk electricity and water.

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

MULTI-YEAR PROJECTIONS

REVENUE: (Greater Tzaneen Municipality, GTEDA and Water & Sewer Services)

ITEM	2017/2018	2018/2019	2019/2020
Revenue	1 225 247 231	1 285 339 631	1 360 089 694

The table above reflects the multi-year projections on revenue which is mainly based on the inflation forecast contained in National Treasuries budget Circular 78, 85 and 86 as well as the Grants contained in the Division of Revenue Act (DORA) 2017/2018 published during February 2017.

The operating revenue increased from R1 225 247 231 in the 2017/2018 financial year to R1 360 089 694 in the 2019/2020 financial year. The main contributors to these increases are:

Grants

Grants are contained in the Division of Revenue Act and the following Grants have been published.

2017/2018	-	R476 793 405
2018/2019	-	R494 151 278
2019/2020	-	R524 624 308

Service Charges

The increase in service charges are based on the inflation forecast contained in National Treasuries budget Circular 78, 85 and 86.

ITEM	2017/2018	2018/2019	2019/2020
Service charges	567 547 253	599 897 446	633 491 703

EXPENDITURE: Greater Tzaneen Municipality, GTEDA and Water & Sewer services)

The operating expenditure has increased from R1 172 912 161 million in the 2017/2018 financial year to R1 291 602 876 million in the 2019/2020 financial year. This 10% increase is primarily the result of increases in several expenditure items which are noted in the table above.

CAPITAL

The Multi-Year capital projections are contained in item “19 summary of detailed capital budget” of this report.

TARIFFS

CATEGORY	2017/2018	2018/2019	2019/2020
Property Rates	0,0%	5.7%	5,6%
Electricity	1,88%	5,7%	5,6%
Refuse	6,4%	5.7%	5,6%
Water	6,4%	5.7%	5,6%
Sewerage	6,4%	5.7%	5,6%

Property Rates

Property rates are based on the inflation forecast contained in National Treasuries Budget Circular 85 and is calculated on Councils general valuation roll. The increases in property rates are equal to the inflation forecast in all three financial years.

CATEGORY	2017/2018	2018/2019	2019/2020
Property Rates	0,0%	5,7%	5,6%

Service Charges

The increases in the service charge tariffs are within the upper limit set by National Treasury in the 2017/2018 financial year and according to the inflation forecast for the 2018/2019 and 2019/2020 financial years.

The effective budget management is however dependant on whether the risk Council is exposed to are identified and addressed and if sufficient control measures have been put in place to curb the risks Council are exposed to.

To address these problems Council has established a Risk Management Unit and an Internal Audit Unit who's duties and responsibilities are as follows:

Risk Management

In terms of the Municipal Management Act no 56 of 2003, Chapter 8, Section 62 (i) (c), The Accounting Officer of a Municipality must maintain an effective, efficient and transparent system of Financial and Risk Management and Internal Control.

The Risk Management Unit of Greater Tzaneen Municipality has been established within the office of the Municipal Manager and Reports

administratively to the Municipal Manager and functionally to the Risk Committee.

This Unit is active and is inter-alia responsible for the following functions:

- Develop and implement Risk Management Policies and Strategies.
- Develop Risk Management framework and incorporate inter-alia Policies, implementation plan and the risk identification and methodology.
- Training of all stakeholders in Risk Management and
- Continuously driving Risk assessments.

Internal Audit

In an attempt to ensure that all controls are put in place to ensure that all identified risks are addressed the Municipality established a Internal Audit Unit within the office of the Municipal Manager who reports to the Municipal Manager administratively, but functionally to the Audit Committee. Some of their duties are summarized as follows:

- To perform Risk based audits on the following areas:
 - Internal Control
 - Accounting procedures and practices
 - Risk and Risk management
 - Performance Management, and
 - Lose control and compliance with legislation

Cost Containment Measures

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.

Section 62 (1) (a) of the Municipal Finance Management Act No. 56 of 2003 (MFMA) stipulates that the Accounting Officer of a Municipality is responsible for managing the financial administration of a Municipality and must for this purpose take all reasonable steps to ensure that the

resources of the Municipality are used effectively, efficiently and economically.

In terms of the legal framework, the elected Councils and Accounting Officers are required to institute appropriate measures to ensure that the limited resources and public funds are appropriately utilized to ensure value for money is achieved.

The purpose of Circular 82 attached to this report is to guide Municipalities and Municipal Entities on cost containment measures that must be implemented in an effort to address the impact of the country's economic challenges and to promote growth, address unemployment and equality, amongst others.

(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 advice 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. 78, 85 and 86 of the 2016/2017 and 2017/2018 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 6.4 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 86 is 6.4% for rates, tariffs and other charges.

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

- Property rates

That no change to the property rates tariff of the previous year be effected due to the high increase in property values on the new valuation roll and that an additional rebate of 20% on the property rates charge of residential property be effected.

Revenue increases to consumptive tariff-based services are:

- Electricity (average) 1,88%
- Water 6,4%
- Sanitation 6,4%
- Solid Waste 6,4%

Council is advised that NERSA approved an increase of 1,88% on the previous year electricity tariff. The increase in tariffs have been communicated through the consultation paper – Municipal Tariff Guideline, Benchmarks and proposed timelines for financial year 2017/2018.

Expenditure categories as a percentage of total expenditure: Greater Tzaneen Municipality, GTEDA and Water and Sewer services.

- Staff cost 30,0%
- Bulk Purchases 30,0%
- Repairs & Maintenance 19,6%
- General Expenses 10,4%

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, Performance Management And Risk Management divisions. The following are the main achievements:

- Council approved the 2016/17 IDP on 31 May 2016, along with the budget, and it was submitted to the MEC
- The 2016/17 SDBIP was approved by the Mayor on the 27th of July 2016 and quarterly progress reports were submitted to Council.
- The 2015/2016 SDBIP was approved by the Mayor on the 17th of June 2015 and subsequently submitted to Council. Quarterly progress reports were submitted to Council.
- The 2015/2016 Annual performance Report was submitted to the Auditor General, Treasury and CoGHSTA on the 31st August 2016.
- The mid-year performance report for 2016/2017 was submitted to the Auditor General, Treasury and CoGHSTA on the 25th of January 2017.
- The Draft Annual report for 2015/2016 was presented to Council on the 26th of January 2017 and advertised for public comments and to be reviewed by MPAC.
- The MM and Directors have signed performance agreements. The position for Corporate Service Director and Director Electrical Engineering are however vacant.
- The Annual Performance Assessment of individuals did not take place for 2015/2016 or mid-year 2016/2017.
- A Risk Management Unit was established in April of 2013. Risk Management Plan (Annual Risk Assessment) is done on annual basis and was approved by Council on the 30th June 2016. Strategic and Operational Risk registers have since been

developed and progress is being monitored on quarterly basis. Risk committee meetings are taking place on quarterly basis.

- The following Internal Audit strategic documents have been reviewed and approved: Internal Audit Charter, Audit Committee Charter, three year strategic and annual risk based plans and Internal Audit methodology.
- An Audit Committee was appointed by Council on 1 June 2015 for a three year period. All quarterly Audit Committee meetings were held.
- The Annual Disaster Management Report for 2014/15 was approved by Council on the 29th of October 2015. Disaster Awareness Campaigns are conducted at schools and incidences are responded to within 72 hours.

FINANCIAL SERVICES DEPARTMENT:

Multi Year Budgets (3 Years)

- The 2017/2018 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 2015/2016 Financial Statements were compiled during August 2016 in accordance with the new format required by National Treasury and Council received an unqualified Audit opinion. Consolidated financial statements were also compiled to accommodate Councils Municipal Entity. An unqualified Audit opinion was also received from the Audit general for the Consolidated Financial Statements.

Revenue

The municipality managed to collect R313 871 529 compared to the budgeted amount of R323 681 481 for the first 6 months. Revenue generated through services represents 96% of the total income.

We average a payment rate of 91%.

The payment rate is consistent due to the credit control and debt collection actions 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.

Assets

An Asset Management Unit has been established within the budget and treasury office which is responsible for the management of Councils assets within the requirements of the GRAP Standards.

Stores and Fleet Management

This division has been established within the budget and treasury office and is responsible for the management of inventory and fleet administration.

ENGINEERING SERVICES DEPARTMENT

Council achieved a gold status which gave a blue drop certificate for Tzaneen and Letsitele Water system. The result 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 results were released in 2014 and GTM got 94,13%. Official awarding the Green Drop is not yet made by the Minister of Water and Sanitation

The Sasekani to Nkowankowa road as well as Tzaneen swimming pool projects were completed.

ELECTRICAL ENGINEERING DEPARTMENT

Our electricity distribution system which includes in excess of 2 200 km of overhead lines and total assets of an estimated R1.5 billion (NERSA estimated replacement value) performed increasingly below standards as a result of the perpetuated historical minimal capital (recapitalization) and operating funds allocated to the largest electrical network of any Municipality in the Limpopo. Concerns of the system deteriorating faster than the non-funded refurbishment process were again 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.

A further concern is that vegetation control was insourced for the third year now and there is deemed to be a direct correlation between the teams' performance and number of outages. The insourcing is not deemed a success by any means and an item to Council to report on this has also been delayed for numerous reasons, much to the frustration of the Electrical Department. Willing consumers have out of frustration with poor network performance, taken to clearing their own overhead lines, despite it being a service that they are supposed be provided by the GTM.

