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

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# 1.1 ANNEXURES

Annexure “A”	Supporting Tables A1 to A10 SA1 to SA 37 Supporting Charts	(Yellow)
Annexure “B”	Water & Sewer Budget	(Green)
Annexure “C”	Environmental Health Budget	(Pink)
Annexure “D”	Policies <b>Revenue Related Policies</b> <ul style="list-style-type: none"><li>- Tariff Policy<ul style="list-style-type: none"><li>• Electricity</li><li>• Water</li><li>• Sanitation</li><li>• Refuse Removal</li><li>• Property Rates</li></ul></li><li>- Credit Control &amp; Debt Collection</li><li>- Consumer Deposits</li><li>- Cash Control Policy</li></ul> <b>Budget Related Policies</b> <ul style="list-style-type: none"><li>- Budget Implementation and Management Policy</li><li>- Indigent Policy</li><li>- Supply Chain Management</li><li>- Property Rates Policy</li><li>- Cash Management and Investment Policy</li><li>- Virement Policy</li><li>- Adjustment Budget Policy</li><li>- Preferential Procurement Policy</li><li>- Borrowing Policy</li><li>- Funding and Reserves Policy</li><li>- Policy Relating to Long-Term Financial Planning</li><li>- Policy Relating to Management and Disposal of Assets</li></ul>	

- Policy dealing with Infrastructure Investment  
and Capital Projects

Annexure “E”	Guideline from National Treasury	(Yellow)
Annexure “F”	Monthly Cash Flow Statement	(Green)
Annexure “G”	Personnel & Salary Structure	(Pink)
Annexure “H”	Vehicle Budget	(White)
Annexure “I”	Budgeted Financial Statements	(Blue)
Annexure “J”	Certificate of water analysis	(Yellow)
Annexure “K”	Measureable Performance Objectives	(Pink)
Annexure “L”	Consolidated projection of Revenue and Expenditure	(Green)
Annexure “M”	Consolidated projection of Revenue and Expenditure by vote	(Blue)
Annexure “N”	Quality Certificate	(White)
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Annexure “S”	Service Standards	(White)

## **1.2 INTRODUCTION**

### **PURPOSE OF THIS REPORT**

The purpose of this report is to request Council to consider the 2015/2016 (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 2015/2016 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. 74 which states inter alia that municipal revenues and cash flows are expected to remain under pressure in the 2015/2016 financial year and Municipalities must adopt a conservative approach when projecting their expected revenues. Municipalities must also carefully consider affordability of tariff increases especially where it relates to domestic consumers.

Municipalities are also advised to take National Treasury inflation forecasts into consideration when preparing their 2015/2016 budgets and MTREF. The forecast for the 2015/2016 financial year is 5,8% and Municipalities are encouraged to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interest of poor households, other customers and ensuring the financial sustainability of the Municipality.

The budget was drafted with full consideration of the provisions contained in National Treasury Circular 74, Councils financial position, sustainability, affordability and the fact that Municipality's were cautioned by National Treasury to keep increases in tariffs and other charges as low as practically possible. National Treasury also advice Municipality's that Section 20 of the MFMA specifically empowers the Minister of Finance to take appropriate steps to ensure that Municipality's do not materially and unreasonably prejudice national economic policy, particularly those on inflation, administered prices and equity.

The budget has been drafted according to legislation and the Budget Steering Committee believes that the 2015/2016 budget planning initiatives and the accompanying collective budget process resulted in not only a well balanced budget, but also one which is sustainable, equitable and representative of our communities.

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

## **PART 1 – ANNUAL BUDGET**

### **2. BUDGET SPEECH BY HER WORSHIP MAYOR DIKELEDI MMETLE**

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

### **3. BUDGET RELATED RESOLUTIONS**

#### **RECOMMENDATIONS**

- (a) That the Final budget of Greater Tzaneen Municipality for the financial year 2015/2016 and the indicative revenue and projected expenditure for the two subsequent years 2016/2017 and 2017/2018 be approved as contained in the following schedules:

Supporting tables:

A1 to A10  
SA 1 to SA 37  
Supporting Charts

- (b) That the Annexures and policies attached to this report be approved.
- (c) That Council takes cognizance thereof that the increase in tariffs on the previous year tariffs are within the guideline set by National Treasury.
- (d) That the budget for water, sewer and environmental health drafted by the Chief Financial Officer of Greater Tzaneen Municipality be submitted to Mopani District Municipality (MDM) for consideration, approval and submission to National Treasury.
- (e) That the allocation, including GTEDA for capital projects for the 2015/2016 financial year be approved as follows:

Grants	R 91 631 451
Loans	R 0
Own Sources	<u>R 53 053 028</u>
TOTAL	R144 684 479

- (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 R60,00 per month plus water consumption above 6 kilolitre per month.
- (j) That the measurable performance objectives for revenue for each source and for each vote as per **Item 8** be approved.

(k) CAPITAL BUDGET

- I That the capital budgets from own sources be approved as follows: Greater Tzaneen Municipality and GTEDA

2015/2016 Financial year	R53 053 028
2016/2017 Financial year	R44 673 460
2017/2018 Financial year	R46 531 904

- II That an amount of R91 631 451 be approved from Grants for the 2015/2016 financial year.
- III That no loan be taken up to finance capital projects during the 2015/2016 financial year.
- IV That Council takes cognizance of the R91 191 001 (2015/2016) MIG allocation for capital projects of which R86 631 451 is allocated for Capital and R4 559 550 is allocated for operational.

V TRANSPORT BUDGET

- I That the transport budget as per **Annexure” H“** and tariffs applicable for each vehicle be approved.
- II That all vehicles be rationalized to the needs of the different departments to ensure optimal and cost effective fleet management to all departments.
- III That all departments adhere to the requirements of utilization and costing set out in the Vehicle Fleet Policy.