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. To this end, two Council decisions A88 taken on 18 November 2014 and B53 taken on 27 July 2104 were resolved regarding the crisis facing the electrical network and the minimum required reinvestment and the safety concerns related to the dangers of the deteriorating network. To date the Department has yet to reap the financial benefits of these resolutions.

On a positive note, the cable ring from the Church sub to the Old SAR sub is being commissioned, and bar a few minor teething problems, the town of Tzaneen is now for the first time in many years on a stable ring cable network. The next related critical projects will be the replacement and upgrading of all the secondary feeders radiating into town due to them being old, unsafe and under capacity. This will be referred to the IDP.

A permanent concern is that with only around 55% of the approved organogram having filled positions at any one time, and despite the valiant effort in keeping outages and faults to a minimum, we are clearly losing the battle. The fact that there are an inordinate amount of vacant positions at any one time, a giant effort must be made to fill

many of these vacant positions, failure of which will be just another nail in the coffin of the network.

Unfortunately, and for the third year in a row, no sufficient overhead lines were rebuilt. This remains a great concern for 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. Conservative estimates are that more than 90% of the overhead network has exceeded its useful life by a large margin. This is due to a lack of funding on an ongoing and consistent basis.

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. This leadership position amongst the Limpopo Municipalities with large electrical networks is however being eroded as the network continues to deteriorate beyond a point of non-return.

CORPORATE SERVICES DEPARTMENT

1. ADMINISTRATION AND RECORDS

- 1.1 3 x scheduled and 6 Special Council meetings were held.
- 1.2 All the committees were established in terms of the New Governance Model. All councillors received a workshop on the New Governance Model facilitated by SALGA Limpopo.
- 1.3 The New Rules of Order were adopted by Council and implemented. A workshop was further arranged on the new Rules of Order for all councillors.
- 1.4 A register of MPAC resolutions was developed and implemented.

2. HUMAN RESOURCES

At least 25 employees were enrolled to do MFMP competency training to comply with National Treasury Competency regulations and awaiting results from the institution. 143 employees were trained (inclusive of Councillors, Learner ships and Internships). 23 Employees were Inducted successfully.

Inspections are conducted to monitor compliance in terms of OHS Act at different work stations. OHS committee meetings are held to report on matters arising from the work stations to ensure a healthy and safe environment of employees.

HIV/AIDS awareness in conjunction with ANOVA were conducted from the 8th of June 2015 to 11th of June 2015. World Aids Day was held on 04 December 2015.

Wellness days were held on the 16th of October 2015 and the 20th May 2016 for all employees. The tests conducted ranged from cholesterol, high blood pressure, sugar diabetes, body mass index and VCT.

Lack of adequate budget is the general challenge for the effectiveness of the division.

3. PUBLIC PARTICIPATION

- Ward Committee establishment.
- Ward Committee Induction Conference
- The Development of Ward Operational Plan
- Resuscitation of Local Inter Sectoral Steering Committee
- Hosting of Provincial Thusong Service Centre month
- The Strengthening of the functionality of Ward Committees
- Resuscitation of the holding of Cluster Forum meetings with Political Administration.

4. COMMUNICATION

- A successful media briefing was held on the 07th of July 2016 at High Groove Lodge
- Organized Several media interviews with different media houses(for press, TV and Radio)
- 1x newsletter produced in August 2016
- 2017 diaries procured for officials and councillors in November 2016
- Successful 2016 Letaba Show exhibitions 04-06 August 2016
- New Councillors Poster produced in September 2016
- Organized funerals for an official and 12 victims of car crash from ward 02 and 03
- Facilitated media coverage on press, TV and Radio
- Placed adverts on Radio and newspapers

- Website is being updated on a daily basis or when there is a need

Supported all the departmental events taking place within the municipality.

5. INFORMATION TECHNOLOGY

We have established successfully an ICT Steering Committee. Software licenses and Services for Microsoft, Symantec, Mimecast, SITA, Business Engineering and Fujitsu were successfully paid. A new Managed Printing services supplier was appointed. We have successfully implemented SCCM with the assistance of a Microsoft partners. We have successfully managed to mitigate challenges with email and computer security challenges through Mimecast and Symantec Solutions. The procurement of Tools of Trade and Disaster Recovery Equipment in progress. IT Support for Paperless Council Meetings and internal Clients was successfully executed.

6. LEGAL

The legal division has taken adequate measures during last year to curb the proliferation of legal costs. To address this, we have introduced a quotation system whereby legal service providers who are appointed and are on the panel, are requested to submit a quotation indicating how much it will cost them to conduct such a case. We have further developed a program to hold workshops to both councilors and staff on legal fees and the means to curb unnecessary litigation.

PLANNING & ECONOMIC DEVELOPMENT DEPARTMENT

LAND AND HUMAN SETTLEMENTS DIVISION

Nkowanowa and Lenyenye	Nkowanowa Cemeteries Community resolution meeting were held on the 2nd of August 2016. A full purchase amount were paid to Nkuna T/A for Nkowanowa cemeteries. Lenyenye cemeteries: we are planning to have a pre-resolution meeting on the 14th of February 2017.
Tzaneen Extension 89 (Portion 37 of the Farm Hamawasha 557LT)	Moholo Project and Trading has been appointed to rent the property for 5 years.

Upgrading of Informal Settlement: Purpose and progress report	<ul style="list-style-type: none"> - COGHSTA has appointed C- Plan Development to upgrade Nkambako Informal Settlements - A final community resolution meeting were held on the 17th of January 2016. - Layout Map has been submitted to the Municipality for approval in 2016.
Purchasing of Portion 9 and 38 of the Farm Hamawasha (Letaba Brickyard)	Tzaneen sand is renting the property until the Council come up with the future plans
2015/16 Housing Units (500) 2015/16 Disaster units (78) 2015/16 Blocked Project (20)	<ul style="list-style-type: none"> • 500 units completed • 78 units completed • 8 units completed

TOWN PLANNING DIVISION

1. The process of the review of the SDF is currently underway and the Service Provider was appointed. The draft document is in place pending public participation.
2. Implementation of SPLUMA process has to date accomplished on the following:
 - a) Council Resolution to establish Tribunal was obtained
 - b) Draft by-laws are Gazetted
 - c) Land Development Office delegation in place
 - d) Backlog application still continuing reduced by 100% every quarter.
 - e) However Tribunal sitting have not yet happened due to interpretation matters.

SOCIO-ECONOMIC DEVELOPMENT, LED & TOURISM AND GTEDA

1. GTEDA

- Board established and CEO appointed.

2. AGRICULTURE

- Successfully hosted the third Annual Agricultural Expo
- Mokgolobotho CPA signed a 15 year Lease Agreement and the farm is fully operational.

3. TOURISM

- Greater Tzaneen Tourism Association meetings held monthly
- Attended the Tourism Indaba in Durban

- Attended Local Government Tourism Conference.

4. JOB CREATION

- Jobs created through CWP Non State Sector- 2018
- EPWP jobs created through MIG- 932
- Jobs created through IDT, EPWP and Non State Sector
 - Golang Khulane- 230
 - Community responsive- 120
 - Team Village- 100

5. SMME SUPPORT

- Partnership with SEDA for service delivery.
- Market Stalls completed in partnership with LEDET in town.
- Partnership with University of Venda on Poverty Research program which was piloted in Ward 01 and now completed in Ward 2, 3 and 4.

COMMUNITY SERVICES DEPARTMENT

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

Environmental Health Services

Environmental Health Services promotes and protects public health through an effective regulatory framework for occupational hygiene, water quality monitoring, vector control and food control as well as environmental management. We also do management of human remains as well as public awareness in schools to promote environmental sustainability.

Law Enforcement Services

The division renders traffic Law enforcement including By-laws enforcement. The division is also responsible for road safety.

Safety And Security Division

Safety and security is responsible for safety of council assets and personnel.

Licensing Services

The division is responsible for licensing of drivers, vehicles, temporary posters/banners and dog license applications.

Library Division

Library Services provide valuable information to the community and promote a culture of reading. Services including free internet are available at Tzaneen; Letsitele, Haenertsburg, Shiluvane and Mulati.

Parks, Sports & Recreation, Arts And Culture

The division is responsible for management, maintenance and development of parks, stadiums, swimming pool, tennis courts, open spaces, cemeteries, organising, coordination and gives support in activities of Arts and Culture within the Municipality, District, Provincial and National Department of Sports, Arts and Culture.

Waste Management

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

(D) CONSOLIDATED FINANCIAL POSITION

The 2017/2018 Budget which is submitted to Council for approval can be summarized as follows:

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

Row Labels	Sum of Original 2016 2017	Sum of Original 2017 2018	Sum of Budget 2018 2019	Sum of Budget 2019 2020
001-Municipal Manager	14 178 047	15 145 388	16 023 082	16 734 671
002-Planning and economic development	26 601 992	28 777 751	30 446 958	32 047 456
003-Budget and Treasury report	82 392 108	92 752 902	98 058 311	103 933 729
004-Corporate service	93 532 314	101 964 169	107 883 246	113 451 444
005-Engineering service	145 119 037	153 958 872	160 843 092	166 654 248
006-Community service	193 044 879	204 770 699	211 299 206	222 939 773
007-Electrical engineering	485 334 009	507 509 547	524 666 038	559 782 075
Grand Total	1 040 202 386	1 104 879 328	1 149 219 933	1 215 543 396

GREATER TZANEEN MUNICIPAL EXPENDITURE BUDGET INCLUDING GTEDA AND WATER AND SEWER BUDGETS

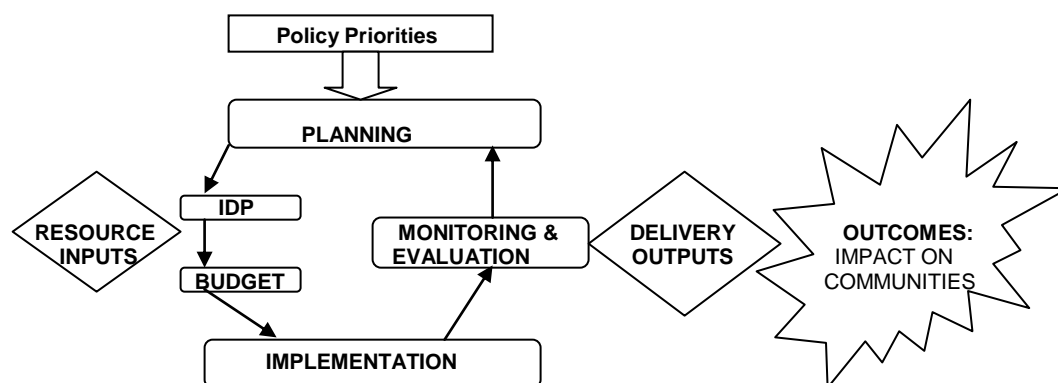
Row Labels	Sum of Original 2016 2017	Sum of Original 2017 2018	Sum of Budget 2018 2019	Sum of Budget 2019 2020
001-Municipal Manager	14 178 047	15 145 388	16 023 082	16 734 671
002-Planning and economic development	26 601 992	28 777 751	30 446 958	32 047 456
003-Budget and Treasury report	82 392 108	92 752 902	98 058 311	103 933 729
004-Corporate service	93 532 314	101 964 169	107 883 246	113 451 444
005-Engineering service	210 379 500	221 991 705	232 811 374	242 713 728
006-Community service	193 044 879	204 770 699	211 299 206	222 939 773
007-Electrical engineering	485 334 009	507 509 547	524 666 038	559 782 075
Grand Total	1 105 462 849	1 172 912 161	1 221 188 215	1 291 602 876

(E) MUNICIPAL PRIORITIES AND LINKAGES TO THE IDP

The strategies objectives of Council are informed by the national priorities arising from the 2014 national electoral mandate, National Development Plan and the Limpopo 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 2017/2018 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

- The new vision has been developed to be in line with the new Council 2030 growth development strategy and the Municipality is also following the growth and development strategy.
- A new mission and values have also been developed.

✓ 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 outcome based planning 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 outcome based planning methodology is implemented to develop strategies to ensure that the Municipality focuses on all perspectives as contained within the outcome based planning 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 four themes are mentioned below.

- Economic Growth
- Social, Environmental Sustainability and Infrastructure Development
- Good Governance and Administration
- Financial viability and management

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

Table 12: Service Delivery priorities per ward (Highest Priority first)		
Ward	Priority name and detail	Progress during 2016/17
1	Water reticulation at Moloko Additional Borehole installation at Block 5 (Matsheduni) and Morapalala Boreholes in news stands	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
2	Mawa block 12 boreholes Reservoir at Mokgwathi village	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.

Table 12: Service Delivery priorities per ward (Highest Priority first)		
Ward	Priority name and detail	Progress during 2016/17
3	Water at Ramotshinyadi, Wally and Radoo	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
4	Regravelling of Rikhotso via Xihoko to Mookgo Block 6 to Morapalala road	Streets grading is done through municipal priority programme.
5	Provision of water at Mugwazeni	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
6	Operationalisation of dysfunctional boreholes Water supply at N'waHorwhani new extension, Halahala, Goxela, New Canada and Mukhosani	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
7	No public participation took place	
8	No public participation took place	
9	Water pipelines from Ebenezar to Ward 9 villages Reservior at Makaba, Kgwekgwe and Sefolwe	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
10	Illegal connections of water pipes	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
11	Provision of water and maintenance of boreholes and Thapane water scheme.	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
12	No public participation took place.	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
13	Upgrading of road D3248 road Construction Mandlakazi Clinic	Intervention is being made through Mopani District and Department of Public Works, Roads and Infrastructure.
14	No public participation took place.	

Table 12: Service Delivery priorities per ward (Highest Priority first)		
Ward	Priority name and detail	Progress during 2016/17
15	No public participation took place.	
16	Repairs of roads Regraveling of roads to the cemetery	Streets grading is done through municipal priority programme.
17	Primary and secondary school at Dan Extension	Need submitted to Department of Education.
18	No public participation took place.	
19	Repairing of internal streets at Hani, Rhandzanani and Kulani streets (Nkowakowa) Upgrading to tar or paving at Khodesa street Potholes at Teba street	Streets grading is done through municipal priority programme.
20	No public participation took place.	
21	Completion of Nkowakowa sewer	MDM function
22	Refurbishment of boreholes	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
23	No public participation took place	
24	No public participation took place	
25	Water, Boreholes & Diesel Pumps Water and Roads in new extensions	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
26	Construction of road on Rhulani village Internal streets	Streets grading is done through municipal priority programme.
27	Maintenace of boreholes and reseviors, Burgersdorp old mine and pipeline valves and	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.

Table 12: Service Delivery priorities per ward (Highest Priority first)		
Ward	Priority name and detail	Progress during 2016/17
	reticulation at Shiluvane reservoirs Installation of borehole at Mmalekeke and water tankers	
28	Upgrading of CN Phatudi road via New Phephene to Mokgapeng clinic to tar Closing of Dongas at New Phephene	Streets grading is done through municipal priority programme.
29	Water shortage at Mothadareng, Sunnyside and Tickline	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
30	No public participation took place	
31	No public participation took place	
32	Maintenance of roads at Moime	Streets grading is done through municipal priority programme.
33	No public participation took place	
34	Regravelling of internal streets, crèches, clinics, churches, cemeteries, and Thusong service centre	Streets grading is done through municipal priority programme.
35	New ward	New Ward

(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 85.

ACTIVITY

DATE

Approval of Draft IDP/Budget
Public Participation Programme
Approval of final IDP/Budget

31 March 2017
April 2017
25 May 2017

Strategies Phase

- The new vision has been developed to be in line with the new Council 2030 growth development strategy and the Municipality is also following the growth and development strategy.
- A new mission and values have also been developed.

An IDP Strategic Session was held on the 7th to the 9th December 2016.

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 preparation of the budget.

Greater Tzaneen Municipalities IDP, Budget and PMS process plan for the 2017/2018 financial year was developed and approved by Council in August 2016. 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 2017/2018 financial year, that were discussed by the Budget Steering Committee include:

- Budget Dates
- Budget Risks
- Adjustment Budget
- Inflation Forecast
- Increase in salaries
- Overtime
- Increase in Councillor allowances
- DORA Allocations
- Increase in tariffs
- mSCOA
- Service Level Standards
- Amount to be allocated for capital projects
- Financing of Capital Projects
- Budget Requests
- Increase in Electricity Bulk purchase
- Repairs and maintenance
 - Renewal R & M
 - Routine R & M
- Budgeted Employee Structure
 - New Positions
 - Current Vacant Positions
- Electricity Tariff structure to NERSA
- Sundry Tariffs
- Dates IDP process to be finalized

- Adjustment budget
 - Draft IDP
 - Draft budget
 - Final IDP
 - Final Budget
- MDM Previous budgets
 - Water and Sewer Budget = Operational
 - Water and Sewer Budget = Capital
 - GTEDA
 - Review of past performances
 - Budget requests
 - Property Rates, new valuation roll

The minutes of meetings during which the above mentioned activities were discussed are attached to this report as **Annexure “U”**.

Budget meetings were held with all departments with the commencement of the budget process to review the 2016/2017 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 2017/2018 budget realities to ensure that critical service delivery needs are budgeted for.

The Mayor and Councillors have, through the IDP process, guided the 2017/2018 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

The Municipalities Integrated Development Plan (IDP) is the principal strategic planning instrument which guides and informs its on-going planning, management and development actions. The IDP represents Councils commitment to exercise its budget planning to ensure an effective budget 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 development 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,