(l) PERSONNEL

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

(m) INTEREST ON ARREARS OTHER THAN FOR RATES

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

(n) INTEREST ON AREAR RATES

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

(o) That R1 100 000 (previous year R1 020 000.00) be made available to the Mayor for the 2015/2016 financial year, allocated as follows:

I R300 000 Special account which must be subjected to Audit. (Funds will only be transferred to an organization) (Previous year R220,00)

II R800 000 For Bursaries (Previous year R400 000)

(p) SOLID WASTE: TARIFFS

That the following tariffs for solid waste be approved:

	<b>KERBSIDE REMOVALS</b>	<b>CURRENT</b>	<b>PROPOSED</b>
1.	Domestic waste for 1 x scheduled removal per week (Monthly per domestic premises)	R98.88	R104.81
2.	Business waste for 6 x scheduled removals per week (Monthly per unit)	R329.58	R349.36
3.	Collection, transportation and disposal of animal carcasses per removal	R230.00	R243.80
4.	Institutional waste for 6 x scheduled removals per week (Monthly per unit)	R329.58	R349.36
5.	Industrial waste for 3 x Scheduled removals per week (Monthly per unit)	R263.67	R279.49
6.	Collection; transportation and disposal of condemned foodstuffs per load or 1 x ton or part thereof.	R690.00	R731.40
7.	Bulky Waste Removals		
	I Bulk removal of compactable waste (1 x 6m <sup>3</sup> skip per removal once per week)	R660.00	R660.00

	II Bulk removal of non compactable waste (1 x 6m <sup>3</sup> skip per removal once per week)	R1 600.00	R1 660.00
		<b>CURRENT</b>	<b>PROPOSED</b>
8.	Private Waste Deposits		
	I Per light delivery van or trailer load not exceeding one ton	R150.00	R150.00
	II Per lorry load not exceeding three ton, but exceeding one ton	R460.00	R460.00
	III Per lorry load not exceeding six ton, but exceeding three ton	R910.00	R910.00
	IV Per lorry load not exceeding ten Ton, but exceeding six ton	R1 500.00	R1 500.00
	V Per lorry load exceeding ten ton	R2 600.00	R2 600.00
		<b>CURRENT</b>	<b>PROPOSED</b>
9.	Health Care Risk Waste Collection, Transportation & Disposal		
	• 5 – 8 x lit sharps	R120.00	R132.00
	• 5 x lit human tissue	R200.00	R220.00
	• 10 x lit sharps	R190.00	R210.00
	• 10 x lit human tissue	R270.00	R300.00
	• 20 x lit sharps	R330.00	R360.00
	• 20 x lit human tissue	R400.00	R440.00
	• 85 x lit H.C.R.W. in liner	R140.00	R150.00
	• 140 x lit H.C.R.W box + liner	R390.00	R430.00
	• 50 x lit H.C.R.W box + liner	R200.00	R220.00
	• 140 x lit Empty liners	R25.00	R30.00

(q) WATER SUPPLY: TARIFFS

That the following tariffs for water supply be approved

**Tariffs Basic Charges**

	<b>CURRENT</b>	<b>PROPOSED</b>
<b>Domestic (AA)</b>	<b>R26.669</b>	<b>R28.26</b>
<b>Business (BA)</b>	<b>R42.11</b>	<b>R44.64</b>
<b>Industrial (CA)</b>	<b>R42.11</b>	<b>R44.64</b>
<b>State (EA)</b>	<b>R71.59</b>	<b>R75.89</b>
<b>Dept (FA)</b>	<b>R26.66</b>	<b>R28.26</b>
<b>Transnet (HA)</b>	<b>R71.59</b>	<b>R75.89</b>
<b>Flats</b>	<b>R43.51</b>	<b>R46.12</b>
<b>Education</b>	<b>R33.70</b>	<b>R35.72</b>

**Tariffs for Consumption**

		<b>CURRENT</b>	<b>PROPOSED</b>
i	<b>DOMESTIC (AA)</b>		
	0 – 6 kl	R0.66 per kl	R0.69 per kl
	7 – 10 kl	R1.86 per kl	R1.98 per kl
	11 – 25 kl	R3.30 per kl	R3.50 per kl
	26 – 35 kl	R4.43 per kl	R4.70 per kl
	36 – 100 kl	R4.99 per kl	R5.29 per kl
	101 kl and more	R9.30 per kl	R9.86 per kl
ii	<b>BUSINESS (BA)</b>		
	0 – 50 kl	R2.37 per kl	R2.51 per kl
	51 – 100 kl	R3.96 per kl	R4.19 per kl
	101 and more	R4.75 per kl	R5.04 per kl
iii	<b>INDUSTRIAL (CA)</b>		
	0 – 50 kl	R2.37 per kl	R2.51 per kl
	51 – 100 kl	R3.96 per kl	R4.19 per kl
	101 and more	R4.75 per kl	R5.04 per kl
iv	<b>STATE (EA)</b>		
	0 – 50 kl	R6.23 per kl	R6.61 per kl
	51 – 250 kl	R5.13 per kl	R5.44 per kl
	251 and more	R3.66 per kl	R3.88 per kl
v	<b>DEPT (FA)</b>		
	0 – 6 kl	R0.71 per kl	R0.75 per kl
	7 – 10 kl	R1.88 per kl	R2.00 per kl
	11 – 25 kl	R3.32 per kl	R3.52 per kl
	26 – 35 kl	R3.98 per kl	R4.22 per kl
	36 – 100 kl	R4.99 per kl	R5.29 per kl
	101 kl and more	R9.31 per kl	R9.87 per kl

vi	TRANSNET (HA)		
	0 – 50 kl	R6.23 per kl	R6.61 per kl
	51 – 250 kl	R5.13 per kl	R5.44 per kl
	251kl and more	R3.66 per kl	R3.88 per kl
vii	FLATS		
	0 – 75 kl	R0.71 per kl	R0.75 per kl
	76 – 120 kl	R3.70 per kl	R3.92 per kl
	121 – 200 kl	R3.91 per kl	R4.14 per kl
	201 – 250 kl	R4.10 per kl	R4.35 per kl
	251 – 370 kl	R4.30 per kl	R4.56 per kl
	371kl and more	R4.69 per kl	R4.97 per kl
viii	EDUCATION		
	0 – 50 kl	R2.70 per kl	R2.87 per kl
	51 – 200 kl	R2.21 per kl	R2.34 per kl
	201 – 400 kl	R1.58 per kl	R1.68 per kl
	401 kl and more	R3.17 per kl	R3.36 per kl