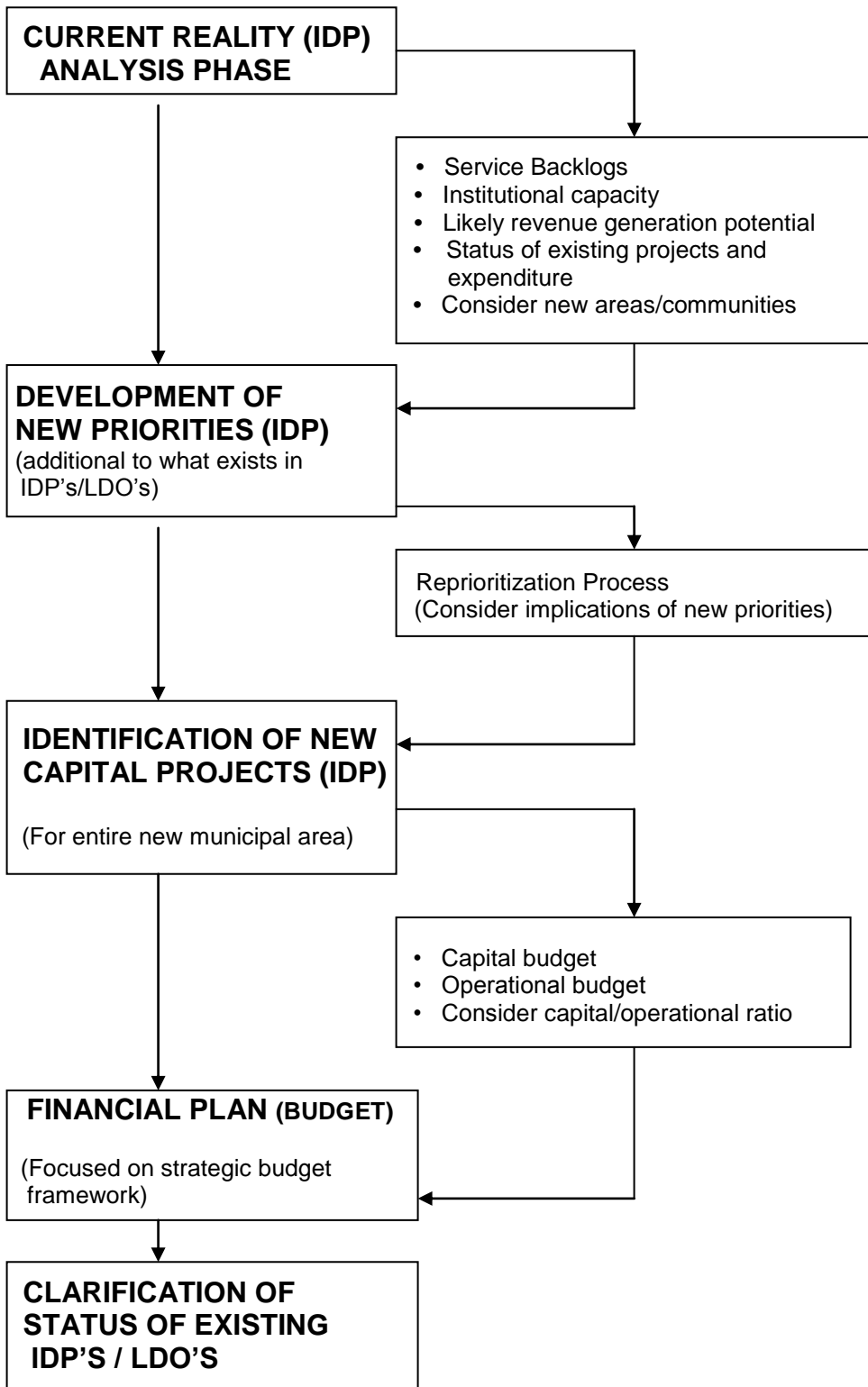
followed by the approval of the IDP and the drafting of the budget to determine the affordability of service delivery.

Then followed by Public Participation process to ensure that the needs of our communities have been considered after which the IDP and budget are tabled to Council for approval.

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)



As required by the MFMA and MSA, 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 Draft Budget commenced during August 2016 with the approval of the IDP, Budget and PMS calendar.

After approval of the draft IDP and Draft Budget it was submitted to National Treasury and Provincial Treasury for their consideration in line with Section 22 of the MFMA.

The Draft Budget report, budget resolutions, budget tables, budget related policies and all budget related documents as required by Section 75 of the MFMA have been placed on Councils website after approval by Council. It was also made public as required by Section 22 of the MFMA and the local community has been invited to submit representations in connection with the budget to Council.

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

Public hearings were held in all 34 Wards. The meetings have been scheduled during April 2017.

Timing Number and type of Consultation

WARD	VENUE	TIME	DATE
01	Morapalala Headkraal	08:00	09-04-2017
02	Mawa Pay Point	08:00	09-04-2017
03	MMakoba Secondary School	10:00	08-04-2017
04	Mdingazi Secondary School	08:00	09-04-2017
05	Mugwazeni Primary School	08:00	15-04-2017
06	Runnymede Training Centre	08:00	16-04-2017
07	Mothomeng Primary School	09:00	16-04-2017
08	Relela Thusong com Centre	10:00	15-04-2017
09	Kelekeshe High School	09:00	29-04-2017
10	Mohlatlego Machaba H/School	09:00	22-04-2017
11	Ngwana Masedi High School	09:00	23-04-2017
12	Valoyi Tribal Authority	09:00	09-04-2017
13	Dynamos Sports Ground	09:00	16-04-2017
14	Maribethema School	08:00	16-04-2017
15	Laerskool Tzaneen	17:00	11-04-2017
16	Haenertsburg Primary School	18:00	12-04-2017
17	Sebone Primary School	08:00	23-04-2017
18	Ponani Primary School	08:00	22-04-2017
19	Nkowankowa Comm Hall	18:00	12-04-2017
20	Mavumba Primary School	08:00	23-04-2017
21	Bombeleni School	18:00	19-04-2017
22	Mafarana Primary School	08:00	24-04-2017
23	Tito Mboweni Prim. School	08:00	22-04-2017
24	Mhlaba Head Kraal	08:00	23-04-2017
25	Professor School	10:00	23-04-2017
26	Julesburg Sport Field	08:00	23-04-2017
27	Bulamahlo MPCC	08:00	16-04-2017
28	Rhandzacece Creche	08:00	16-04-2017
29	Semana Primary School	08:00	29-04-2017
30	Motsheng	08:00	23-04-2017
31	Lenyenye Community Hall	18:00	19-04-2017
32	Sekaba High School	08:00	30-04-2017
33	Bakgaga Tribal Offices	08:00	25-04-2017
34	Lesedi MPCC	08:00	29-04-2017
35	Semana Primary School	08:00	23-04-2017

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 during March 2017 has been followed by extensive publication of the IDP and budget in newspapers. It has also been published on Councils website.

Public hearing on both the operational and capital budgets have been held during April 2017 and May 2017 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 have been recorded.

All written submissions have been directed to the IDP Manager who keeps record thereof.

All the submissions received during the consultation process have been considered before the tabling of the final budget.

The Draft Budget has also been 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 has been utilized to summarize submissions received during the consultation process is as follows:

WARD	DATE	ATTENDING	SUBMISSION

On completion of the consultation process the CLO has submitted a summarized report (as per the framework above) to the Chief Financial Officer who scrutinized the report and the Budget Steering Committee determined what action had 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

A green prosperous and united Municipality that provided quality services to all.

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
 - The new vision has been developed to be in line with the new Council 2030 growth development strategy and the Municipality is also following the growth and development strategy.
 - A new mission and values have also been developed.

- ✓ Project Phase
 - New projects were prioritized for implementation during the 2017/18 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 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 IDP process plan was drafted and approved by Council. This plan which includes various processes i.e. Strategic Planning session, 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. Horizontal and vertical alignment is done through the local IDP Steering Committee, District engagement sessions and Provincial Development Planning forums.

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	56.15%
"B" Total outstanding service debtors	334 598 354
"C" Annual revenue actually received for services	595 881 261

DEBT COVERAGE

$$A = B - C$$

D

"A" Debt Coverage	24.25%
"B" Total Operating Revenue Received	<u>52 157 592</u>
"C" Operating Grants	0
"D" Debt Service Payments	2 150 711

COST COVERAGE

$$A = B + C$$

D

"A" Cost Coverage	0,76%
"B" All available cash at a particular time	<u>66 783 374</u>
"C" Investments	0
"D" Monthly Fixed Operating Expenditure	87 312 082

(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, 2013 and 2014 years 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
2013	Tzaneen Sewerage	94.14%	94.14%
2013	Nkowankowa Sewer	24.91%	24.91%
2013	Lenyenye Sewer	8.03%	8.03%
2014	Tzaneen	77.4%	Not achieved
2014	Nkowankowa	80.88%	Not achieved
2014	Lenyenye	28.09%	Not achieved
2014	Letsitele	73.4%	Not achieved

- As part of the Blue Drop Certificate and Green Drop Certificate requirements, Water Safety Plans (WSP's) for both Wastewater and Water have 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 DWS 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.
- Insufficient budget for repairing and maintenance of water services infrastructure.
- Steps are:
 - Implementation of Water Bylaws, Developed by the WSA
 - 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 Water Demand Management systems.
 - Mopani to fund the upgrading of Tzaneen Water Works and Georges Valley Water Works to meet the increasing water demand.
 - Engage communities (public participation) and educate them about the importance of protecting the Water and Sewerage system.
- Budget for 2017/2018 as outlined in the budget.

The certificate of analysis for water and waste water are 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.

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

Greater Tzaneen Municipality prepared a General Valuation Roll of all property in terms of the Local Government: Municipal Property Rates Act of 2004 (MPRA). The policy is attached to the report. The new valuation roll will be implemented with effect from 1 July 2017.

e) Investment and Cash Management Policy

The Council 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

Only one change has been effected. The change has been effected against the property rates policy.

Section 15(1) of the Local Government: Municipal Property Rates Act provides that,

“A Municipality may in terms of criteria set out in its Rates Policy:

“a) Exempt.....

b) Grant to a specific category of owners of property, or to the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.”

Due to the fact that there is an average increase of 31% of property valuation on the new valuation roll Council resolved to approve an additional 20% rebate on the residential property rates charge from 01-07-2017 which will be phased out at a rate of 5% over a period of four years.

The following change had to be made on Council’s Property Rates Policy to accommodate this change.

The Policy determines the following regard to residential property rates:

“(b) Residential properties: The Municipality grants a 30% rebate, which applies to improve residential property that is:

- i. Used predominantly for residential purposes, with not more than two dwelling units per property.***
- ii. Registered in terms of the Sectional Title Act.***
- iii. Owned by a share-block company.***
- iv. Privately developed estates used for residential purposes.***
- v. A ratable residence on property used for or related to educational purposes.***

The following must be added to the Policy requirements:

“The Municipality grants an additional 20% rebate which applies to residential property mentioned in (b) above and that the rebate be phased out over the next four years.”

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 86 indicates an inflation rate of 6,4% for the 2017/2018 financial year.

PERSONNEL ISSUES

The Budget Circular also provides that a salary increase of average CPI (February 2016 to January 2017) + 1% be budgeted for the 2017/2018 financial year as per the salary/wage increase agreement that has been reached. This increase represents $6,4\% + 1\% = 7,4\%$.

The Budget Steering Committee of Council resolved that an increase of 7,4% with effect from 1 July 2017 must be budgeted for.

A Salary increase of 7,4% has therefore been provided for on the 2017/2018 salary budget.

- **Number of employees:** Provision has been made for positions that were filled at 31 December 2016, positions that become vacant during the past twelve months as well as vacant positions that were classified as critical to ensure continuous service delivery.

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 7,4% 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 resolution of the Budget Steering Committee to increase the operational allocations on the Repairs and Maintenance of the Electricity network as well as on roads necessitated the Municipality to take up a loan of R34 million to finance its Capital programme.

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 91% 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

Due to the high increase of property values on the new valuation roll it was resolved to keep the property rates tariff the same as the previous financial year with an additional rebate of 20% on residential property rates charges.

The electricity tariff adjustment is 1,88%, largely due to the increase for Eskom bulk purchases.

Water and Sewerage tariff adjustments are 6,4%, while refuse and disposal charges are modeled to increase by 6,4%. These increases are within the upper limit set by National Treasury.

G) REPAIRS AND MAINTENANCE

Greater Tzaneen Municipality's target with regard to repairs and maintenance is set at 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 2017/2018 financial year:

Water	R125 218 000
Sewer	<u>R 97 071 000</u>
	R222 289 000

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

Water R32 664 004
Sewer R 4 147 401

J) ESKOM

National Treasury advice Municipalities to provide for an increase in electricity tariffs of 1,88% which still needs to be 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 a loan of R34 744 614 be taken up to finance Capital projects.

M) 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 and updated in MFMA Circular No. 82 of National Treasury during March 2016 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 coordinating the financial administration of the Municipality.

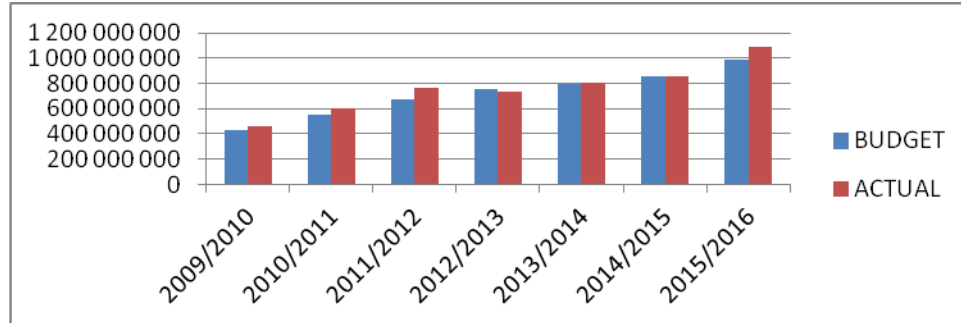
(A) Outcomes of the Past Years and Current year

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

OPERATING EXPENDITURE

YEAR	BUDGET	ACTUAL
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
2013/2014	794 024 719	808 030 664
2014/2015	856 448 445	859 112 707
2015/2016	992 087 237	1 088 960 417

GRAPH
Operating Expenditure

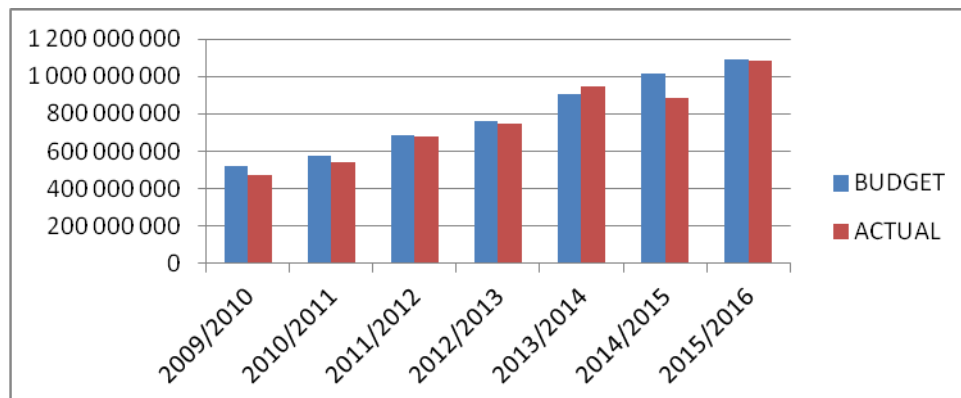


The graph below indicates the comparison between budgeted and actual operating Income over the past 7 year.

OPERATING INCOME

YEAR	BUDGET	ACTUAL
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
2013/2014	902 359 076	948 018 519
2014/2015	1 018 055 369	887 463 147
2015/2016	1 093 649 325	1 084 442 042

GRAPH Operating Income

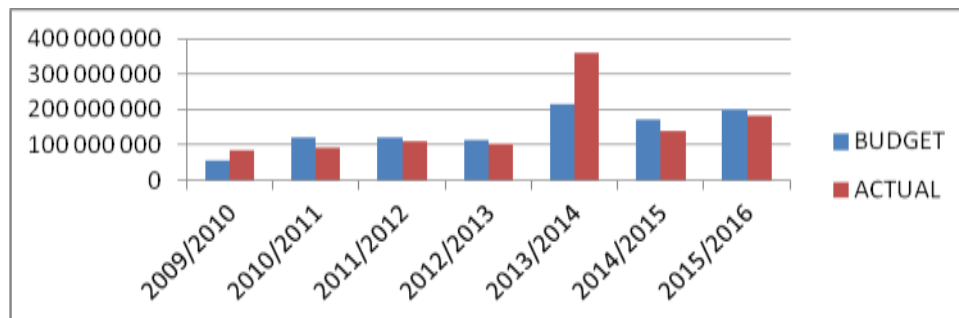


The capital expenditure against the budget of the past 7 years are also indicated graphically below:

CAPITAL EXPENDITURE – MIG INCLUDED

YEAR	BUDGET	ACTUAL
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
2013/2014	217 482 461	360 867 930
2014/2015	170 928 970	138 660 743
2015/2016	200 254 351	183 123 413

GRAPH Capital Expenditure



OPERATING BUDGET 2016/2017

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 2016/2017 financial year:

Electricity	40,3%
Refuse Removal	2,2%
Property Rates	8,2%

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 2017/2018

The Greater Tzaneen Municipal operating income will be allocated as follows during 2017/18 Financial year:

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

REVENUE	BUDGET
Property rates	-R 108 000 000
Property rates – penalties imposed and Collection charges	-R 6 500 000
Service charges	-R 534 303 153
Rental of facilities and equipment	-R 1 372 100
Interest earned – external investments	-R 3 501 000
Interest earned – outstanding debtors	-R 13 000 000
Fines	-R 5 503 136
Licenses and permits	-R 701 000
Income from agency services	-R 50 264 291
Government Grants and Subsidies	-R 439 982 000
Other Revenue	-R 10 235 046
Gains on disposal of property, plant & Equip.	-R 2 200 000
Income Foregone	R 25 620 000
TOTAL REVENUE	<u>-R1 149 941 726</u>

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

REVENUE	BUDGET
Property rates	-R 108 000 000
Property rates – penalties imposed and Collection charges	-R 6 500 000
Service charges	-R 567 547 253
Rental of facilities and equipment	-R 1 372 100
Interest earned – external investments	-R 3 501 000
Interest earned – outstanding debtors	-R 19 000 000
Fines	-R 5 503 136
Licenses and permits	-R 701 000
Income from agency services	-R 50 264 291
Government Grants and Subsidies	-R 476 793 405
Other Revenue	-R 10 235 046
Gains on disposal of property, plant & Equip.	-R 2 200 000
Income Foregone	R 26 370 000
TOTAL REVENUE	<u>-R1 225 247 231</u>

Operating Expenditure

The budgeted expenditure per item are as follows for the 2017/2018 financial year:

Greater Tzaneen Municipal Budget including GTEDA and excluding Water & Sewer services.