(r) SEWERAGE: TARIFFS

That the following tariffs for sewer services be approved:

	CURRENT	PROPOSED
Charge per m <sup>2</sup> (Basic Charge	R0.258/year	R0.273/kl
<b>CHARGE PER KL WATER USAGE/MONTH</b>		
Domestic (AA)	R0.647/kl	R0.685/kl
Business (BA)	R1.08/kl	R1.14/kl
Hotel (BB)	R0.90/kl	R0.95/kl
Guest Houses	R0.90/kl	R0.95/kl
Industrial (CA)	R1.08/kl	R1.14/kl
Flats (IA)	R0.65/kl	R0.69/kl
State (EA)	R0.83/kl	R0.88/kl
Education	R0.36/kl	R0.38/kl
Incentives	R0.36/kl	R0.38/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		
<b>Agricultural Properties</b>		
Tariff on market value	0.2635c	0.278c
<b>Business and Commercial Properties</b>		
Tariff on market value	1.054c	1.115c

<b>Cemeteries and Crematoriums Properties</b>		
Tariff on market value	0.00c	0.00c
<b>Industrial Properties</b>		
Tariff on market value	1.054c	1.115c
<b>Institutional Properties</b>		
Tariff on market value	1.054c	1.115c
<b>Multi-Purpose Properties</b>		
Tariff on market value	1.054c	1.115c
<b>Municipal Properties</b>		
Tariff on market value	0.00c	0.00c
<b>Privately Owned Vacant Land</b>		
Tariff on market value	1.054c	1.115c
<b>Public Benefit Organization Properties</b>		
Tariff on market value	1.054c	0.278c
<b>Public Infrastructure Properties</b>		
Tariff on market value	1.054c	0.278c
<b>Properties for Religious Use</b>		
Tariff on market value	0.00c	0.278c
<b>Residential Properties</b>		
Tariff on market value	1.054c	1.115c
<b>Special Properties</b>		
Tariff on market value	1.054c	1.115c
<b>State-Owned Properties</b>		
Tariff on market value	1.054c	1.115c

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 tariff must be 25% of the residential tariff.

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

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

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

(t) **ELECTRICITY TARIFFS**

That the following electricity tariffs be approved:

**TARIFF A**

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

The following will be payable:

A.1. A consumption charge, per kWh consumed **149.26c**

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

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

1. Sufficient network capacity
2. Maximum 60A, single phase
3. Relevant Eskom home light 1 kWh tariff
4. Prior payment of the relevant connection cost as per the Eskom home light 1 tariff.

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

## TARIFF B

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

The following charges will be payable:

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

The following size circuit breakers will be available:

		<b>AGRIC/DOMEST</b>	<b>BUSINESS</b>
16 kVA Single phase	70 Amp	<b>R 312,13</b>	<b>R1 051.53</b>
25 kVA Three phase	45 Amp	<b>R1 241.12</b>	<b>R1 218.35</b>
50 kVA Three phase	80 Amp	<b>R1 645.44</b>	<b>R1 438.84</b>
75 kVA Three phase	100 Amp	<b>R2 288.51</b>	<b>R2 131.62</b>

*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 103,89c**
- B.2.2 A consumption charge, per kWh consumed  
**(Agric/Domestic) Three phase 108.53c**



B.2.3 A consumption charge, per kWh consumed  
**(Agric/Domestic) Single phase 131.08**

**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) **3,12c**

**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) **3,26c**

**PLUS**

B.3.3 On single phase connections and additional charge per kWh for every unit consumed above 1500 units.  
(Agriculture/Domestic 1Ø) **3,93c**

## **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 294,12**

C.1.2 Business **R2 200,61**

**C.2** If the demand is registered during the months of June, July or August per point of supply:  
**(Agricultural/Domestic) R261,06**

**C.3** If the demand is registered during the months of September to May per point of supply:  
**(Agric/Domestic) R162,25**

- C.4** If the demand is registered during the months of June, July or August per point of supply:  
**(Business) R199,31**
- C.5** If the demand is registered during the months of September to May per point of supply:  
**(Business) R97,61**
- 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) 79.81c**
- C.6.2 If the kWh has been consumed during the months of September to May:  
**(Agric/Domestic) 61,04c**
- 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) 81,73c**
- C.7.2 If the kWh were consumed during the months of September to May:  
**(Business) 60,29c**
- 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:

**R7 672.40**

**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: **R52,37**

D.2.2 If the demand is registered during the months of September to May: **R52,37**

*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 **302.73c**

D.3.1.2 During Standard Hours **86,42c**

D.3.1.3 During Off-Peak Hours **50,56c**

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

D.3.2.1 During Peak Hours **91,28c**

D.3.2.2 During Standard Hours **65,23c**

D.3.2.3 During Off-Peak Hours **44,87c**

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.

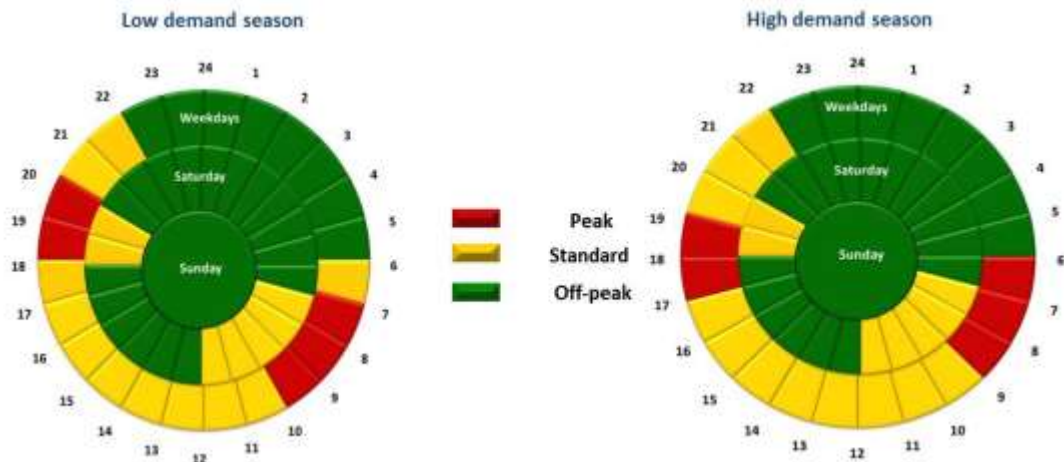
**(September to May)**

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.

<b>DOMESTIC TARIFFS (IBT's)</b>			
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)
79,00c	100,00c	141.00c	166.00c

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

### **SUNDRY TARIFFS 2013/2014**

#### **ELECTRICITY**

That in terms of the provisions of section 11(3) of the Local Government Municipal Systems Act 2000, the Council by resolution amends the charges payable for the supply of electricity as contained in Municipal Notice No. 19 of 1988 and promulgated in Provincial Gazette no 4565 dated 1 June 1988 with effect from 1 July 2015 by the substitution for part (iii) of the tariff of charges of the following:

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

	Current	Proposed
Illegal Connection Fee	R10 500	R12 000

#### **DISCONNECTION CHARGES**

##### Electricity

Electricity Cut – disconnections	R 350.00	R 365.00
Electricity Cut – Removal of meters	R 550.00	R 580.00
Remove installation	R2 300.00	R2 400.00

##### Water

Water restriction: Residential (15 – 20mm)	R200.00	R220.00
Water disconnection: non residential (15 – 40 mm)	R380.00	R400.00
Water disconnection: non residential(50-100mm)	R800.00	R850.00
Water Tanker/Kiloliter	R 13.00	R 15.00

## SERVICE CONTRIBUTION TARIFF

These tariffs are attached hereto as Annexure "Q".

### EVENTS

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

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

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

	SECURITY DEPOSIT	TARIFFS
Major Soccer game	R5 000	R6 000
Sport bodies at club level:Stadium	R 500	R 562
Sport bodies at inter-district level	R1 000	R1 123
Athletics (Adults)	R1 000	R1 123
Athletics (Schools)	R1 000	R1 123

Meeting at Nkowankowa Community Hall R110/hour

Government and Agencies meetings and workshops R561 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	R668
	Vodacom	R540
	Castle	R307

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

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

Lenyenye stadium	R599 per day
Julesburg stadium	R360 per day

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

Julesburg stadium	R215 per day
Julesburg Hall	R150 per day
Burgersdorp Stadium	
Major Games	R530 per day
Small Clubs	R215 per day

#### COMMUNITY HALLS AT NKOWANKOWA AND LENYENYE TARIFFS PER DAY

Film Shows	R1 200
Fashion Shows	R1 590
Political Rally	R1 590
Traditional Dance	R1 200
Music competition / auditions, etc..	R1 200
Charitable Organization & NGO	R 530
Wedding Ceremony	R1 590
Funeral Service	R 742
Church Activities	R 742
Meetings	R 100 per hour
Festivals	R20 000 and 20% of all gate takings
Minitzani Hall	R150 per day
Clubhouse	R300 per day
Conference Room at Nkowankowa Stadium	R300 per day
Rent of Turner room (Haenertsburg Library)	R150 per day
Projector room (Muhlaba hall)	R150 per day
Erection of tent on Vakhegula ground for event	R1 125
Nkowankowa Stadium yard parking only.	R10 per car
Developed park hire for church services/Party, etc..	R600 per day

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

#### WATER CONNECTIONS

That in terms of the provisions of Section 11 (3) of the Local Government Municipal System Act 2 000, the Council by resolution amends the charges payable for the supply of water contained in Municipal Notice 36 dated 22 September 1982 and published in Official Gazette no. 4226 dated 22 September 1982, with effect from 1 July 2015 by the substitution for item 3 of the following:

#### Miscellaneous Charges

- 1(a) For each separate 19 mm new water connection:
  - R2 870 Vat included
  - (Old Tariff R 2 620-00 VAT included)



- 1 (b) For each new 50 mm water connection  
R10 560 VAT included  
(Old Tariff R9 600 VAT included )
- 1 (c) For each new 80 – 110 mm water connection  
R12 540 VAT included.  
(Old Tariff R11 400 VAT included)
- 1 (d) For each water re-connection:  
R1 056 VAT included  
(Old Tariff R960 VAT included)
- 1 (e) For each disconnection:  
R960 VAT included  
(Old Tariff R960 VAT included)
- 1 (f) Water Tanker/kilolitre:  
R13,75 VAT included  
(Old Tariff R12.50 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 <sub>2</sub>	R 193.83	No