ITEM	BUDGET
Employee Related Costs	R 257 227 860
Employee Related Cost Social Contributions	R 59 452 253
Employee Cost Capitalized	-R 12 806 413
Employee Costs Allocated to other Operating Items	-R 126 656 069
Remunerations of Councillors	R 24 683 925
Bad Debts	R 27 351 000
Collection Costs	R 400 000
Inventory Surplus/Loss	R 0
Depreciation	R 128 908 633
Repairs and Maintenance	R 180 522 343
Interest Expense – External Borrowings	R 12 771 030
Bulk Purchases	R 345 000 000
Contracted Services	R 49 612 372
Grants & Subsidies paid	R 32 063 000
Grants & Subsidies Paid unconditional	R 7 115 999
General Expenses	<u>R 119 233 395</u>
EXPENDITURE TOTAL	<u>R1 104 879 328</u>

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

ITEM	BUDGET
Employee Related Costs	R 287 795 115
Employee Related Cost Social Contributions	R 66 017 114
Employee Cost Capitalized	-R 12 806 413
Employee Costs Allocated to other Operating Items	-R 165 532 935
Remunerations of Councillors	R 24 683 925
Bad Debts	R 35 751 000
Collection Costs	R 400 000
Inventory Surplus/Loss	R 0
Depreciation	R 128 908 633
Repairs and Maintenance	R 229 451 680
Interest Expense – External Borrowings	R 12 900 000
Bulk Purchases	R 348 335 078
Contracted Services	R 56 489 032
Grants & Subsidies paid	R 32 063 000
Grants & Subsidies Paid unconditional	R 7 115 999
General Expenses	<u>R 121 340 933</u>
EXPENDITURE TOTAL	<u>R1 172 912 161</u>

CAPITAL BUDGET

An amount of R133 million was approved for capital projects for the 2016/2017 financial year. This was funded as follows:

- Own Sources	R 21 381 280
- Loans	R 20 000 000
- Grants	<u>R 92 307 150</u>
TOTAL	R133 688 430

(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
- Distribution of Municipal accounts
- Expenditure Management

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 2017/2018 expenditure will be funded as follows:

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

Funding source	Amount
Grants & Subsidies	R 439 982 000
Rates & Service Charges	R 642 303 153
Sundry Income	<u>R 67 656 573</u>
Budgeted Revenue	<u>R1 149 941 726</u>

Greater Tzaneen Municipal Budget Including GTEDA and Water & Sewer:

Funding source	Amount
Grants & Subsidies	R 476 793 405
Rates & Service Charges	R 675 547 253
Sundry Income	<u>R 72 906 573</u>
Budgeted Revenue	<u>R1 225 247 231</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 2017/2018 financial year has been guided by our Tariff Policy and guidelines set by National Treasury in the Municipal Budget Circular 85 for the 2017/2018 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 will be effective from 1 July 2017 and the Property Rates Tariff contained in the 2017/2018 Draft 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.

Due to the high increase of property values on the new valuation roll it is proposed to keep property rates tariffs the same as the previous financial year with an additional rebate of 20% on residential property rate charges.

Water Service

Council must take note that Greater Tzaneen Municipality is only the water service provider and not the water 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 2017/2018 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 2016/2017 financial year be retained, with a proposed 6,4% increase in volumetric water tariffs generally, and a proposed 6,4% increase in sanitation tariffs generally.

It is also recommended that the indigent account be increased from R70 per month to R100 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).

The increase in electricity tariffs have been communicated through the consultation paper- Municipal Tariff Guideline, Benchmarks and proposed timeline for financial year 2017/2018. This guideline proposes an increase of 1,88% on the previous year tariffs.

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, as well as 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 6,4% on the 2016/2017 tariffs with effect from 1 July 2017.

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 2016 to December 2016:

DEBTOR REVENUE	JULY 16 R000,	AUG 16 R000,	SEPT 16 R000,	OCT 16 R000,	NOV 16 R000,	DEC 16 R000,
Revenue Billed	61 979	62 109	57 635	45 301	47 294	44 832
Revenue Collected	45 153	56 561	58 185	51 879	47 042	61 656
% Revenue Collected	72,85%	91,07%	100,95%	114,52%	99,47%	137,53%

The MFMA requires that the budget be based on realistic forecasts for revenue and the average collection rate for Greater Tzaneen Municipality amounts to 91%.

(e) SAVINGS AND EFFICIENCIES

To ensure value for money and efficient utilization of resources, performance indicators have been set for all Section 57 Directors.

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 Director 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 long-term investments of Greater Tzaneen Municipality are disclosed as follows.

Valuation of unlisted Investments

Liberty	R 8 941 855
Standard Bank	<u>R11 997 865</u>
TOTAL	<u>R20 939 720</u>

Excelsior 1000 Investment

An investment of R855 619 has been made with Liberty on an annual basis 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 R8 941 855.

STANDARD BANK

An investment of R11 350 000 has been made with Standard Bank to repay a loan of R30 million on maturity date. The loan bears interest on variable rate and the value of the investment amounts to R11 997 865.

(g) GRANT ALLOCATION

National Treasury advised Municipalities, through their Budget Circular 85, to use the indicative numbers as set out in the 2016 Division of Revenue Act to compile their 2017/2018 MTREF. In terms of the outer year (2019/2020) financial year Municipalities are advised to conservatively limit funding allocations to the indicative numbers as proposed in the 2016 DORA.

Greater Tzaneen Municipality however included the Grant allocations as contained in the DORA as published in Government Gazette no. 40610 of 10 February 2017, in the 2017/2018 Draft Budget.

The grant allocations as published in the 2016/2017 Division of Revenue Bill are summarized as follows:

<u>Allocation</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>
Equitable Share	R311 977 000	R336 443 000	R353 706 000
Municipal Infrastructure Grant	R 95 942 000	R101 580 000	R107 529 000
Financial Man Grant	R 2 145 000	R 2 145 000	R 2 145 000
INEP (Elect)	R 25 000 000	R 15 000 000	R 20 000 000
Expanded Public works Prog.	R 4 918 000	R 0	R 0
EE & D	R 0	R 0	R 0

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

<u>GRANT</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>
INEP	R21 102 000	R53 020 000	R56 095 000

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	2017/2018	2018/2019	2019/2020
Water	R125 218 000	R136 104 000	R152 468 000
Sanitation	<u>R 97 071 000</u>	<u>R102 821 000</u>	<u>R112 129 000</u>
	R222 289 000	R238 925 000	R264 597 000

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	2017/2018	2018/2019	2019/2020
MIG	R180 970 000	R192 188 000	R204 027 000

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 2017/2018: ALLOCATION R95, 942, 000

Project Name	MIG Fund	Counter Fund	Total
1. Mawa Block 12 Low Level Bridge	R3, 100,234	R0	R3,100,234
2. Moruji to Maswi: Upgrading of Road from Gravel to Tar: Phase 4 of 5	R34,839,965	R4,744,614	R39,584,579
3. Nkowankowa Codesa Street to Hani Street	R11,000,000	R0	R11,000,000
4. Lenyenye Street Paving	R6,300,000	R0	R6,300,000
5. Upgrading of Burgersdorp Sports Ground: Phase 2 of 2	R 8,920,324	R0	R8,920,324
6. Upgrading of Juliesburg Sports Ground: Phase 1 of 2	R 4,534,279	R0	R 4, 534,279
7. Tickyline to Makhwibidubung Storm Water Management	R3,500,000	R0	R3,500,000
8. Mopye High School Access Road	R6,300,210	R0	R6,300,210
9. Mulati Access Road Paving	R6,507,026	R0	R6,507,026
10. Nelson Ramodike High School Access Road	R6,142,862	R0	R6,142,862
PMU Management	R4,797,100	R0	R4,797,100
TOTAL	R95,942,000	R4,744,614	R100,686,614

FINANCIAL YEAR 2018/2019: ALLOCATION R101, 580, 000

Project Name	MIG Fund	Counter Fund	Total
1. Upgrading of Nkowankowa Stadium: Phase 2 of 2	R10,091,201	R1,187,200	R11,278,401
2. Upgrading of Juliesburg Sports Ground: Phase 2 of 2	R7,106,334	R0	R7,106,334
3. Moruji to Maswi: Upgrading of Road from Gravel to Tar: Phase 5 of 5	R25,689,259	R0	R25,689,259
4. Upgrading of Lenyenye Stadium: Phase 2	R15,267,300	R0	R15,267,300
5. Maweni low level bridge	R5 000 000	R0	R5 000 000
6. Thapane Cross Mandlakazi to N'wamitwa Road	R21,341,818	R0	R21,341,818
7. Lenyenye Taxi Rank	R12,005,088	R0	R12,005,088
PMU Management	R5,079,000	R0	R5,079,000
TOTAL	R101,580,000	R1,187,200	R102,767,200

FINANCIAL YEAR 2019/2020: ALLOCATION R107, 529, 000

Project Name	MIG Fund	Counter Fund	Total
1. Topanama Access Road to Serurubele School	R10,752,000	R0	R10,752,000
2. Leseka to Mampa toad to School	R10 000 000	R0	R10 000 000
3. Nkowankowa B Street	R25,452,650	R0	R25,452,650
4. Marirone to Kubyana Street Paving	R20,247,900	R0	R20,247,900
5. Thapane Street Paving	R17,200,000	R0	R17,200,000
6. Dr CN Phatudi to Pharare Access road regravelling and storm water Control Management	R 6,500,000	R0	R 6,500,000
7. Pedestrian Crossing Bridges	R12,000,000	R0	R12,000,000
PMU Management	R5,376,450	R0	R5,376,450
TOTAL	R107,529,000	R0	R107,529,000

13. ALLOCATIONS OF GRANTS MADE BY THE MUNICIPALITY

The allocations made by Council for the 2017/2018 financial year can be summarized as follows:

Museum	R 33 326
Eskom EBSST	R4 000 000
Mayor Special Account	R 600 000
SPCA	R 130 000
Mayors Bursary Account	R1 000 000
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	TRAVELLING	TEL. ALL	SETA
CHIEF WHIP	475 483	158 494	24 487	3 327
COUNCILLOR	9 340 636	3 113 543	1 150 898	65 776
EXCO	1 313 774	437 924	122 436	9 281
FULL TIME	2 377 417	792 472	122 436	18 893
MAYOR	633 977	211 325	30 931	2 722
SPEAKER	507 180	169 060	30 931	1 294
SECTION 79	2 295 423	765 141	220 384	21 485
TOTAL	16 943 893	5 647 961	1 702 504	122 782