##### CHEMICAL INORGANIC

##### DETERMINANDS

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

**CHEMICAL PHYSICAL  
DETERMINANDS**

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

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

**OTHER**

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

**CHEMICAL METALIC  
DETERMINANDS**

<b>Dissolved Metals</b>				
<b>Determinand</b>	<b>Abbreviation for request purposes</b>	<b>Analysis Units</b>	<b>Tariff excl VAT</b>	<b>SANAS Accreditation</b>
Aluminium	Al	mg/LAl	R 54.75	No
Calcium	Ca	mg/L Ca	R 54.75	No
Iron	Fe	mg/L Fe	R 54.75	No
Magnesium	Mg	mg/LMg	R 54.75	No
Manganese	Mn	mg/LMn	R 54.75	No
Potassium	K	mg/LK	R 54.75	No
Sodium	Na	mg/L Na	R 54.75	No
Zinc	Zn	mg/ L Zn	R 54.75	No

**WATER  
MICROBIOLOGICAL**

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

**SEWER CONNECTIONS**

That in terms of the provisions of Section 11 (3) of the Local Government Municipal System Act 2000, the Council amends by resolution the charges payable in terms of the Drainage and Plumbing By-Laws and By-Laws for the Licensing and regulating of Plumbers and Drain Layers published under Municipal Notice No. 35 dated 22 September 1982, and promulgated in Official Gazette No. 4226 dated 22 September 1982 as follows with effect from 1 July 2015:

- 1(a) For each sewer connection  
R2 870 VAT included  
(Old Tariff R2 620 VAT included)

- 1(b) Sewer Honey Sucker Services  
R115/m<sup>3</sup> VAT included + R0.00/km from 0 – 60 km  
+ R2.75/km from 61-120 km  
+ R4.30/km from 121 km plus  
(Old Tariff R115/m<sup>3</sup> VAT included)
- 1(c) Domestic effluent by private tanker = R33/m<sup>3</sup>.
- 1(d) Domestic effluent by private discharger = R11.00/drum of 200L
- 1(e) Trade effluent from outside Municipal jurisdiction: R480/tanker
- 1(f) Trade effluent from within Municipal jurisdiction: R420/tanker

### **CHARGES FOR THE APPROVAL OF BUILDING PLANS**

That in terms of the provision of Section 11(3) of the Local Government System Act 2000 the Council by resolution amends the charges payable for the approval of building plans with effect from 1 July 2015 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: R450-00  
(Old tariff R400-00).
  - 1.2 The charges payable for any building plans shall be R7-00 per m<sup>2</sup>  
(Old tariff R6-00)
  - 1.3 To apply the abovementioned charges, the total area of any new building must be calculated at every floor level on the same erf, including verandas, galleries and balconies.
2. In addition to the charges payable in terms of item 1, a charge of R2.50c per m<sup>2</sup> (Old tariff R2.00) 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 R25 for every R500-00 or part thereof, with a minimum charge of R600-00 and a maximum charge of R6 500-00.

4. Building plans for swimming pools will be approved at a charge of R350-00 per plan (Old tariff R300-00).
5. Charges payable for the re-inspection of buildings and swimming pools: R500-00 per re-inspection (Old tariff R450-00).
6. Town maps: R220-00 per copy (Old tariff R220-00).

### **BURIAL SERVICE: TZANEEN COST CENTRE**

That in terms of the provision of Section 11 (3) of the Local Government Municipal System Act 2000 the Council by resolution amends the charges payable for burial services promulgated under Municipal Notice 63/1996 of 18 October 1996 as set out in the under mentioned schedule with effect from 1 July 2015:

### **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: R397-00  
(Old tariff R375-00)

1.2 Per grave for any person 12 years and over: R718-00  
(Old tariff R677-00)

1.3 Opening for second burial: R435-00  
(Old tariff R410-00)

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

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

2.1 Per grave for any person under 12 years: R1 120-00  
(Old tariff R1 056-00)

- 2.2 Per grave for any person 12 years and over: R2 240-00  
(Old tariff R2 112-00)
- 2.3 Opening for second burial: R1 190-00  
(Old tariff R1 120-00)
3. Niches: Per niche per deceased R450-00  
(Old tariff R450-00)
4. Memorial work: Removal or re-affixing to per memorial work R280-00  
(Old tariff R260-00)
5. Removal of ashes from a niche: Per removal R275-00  
(Old tariff R260-00)

## **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 2015 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		R310.00

### **PRE-PAID**

Tamper Fee	R2 632.00
Keypad Replacement Fee	R 316.00
Lost Card Fee	R 27.00

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 THE TOWN PLANNING AND TOWNSHIPS ORDINANCE, NO. 15 OF 1986

Notice is hereby given in terms of the provisions of Section 11 (3) of the Local Government Municipal Systems Act 2000, that the Greater Tzaneen Municipality has by resolution determined charges payable in terms of the provisions of the Town Planning and Townships Ordinance, 1986 (No.15 of 1986), with effect from 1 July 2015 as set out in the Schedule below:

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

FEEs EXCLUDING ADVERTISEMENT AND INSPECTION

	<u>OLD TARIFF</u>	<u>NEW TARIFF</u>
i Application for alternation, amendment or cancellation of general plan in terms of Section 89 of town planning and township Ordinance 15 of 1986	R5 500.00	R5 800.00
ii Application for consent excluding spaza shops	R1 460.00	R1 550.00
iii Application for consent for spaza shops	R 200.00	R212.00
iv Application for amendment of interim scheme	R1 590.00	R1 685.00
v Application for amendment of Town Planning Scheme	R3 180.00	R3 370.00
vi Application for removal of restrictive conditions in Title Deeds and/or amendment of Town Planning Scheme.	R3 180.00	R3 370.00
vii Application for extension of boundaries of an approved township i.t.o. Section 88 (1) of Town Planning and Townships Ordinance, 15 of 1986	R3 180.00	R3 370.00

viii	Application for subdivision for property in 5 or less portions (Section 92 (1) (a) of Ordinance 15 of 1986 Regulation 293 and Regulation 188	R1 800.00	R1 900.00
viii	Application for subdivision for property in more than 5 portions (Section 92 (1) (a)) Ordinance 15 of 1986 Regulation 293 and 188	R1 900.00 for the first 5 portions plus R170 in respect of each further portion	R2 000.00 for the first 5 portions plus R180.00 in respect of each further portion
x	Application for consolidation of properties	R720.00	R760.00
xi	Application for other uses than residential on traditional land	R117.00	R125.00
xii	Application for Council's reasons and written consent	R600.00	R636.00
xiii	Reimbursement of Chairpersons of Townships Advisory Committee established in terms of Section 59 or Ordinance 40 of 1960	R955.00/d	R1 010.00/d
ix	Comments of Council regarding applications in terms of Act 21/1940 Act 70/1970 permit rights and recommendation of layouts to R293, or any other consent i.t.o. Legislation not listed herein	R1 800.00	R1 900.00
xv	Comments of Council on application i.t.o. Act 70/1970	R1 800.00	R1 900.00
xvi	Amendment of pending division application – Section 17(3), Division of Land Ordinance, 1986	R1 540.00	R1 630.00



xvii	Amendment of pending Township application – Section 96, Town planning and Townships Ordinances, 15 of 1986		
	• Amendment not material	R1 540.00	R1 630.00
	• Material amendment	R5 130.00	R5 440.00
xviii	Phasing of Township Application – Section 99, Town Planning and Township Ordinance, 15 of 1986	R1 540.00	R1 630.00
xix	Consideration of a Site Development Plan Tzaneen Town Planning Scheme, 2000	R1 540.00	R1 630.00
xx	Application for extension of time –		
	All applications	R 765.00	R 810.00
	1 <sup>st</sup> Application (Year 1)	R 765.00	R 810.00
	2 <sup>nd</sup> Application (Year 2)	R1 540.00	R1 630.00
	3 <sup>rd</sup> Application (Year 3)	R2 300.00	R2 440.00

#### ADVERTISEMENT AND INSPECTION FEES

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

	<u>OLD TARIFF</u>	<u>NEW TARIFF</u>
1. Notice of application in Provincial Gazette and Newspapers	R3 330.00	R3 530.00
2. Inspection and hearing regarding any application	R1 460.00	R1 550.00

#### 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 R175.00 and Proposed R180.00

Unpaid debit orders – Admin fee  
Current R175.00 and Proposed R180.00

Supply of information (faxes)  
Current R8.00 and Proposed R10.00

Supply of Duplicate statements  
Current R8.00 and Proposed R10.00

Furnishing of Clearance Certificate  
Current R65.00 and Proposed R70.00

Furnishing of Valuation Certificate  
Current R105.00 and Proposed R115.00

Furnishing of Duplicate Clearance Certificate  
Current R45.00 and Proposed R50.00

Applying for Clearance Figures  
Current R55.00 and proposed R60.00

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

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

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

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

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

Minimum initial consumer deposits per category:

	CURRENT	PROPOSED
Flats with electricity only	R 680.00	R 720.00
Flats with electricity and water	R 780.00	R 830.00

Residential and agricultural properties:

Single phase	R 900.00	R1 000.00
Three phase	R2 500.00	R3 000.00

Business:

Single phase	R2 600.00	R3 000.00
Three phase	R3 500.00	R4 000.00

Minimum deposit adjustment for disconnected accounts R 100.00 R 100.00

Minimum deposit adjustment for dishonoured cheques and returned debit orders R 100.00 R 100.00

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**

<b>Hanger number</b>	<b>Area/m<sup>2</sup></b>	<b>Current Rental per Month</b>	<b>Proposed Rental per Month</b>
1A	437	R 847.79	R 910.88
1	118	R 229.27	R 245.96
2	215	R 416.96	R 448.15
3	660	R1 279.87	R1 375.70
4	225	R437.12	R 468.99
5	175	R340.12	R 364.77
6	123	Club Hanger	
7	137	R265.80	R 285.56
8	215	R416.96	R 448.15
9	283	R549.23	R 589.89
10A	207	R369.10	R 431.47
10	190	R410.85	R 396.04
11	215	R416.96	R 448.15
12	193	R374.13	R 402.29
13	483	R937.23	R1 006.77
14	231	R448.46	R 481.50
15	473	R917.07	R 985.92
16	422	R818.81	R 879.62
23	204	R395.55	R 425.22
24	391	R758.35	R 815.00
28	123	R239.35	R 256.38
29	188	R365.32	R 391.87
Hanger: Pro Air	992	No Contract	
Main Building	298	R578.21	R 621.15
16A	400		R 833.76
20			R 450.23

## LANDING FEES

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

## ENVIRONMENTAL HEALTH FEES

Cleaning of overgrown stands		R0.70c/m <sup>2</sup>
Application for certificate of Acceptability		R250.00
Application for certificate of competency		R450.00
Validation of waste management plan		R1 500.00

## CHARGES PAYABLE FOR THE USE OF THE PUBLIC LIBRARIES

Members of the Tzaneen Library	R65.00 or R150/family
Members of the Haenertsburg, Letsitele, Shiluvane or Mulati Libraries	R35.00 or R75/family
Deposit	R150,00 per person
Duplicate certificate of Membership	R10.00
Overdue Library material	R1,00 per book per day
Block loans	R150.00 per year plus membership of person responsible for block loan.

## PHOTOCOPIES

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

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

Black & White	R5.00 per page
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## RENT OF HALLS

Rent of the Tzaneen Library Study Hall (After hours)	R200.00 per day or part thereof
Rent of Haenertsburg Turner room	R100.00 per day or part thereof
Rent of Shiluvane 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 2015 as follows:

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

## **4. THE BUDGET**

### **EXECUTIVE SUMMARY**

#### **INTRODUCTION**

The 2015/2016 medium term revenue and expenditure framework proposes a consolidated budget of R1,1 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.