(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	1 586 142	1 158 536	1 440 174	1 298 584	1 298 584	1 298 584	1 298 584
INSENTIVE Bonus	132 178	96 544	120 014	108 215	108 215	108 215	108 215
A/BONUS	0	0	0	0	0	0	0
UIF	1 916	1 916	1 916	1 916	1 916	1 916	1 916
SETA	18 115	13 621	14 877	12 985	17 598	12 985	14 966
LEAVE RED	50 756	37 073	46 085	0	41 554	0	41 554
CELL PHONE	16 110	12 888	12 888	12 888	12 888	12 888	12 888
TOTAL	1 805 219	1 320 580	1 635 957	1 434 589	1 480 757	1 434 589	1 478 125

(C) EMPLOYEE BENEFITS FOR OTHER MUNICIPAL EMPLOYEES INCLUDING GTEDA AND WATER & SEWER SERVICES

Row Labels	Sum of Original 2017 2018
02-Exp	353 812 229
051	287 795 115
1001SALARIES & WAGES - BASIC SCALE	202 095 011
1002SALARIES & WAGES - OVERTIME	37 534 867
1003SALARIES & WAGES - PENSIONABLE ALLOWANCE	0
1004SALARIES & WAGES - ANNUAL BONUS	15 982 927
1005SALARIES & WAGES - STANDBY ALLOWANCE	3 800 625
1010SALARIES & WAGES - LEAVE PAYMENTS	11 905 585
1012HOUSING ALLOWANCE	2 364 764
1013TRAVEL ALLOWANCE	13 309 737
1015MEDICAL EXAMINATION	20 000
1016PERFORMANCE INCENTIVE SCHEMES	781 599
053	66 017 114
1021CONTRIBUTION - MEDICAL AID SCHEME	18 664 396
1022CONTRIBUTION - PENSION SCHEMES	35 956 736
1023CONTRIBUTION - UIF	1 546 869
1024CONTRIBUTION - GROUP INSURANCE	3 248 441
1027CONTRIBUTION - WORKERS COMPENSATION	3 495 799
1028LEVIES - SETA	3 028 761
1029LEVIES - BARGAINING COUNCIL	76 112
Grand Total	353 812 229

Cost to Council: Political Office – Bearers and collectively

	SALARY	TRAVELLING	TEL	SETA
CHIEF WHIP	475 483	158 494	24 487	3 327
COUNCILLOR	198 736	66 245	24 487	1 387
EXCO	262 754	87 584	24 487	2 631
FULL TIME	475 483	158 494	24 487	3 327
MAYOR	633 977	211 325	24 487	2 722
SPEAKER	507 180	169 060	24 487	5 877
SEC 79 Cllr	255 047	85 015	24 487	2 302

Number of Councillors: 69

Number of Personnel: 655

Greater Tzaneen has 655 full time personnel employed which includes Senior Managers appointed in terms of Section 57 of the Municipal Systems Act. The Senior Managers are:

- | | |
|------------------------------------|------------------|
| 1. Municipal Manager | Vacant |
| 2. Director Corporate Services | <i>Vacant</i> |
| 3. Director PED | Mr. B. Mathebula |
| 4. Chief Financial Officer | Vacant |
| 5. Director Engineering Services | Vacant |
| 6. Director Electrical Engineering | Mr. M.S. Lelope |
| 7. Director Community Services | 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.

2017/2018

DEPARTMENT	OWN SOURCES	LOANS	GRANTS	TOTAL
Eng. Services	0	4 744 614	91 144 900	95 889 514
Elect. Services	15 000 000	30 000 000		45 000 000
GTEDA	235 000	0	0	235 000
TOTAL	15 235 000	34 744 614	91 144 900	141 124 514

2018/2019

DEPARTMENT	OWN SOURCES	LOANS	GRANTS	TOTAL
Eng. Services	1 187 200	0	96 501 000	97 688 200
Elect. Services	15 885 000	30 000 000	0	45 885 000
GTEDA	0	0	0	0
TOTAL	17 072 200	30 000 000	96 501 000	143 573 200

2019/2020

DEPARTMENT	OWN SOURCES	LOANS	GRANTS	TOTAL
Eng. Services	0	0	102 152 550	102 152 550
Elect. Services	16 806 330	30 000 000	0	46 806 330
GTEDA	0	0	0	0
TOTAL	16 806 330	30 000 000	102 152 550	148 958 880

The Capital budget decreased from R140 549 300 in the 2016/2017 financial year to R140 889 514 in the 2017/2018 financial year.

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

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 2017 to 30 June 2018. 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, and such require Landfill-sites 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 Sec. 84 (1) (e) (iii) of the above-mentioned Act.

The jurisdiction-area 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 some formal suburbs on a voluntary basis by residents as there is not yet a legal prescriptive on "recycling at source".

Waste Minimization-Composting

All organic waste (garden-waste) that is received 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 Management

± 33,600 Households (28 x W.S.A. 's @ ± 12,000 Households per W.S.A.) rural households have access to a Basic Removal Service less frequently than once a week (31 % of 108,687 Households)

± 66,550 Rural Households using communal dump + own refuse dump (Estimated figures by map count, the figure is not verified due to un-formalized rural)

The lack of Waste-Development-Workers (WDW's) where 40 officials are required, to do awareness activities at Eco-club schools hampers progress.

Firewood from the Landfill site are available for re-use and also delivered to rural Drop-off Centres (DoCs) for utilisation by communities, to mitigate deforestation-practices.

97 x DoCs have been erected at present of which only 28 is activated. The rest (69 x DoCs) is at present "White Elephants". Dedicated intervention must be implemented i.t.o. the National Basic Refuse Removal Policy via proper IDP // Budget methodology

Collection & transportation

A full collection service is rendered at following suburbs, which represents 8,537 Urban Households receiving a full urban-kerbside collection (8 % of 108,687 Households)

92 % of all households representing rural households do not receive a basic kerbside service

The cost to address the service in full (urban and rural), with immediate effect, will be approximately R168,000,000-00 per annum for all Waste Service Areas.

Litter Picking

Urban streets, main roads & urban taxi / bus ranks are cleaned on a regular basis from all debris and solid waste, where 29,021 m³ are collected annually

Roads and streets in rural areas are not being attended to

Vehicle replacements

The replacement of vehicles to ensure a fleet turn-around period of five years with new dedicated vehicles for collections & transportation.

Treatment & disposal

One 11 ha permitted landfill site which has been classified as a GMB- site, which is managed by a Service Provider in compliance with specifications. The expected life-span of the site is ± 15 years.

Health Care Waste is removed to a permitted and approved treatment facility in Gauteng.

The Landfill-site & the DoCs are managed by Service Providers

Solid Waste Landfilled:-

- (G) General Waste = 53,363m³
- Garden Waste = 7,269m³

However the following issues needs to be addressed:-

- Political engagement with MDM is required to initialize the establishment of a District Landfill site, in accordance with the National Waste Sector Plan. ± R 45,000,000 will be required to select, rank and erect a new site.
- Roads & Storm water maintenance on access roads must be improved.

POLLUTION CONTROL

Facilities Cleansing

9 x public toilet blocks are managed as follows viz:-

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

Law Enforcement

The appointment of two Environmental Law Enforcement Officers are delayed due to lack of Workload-assessment & organizational layout

There is also a lack of sufficient number of WDW`s (Waste Development Workers) 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

8,537 Urban Households receiving a full urban-kerbside collection
(8 % of 108,687 Households)

± 33,600 H/h`s (28 x W.S.A. `s @ ± 1,200 Households per W.S.A.) rural households have access to a Basic Removal Service less frequently than once a week (31 % of 108,687 Households)

± 66,550 Rural Households using communal dump + own refuse dump
(Estimated figures by map count, the figure is not verified due to un-formalized rural)

TOTAL OPERATING COST

Operating cost of collections & disposal: R 38,846,462

Operating cost of litter picking: R 22,597,152

Operating cost of public toilet: R 9,573,599

Total: R 71,017, 213

Level of access	2013/2014		2014/2015		2015/16	
	Nr of Households	% of Total	Nr of Households	% of Total	Nr of Households	% of Total
Solid waste removal once a week	8,766	8%	8,537	8%	8,537	8%
Removal less frequently than once a week	3,219	3%	33,600	31%	33,600	31%
Using communal dump + own refuse dump	100,196	89%	66,550	61%	66,550	61%
Using own refuse dump	Above	Above	N/A	N/A	N/A	N/A
Other disposal	0	0%	N/A	N/A	N/A	N/A
No waste disposal	0	0%	0	0	0	0
Total Households	108,926	100%	108,687	100%	108,687	100%
Budget allocation for Solid waste collection services	R 53,900,000		R 55,137,406		R 71,017, 213	

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. Single phase domestic pre-paid has been added as a third option and is available in areas where pre-paid monitoring infrastructure is installed.

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 was in-sourced three years back 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.

C) Senior Management Capability and Structure

The organizational structure of the Municipality as from 1 July 2015 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 five Senior Managers (Directors) were filled. The position Director Corporate Services and Director Electrical Engineering Services were vacant..