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

It can however only be achieved through the intensive management of the following activities:

- The drafting and management of Councils R1 Billion budget.
- The intensive collection and management of the expected income.
- The management of Councils expenditure budget.
- The regular valuation of nearly twenty thousand properties.
- The management of Contractor payments.
- Through the creation of a compliance culture.
- The reduction of irregular expenditure.
- Eliminate fraud and corruption and
- Universal implementation of financial governance.



## BACK TO BASICS FOR LOCAL GOVERNMENT

During the presidential Local government summit in Midrand, Johannesburg, President Jacob Zuma made it clear that Local Government exists to service the people and that Municipalities must take more decisive action to involve communities and community organizations in the matters of Local Government. President Zuma said many communities became impatient when they saw services being delivered to their neighbours, yet they were still waiting. Other reasons were demands for Municipal infrastructure, anger against corruption, nepotism and a non-response government.

In an attempt to address the above activities Government implemented a back to basic programme which focuses on the following areas:

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

The back to basic program is monitored by cooperative Governance and Traditional affairs on a monthly basis.

## SCOA IMPLEMENTATION

Section 216 of the Constitution of the Republic of South Africa, 1996, provides that National Legislation must prescribe measures 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. The Local Government: Municipal Finance management Act, 2003 (Act no. 56 of 2003), determines those measures for the local sphere of government and enables the Minister of Finance to further prescribe, by regulation such measures in terms of section 168 thereof.

In terms of Section 169 (1)(b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Minister of Finance has signed into effect and subsequently published the Municipal Regulations on a Standard Chart of Accounts (SCOA) in terms of Notice 312 of 2014, Government Gazette no. 37577 (attached) subsequent to formal consultation.

The Act determines that National Treasury is responsible for enforcing compliance with such measures, in addition to those functions assigned to it in terms of the Public Finance Management Act, 1999 (ACct no. 1 of 1999).

The National Treasury must compile national accounts incorporating all three spheres of Government.

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. This compromises transparency reliability and accuracy throughout the planning and reporting process and impedes the ability of National Government to integrate information and to formulate coherent policies in response to the objectives of Local Government.

It is therefore necessary for the Minister of Finance to specify National norms and standards for the recording and collection of Local Government budget, financial and non financial information which will include in some instances the specification of information required for National Policy Coordination and Reporting.

This will result in an improved understanding of the role of Local Government in the broader National Policy Framework and linkage to other Government functions.

### SCOA ROLLOUT

National Treasury has embarked on the rollout of SCOA to all Municipalities in the country. During the last ICF in Durban, National Treasury stated that non piloting Municipalities need to start as soon as possible to get their classifications in place to ensure that all Municipalities comply from 1 July 2017.

The objective of SCOA is 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.

### SCOA DEADLINES

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 National Treasury correspondence dated 4 February 2014, specifically pages 4 and 5 of 7, it is clearly stated that ***“...all other non piloting Municipalities would have to start with the process of establishing the necessary project plans to ensure SCOA implementation by 1 July 2016,”*** with this date adjusted to 1 July 2017.

The implementation of SCOA is a very complex process which will have to be budgeted for to ensure the smooth implementation there off.

The services that will have to be budgeted for include inter-alia the following:

1. Interact with all Municipal stakeholders to advise on what SCOA is and how it can affect the different departments.
2. Take a snapshot of the current Chart of Accounts, and dump it in our service providers classification tool to ease the process of classification to SCOA.
3. Assistance to the Municipal SCOA Manager and the different departments to advice on how they need to operate within SCOA. This will include consultancy on:
  - All different segments
  - Details required on current projects, assets, funds, vendors, inventory items, etc., and advise on posting levels.
4. To manage and assist the Municipality to classify according to SCOA requirements.
5. To keep the classification template up to date

6. Aligning the classification between SCOA for Annual Financial Statements and Budget Reform Tables.

It is recommended that an amount of R250 000 be provided on the 2015/2016 budget for the implementation of SCOA and an amount of R300 000 be provided on the 2016/2017 budget to finalize the SCOA implementation.

An amount of R1,7 million will also have to be provided for the change to the financial system.

### SCOA RISKS

- Auditor General not involved in process.
- Lack of understanding and supporting of the project by SALGA and COGHSTA
- Municipality capacity and resource availability
- Western Cape Province centralized Supply Chain dates.
- Issues with classification
- Demarcation and transfer of services
- Numbering changes
- Conceptual understanding of the SCOA inter relationship
- Key personnel issues, Moratorium on filling of CFO positions for the Demarcation of Municipalities

### SCOA CHALANGES

- Cost implication of SCOA
- Costing segments and costing module.
- Changes required to pre-print documentation used by the Municipality i.e.: Order Book and Issue Books.
- Annual budget and its requirements:
  - Annual budget for the 2015/2016 financial year is not drafted in terms of SCOA. This might require the approval of a revised budget.
- Complexety and volume of transactions
- Uncertainty about the change in the business process  
Changes cannot be done before the final SCOA version has been provided by National Treasury and all concerns have been addressed.
- Classification issues: Corporate Services will be within the Financial Department.

(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 2014 2015 Budget	Sum of 2015 2016 Budget	Sum of 2016 2017 Budget	Sum of 2017 2018 Budget
01-inc	-933 112 221	-1 044 824 806	-1 076 157 270	-1 120 860 076
001PROPERTY RATES	-77 000 000	-81 583 274	-86 070 354	-90 632 083
003PENALTIES IMPOSED AND COLLECTION CHARGES ON RATES	-4 500 000	-5 000 000	-5 275 000	-5 554 575
005SERVICE CHARGES	-430 751 643	-484 925 954	-511 596 881	-538 711 516
009RENT OF FACILITIES AND EQUIPMENT	-759 100	-959 100	-1 011 851	-1 065 479
011INTEREST EARNED - EXTERNAL INVESTMENTS	-2 001 000	-1 801 000	-1 900 055	-2 000 758
012INTEREST EARNED - OUTSTANDING DEBTORS	-11 800 000	-11 400 000	-12 027 000	-12 664 431
016FINES	-3 210 136	-3 705 136	-3 908 918	-4 116 091
018LICENSES & PERMITS	-497 138	-647 138	-682 731	-718 915
020INCOME FROM AGENCY SERVICES	-42 992 708	-43 192 708	-45 568 307	-47 983 427