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
Altimax	- Debt Collection
Action IT	- Performance Management System
Electro Cuts	- Provision of Electrical and Water Meter Reading Services
Mavambo ITS	- Speed Camera Services
Microsoft	- Supply of Microsoft Product and Software Assurance
Mapheto Business Services	- Provision of Physical Security
Mmatshpe JV Theuwedi CC	- Treatment and Disposal of Waste
Molebogeng Trading	- Litter picking at region North
Monene Business Enterprise	- Debt Collection Services
Physon Business Solutions	- Provision of Disconnection and Reconnection Services
Selema Plant Hire	- Litter picking at Region South
Selema Plant Hire	- Collection and Transportation of Waste (Lenyenye)
Tshanduko's Consulting Services	- Maintenance of Various developed Parks
Ingwe Waste Management	- Intergrated Waste Removal at Nkowankowa
Zandile Management	- Debt Collection Services
Selby Construction	- Upgrading of road- Rita to Mariveni
DDP Valuers	- Valuation Roll
Motla Consulting	- Specialised Electrical Services
Lateral Unison Insurance	- Insurance

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

Altimax	-	R835'610
Action IT	-	R245'980
Electro Cuts	-	R1'171'591
Mavambo ITS	-	R5'942'757
Microsoft	-	R2'116'830
Mapheto Business Services	-	R3'409'500
Mmatshepe JV Theuwedi CC	-	R7'534'131
Molebogeng Trading	-	R5'344'305
Monene Business Enterprise	-	R82'146
Physon Business Solutions	-	R2'886'739
Selema Plant Hire	-	R3'928'555
Selema Plant Hire (Lenyenye)	-	R1'289'764
Tshanduko's Consulting Services	-	R371'491
Ingwe Waste Management	-	R3'710'861
Zandile Management	-	R1'054'991
Selby Construction	-	R50'827'230
DDP Valuers	-	R377'865
Motla Consulting	-	R2'673'028
Lateral Unison Insurance	-	R1'592'062
Trifecta Capital	-	R105'962

c) THE TOTAL EXPENDITURE ON EACH CONTRACT TO DATE

Altimax	-	R1'082'317
Action IT	-	R 356'395
Electro Cuts	-	R1'890'152
Mavambo ITS	-	R7'520'218
Microsoft	-	R3'233'294
Mapheto Business Services	-	R8'109'550
Mmatshepe JV Theuwedi CC	-	R9'679'556
Molebogeng Trading	-	R8'750'811
Monene Business Enterprise	-	R 103'335
Physon Business Solutions	-	R4'412'068
Selema Plant Hire	-	R3'928'555
Selema Plant Hire (Lenyenye)	-	R4'654'090
Tshanduko's Consulting Services	-	R 574'123
Ingwe Waste Management	-	R6'587'895
Zandile Management	-	R1'411'963
Selby Construction	-	R61'571'192
DDP Valuers	-	R 401'725
Motla Consulting	-	R3'499'308
Lateral Unison Insurance	-	R3'795'008
Trifecta Capital	-	R105'962

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

Electronic Performance Management	System Action IT	R495 917
Microsoft Product	Microsoft	\$74'724
Security Services	Mapheto Business Services	R23'072'688
Treatment and Disposal- Landfill	Mmatshupe/Theuwedi	R12'875'598
Litter Picking (Tzaneen)	Molebogeng Trading	R18'865'524
Collection and Transportation of Waste	Selema Plant Hire	R7'651'908
Maintenance of Garden Parks	Tshanduko's Consulting	R1'386'000
Intergrated Waste Removal- Nkowankowa	Ingwe Waste Management	R13'859'064
Rita to Mariveni- Gravel to Tar	Selby Construction	R82'178'200
Tickyline to Mafarana- Gravel to Tar	Selby Construction	R82'213'591
Moruji to Matshwi- Gravel to Tar	Readira JV Matlala/ Nyapele	R113'428'201
Speciasilised Electrical Services	Motla Consulting	R10'000'000

e) ESTIMATE OF THE TOTAL BUDGETARY IMPLICATIONS OF EACH CONTRACT

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

19 SUMMARY OF DETAILED CAPITAL BUDGET

Capital expenditure/projects relates to the investment in major initiatives, the benefit of which is going to last for more than one financial year. It represents infrastructure which forms part of the service that is provided to our communities.

The primary role of Local Government is the provision of services. The capacity to do so is largely dependent on an appropriate and functional infrastructure.

The obtaining of functional infrastructure is ultimately dependant on project management. By effectively managing projects, Municipalities can ensure successful service delivery and avoid adverse audit opinions.

Unfortunately it has to be mentioned that the failure rate of projects is estimated to be 37% or that those projects run into serious trouble. Contrary to general belief, only about 7% of project failure is attributed to technical problems. These are unfortunately mostly of serious and costly nature.

Generally process problems result from:

- Not ad-hearing to formal frameworks
- Overambitious specifications
- Vague objectives
- Inadequate needs analysis
- Poor planning
- Inadequate attention to risk
- Poor communication
- Poor resource allocation
- Lack of control over quality, cost and schedules, etc.

In order to improve the success rate of project implementation and finalization we need to counter the factors that cause the failure and develop strategies to enhance future project successes.

In this regard our Municipality has made considerable improvements from the drafting of a Demand Management Plan, the establishment of internal SCM procedures up to the managing and monitoring of projects.

The Municipality also takes note of the fact that projects don't fail in the end they fail at the beginning.

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 R155 491 448 million on 30 June 2016 of that R155 million a loan of R31,3 million was allocated to the Municipality during May 2016 by DBSA. This loan is in respect of the DBSA, INEP frontloading programme as proposed by the Department of Energy (DoE). The loan will be redeemed within two years through the INEP Grant. The balance of R124 million is the responsibility of the Municipality and will be redeemed as per the agreement periods. This amount represented 11% of the total Actual Income for the 2015/2016 financial year which is the last Audited financial year.

The details of the capital budget are summarized as follows:

LOANS

A loan of R34 million will be taken up during the 2017/2018 financial year to finance capital projects.

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

2017/2018

DEPARTMENT NUMBER	DEPARTMENT	2017/2018	2018/2019	2019/2020
002	Municipal Manager	0	0	0
052	Corporate Services	0	0	0
032	Financial Services	0	0	0
140	Community Services	0	0	0
0062	Engineering Services	0	1 187 200	0
162	Electrical Engineering Services	15 000 000	15 885 000	16 806 330
012	PED	0	0	0
	GTEDA	235 000	0	0
	TOTAL	15 235 000	17 072 200	16 806 330

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

2017/2018 Financial year R235 000
 2018/2019 Financial year R 0
 2019/2020 Financial year R 0

Capital Projects from Grants: Greater Tzaneen Municipality.

2017/2018

DEPARTMENT NUMBER	DEPARTMENT	2017/2018	2018/2019	2019/2020
002	Municipal Manager	0	0	0
052	Corporate Services	0	0	0
032	Budget & Treasury Office	0	0	0
140	Community Services	0	0	0
062	Engineering Services (MIG)	91 144 900	96 501 000	102 152 550
162	Electrical Engineering Services (EED)	0	0	0
012	PED (NDPG)	0	0	0
	TOTAL	91 144 900	96 501 000	102 152 550

Capital from Loans

2017/2018

DEPARTMENT NUMBER	DEPARTMENT	2017/2018	2018/2019	2019/2020
002	Municipal Manager	0	0	0
052	Corporate Services	0	0	0
032	Budget & Treasury Office	0	0	0
140	Community Services	0	0	0
062	Engineering Services (MIG)	4 744 614	0	0
162	Electrical Engineering Services (EED)	30 000 000	30 000 000	30 000 000
012	PED (NDPG)	0	0	0
	TOTAL	34 744 614	30 000 000	30 000 000

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.

Capital cost for a R34,7 million loan, interest and depreciation, have been included in the operational budget. Meetings were held with officials from DBSA to discuss the loan as well as a loan plan and provision has been made for a R34,7 million loan at an interest rate of 8% over a period of 15 years.

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 2017/2018 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. To date no progress has however been made with the implementation of mSCOA.
- 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.
- Compilation of the Annual Financial Statements to the extent that an unqualified Audit opinion was received from the Auditor General.
- The Annual Report has been prepared in accordance with the MFMA and National Treasury requirements.

- An 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.

The services provided by this Entity are as follows:

GTEDA Services provided:

- Market Greater Tzaneen potential and investment opportunities.
- Create a positive investment climate.
- Provide business support services
- Create networking platforms
- Conduct and facilitate project funding
- Facilitate access to available business premises and land
- Coordination of economic development; and
- Fully investigate available resources.

GTEDA Mandate:

GTEDA is the entry point for potential investors;

We are a catalyst;

We connect people who have a passion for growth;

We care for ideas that will empower our community;

We are partners in striving to make the unavailable available;

Funding from Parent Municipality:

One hundred percent funded by Greater Tzaneen Municipality, the parent Municipality. The 2016/2017 allocation amounts to R6 735 000.

Future Objectives:

Although no funds are generated by GTEDA through facilitation fees or other activities the objective is to be a self-financing Agency that leads in developing an inclusive, thriving and sustainable economy for the people of Greater Tzaneen.

The Municipal Budget Circular 74 for the 2015/2016 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 2016/2017, 2017/2018

23 PERFORMANCE AGREEMENTS OF SENIOR MANAGERS

The performance agreements of Senior Managers are attached hereto as annexure "P"

24 MUNICIPAL MANAGERS QUALITY CERTIFICATION

The Quality Certificate is attached as Annexure " N ".

DEPARTMENTAL COMMENTS

COMMENTS FROM ACTING DIRECTOR CORPORATE SERVICES:

COMMENTS FROM ACTING DIRECTOR ENGINEERING SERVICES:

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

COMMENTS FROM PLANNING AND ECONOMIC DEVELOPMENT: MR. BM MATHEBULA

COMMENTS FROM COMMUNITY SERVICES: MR. O.Z MKHOMBO

COMMENTS FROM THE CFO: ME NM LION

COMMENTS FROM THE MUNICIPAL MANAGER: MR SR MONAKEDI

COMMITTEE OUTCOME OR STUDY GROUP OUTCOMES

RESOLVED TO RECOMMEND