022OPERATING GRANTS & SUBSIDIES	-364 845 000	-424 780 000	-421 710 000	-431 423 000
024OTHER REVENUE	-7 030 496	-6 030 496	-6 662 173	-7 319 368
026GAIN ON DISPOSAL OF PROPERTY PLANT & EQUIPMENT	-2 300 000	-2 300 000	-2 426 500	-2 555 105
031INCOME FOREGONE	14 575 000	21 500 000	22 682 500	23 884 673
02-exp	851 014 351	965 232 590	1 006 396 560	1 063 769 293
051EMPLOYEE RELATED COSTS - WAGES & SALARIES	203 989 956	224 533 525	236 926 301	249 535 977
053EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTIONS	47 241 056	48 754 711	51 447 087	54 186 961
055EMPLOYEE COSTS CAPITALIZED	-7 969 778	-9 515 771	-10 039 138	-10 571 213
056EMPLOYEE COSTS ALLOCATED TO OTHER OPERATING ITEMS	-94 946 210	-101 576 219	-107 162 911	-112 842 545
058REMUNERATIONS OF COUNCILLORS	21 028 678	22 180 856	23 416 763	24 664 666
060BAD DEBTS	16 483 459	20 583 459	21 715 549	22 866 473
062COLLECTION COSTS	200 000	200 000	211 000	222 183
063INVENTORY SURPLUS/LOSS	0	0	0	0
064DEPRECIATION	120 057 710	123 290 464	129 981 682	137 032 995
066REPAIRS AND MAINTENANCE	125 270 894	134 968 777	142 404 110	149 926 515
068INTEREST EXPENSE - EXTERNAL BORROWINGS	10 223 304	9 177 237	9 685 074	10 196 468
072BULK PURCHASES	268 820 574	307 100 624	323 991 158	341 162 690
074CONTRACTED SERVICES	35 782 693	43 865 637	46 276 350	48 728 264
076GRANTS & SUBSIDIES PAID	10 620 000	34 473 000	22 794 430	28 206 884
077GRANTS & SUBSIDIES PAID-UNCONDITIONAL	6 908 499	7 588 499	8 005 866	8 430 177
078GENERAL EXPENSES - OTHER	87 303 516	99 607 792	106 743 238	112 022 798
03-abc	-5 374 686	-7 232 033	-7 629 795	-8 034 174
043INTERNAL RECOVERIES	-152 782 195	-169 684 772	-179 017 434	-188 505 358
087INTERNAL CHARGES	147 407 509	162 452 739	171 387 640	180 471 185
04-cap	170 928 970	144 684 479	139 838 910	146 993 604
600INFRASTRUCTURE	116 196 420	132 976 079	137 933 910	137 706 856
602COMMUNITY	49 006 090	3 750 000	200 000	5 281 748
606INVESTMENT PROPERTY	0			
608OTHER ASSETS	5 726 460	7 958 400	1 705 000	4 005 000
610SPECIALISED VEHICLES	0			
05-app	-83 456 411	-57 860 230	-62 448 404	-81 868 647
089CASH REQUIREMENTS	11 456 554	40 634 747	39 761 110	24 254 014
094CONTRIBUTIONS FROM OPERATING TO CAPITAL	0	0	0	0
095TRANSFERS FROM / (TO) RESERVES	-94 912 965	-98 494 977	-102 209 514	-106 122 661
(blank)				
Grand Total	3	0	1	0

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

The total revenue for the 2015/2016 financial year amounts to R1,045 billion, which represents an increase of R111 million over the

2014/2015 financial year. This increase is mainly due to the increase in service charges, and external grants from Government.

The total revenue budget includes an amount of R288 million which represents the equitable share allocation to the Greater Tzaneen Municipality.

An amount of R81,5 million will be levied by way of property tax and R485 million will be sourced from user charges. National allocations to fund operational activities amount to R4,4 million which includes the Finance Management Grant of R1,6 million, the Municipal Systems Improvement Grant of R930 thousand and the EPWP Grant of R1,8 million.

An amount of R965 million has been made available on the operational budget for expenditure. This substantial increase is largely due to the significant increase in salaries, repairs and maintenance, Contracted services, General expenses and ESKOM's tariff for bulk electricity purchases. The Expenditure amount also includes R273 million for salaries, R135 million for repairs and maintenance and R307 million for the purchase of bulk electricity and water.

An amount of R145 million has been allocated for capital expenditure for the 2015/2016 financial year. This amount includes the MIG allocation of R87 million which will be spend on roads and Sport and Recreational facilities as well as an amount of R10 million which represents counter funding on MIG Projects. Capital from own sources amounts to R53 million. A summary of the detailed capital budget is attached as Annexure "R" to this report.

#### GTEDA BUDGET

The detailed budget of GTEDA is contained in item 22 which needs to provide information on the Municipal Entities annual budget. The total revenue of GTEDA's Budget amounts to R5,5 million which represents an decrease of R1 million on the 2014/2015 annual budget. The total revenue consist of a R5,5 million Grant from GTM.

The total operational expenditure amounts to R5,5 million of which R3,8 million or 70% of the total expenditure represents salaries and an amount of R1,7 million or 30% of total expenditure represents general expenditure.

An amount of R2 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 2015/2016 financial year amounts to R1,116 billion, which represents an increase of R120 million over the 2014/2015 financial year. This increase is mainly due to the increase in service charges, and external grants from Government.

The total revenue budget includes an amount of R288 million which represents the equitable share allocation to the Greater Tzaneen Municipality.

An amount of R81,5 million will be levied by way of property tax and R516,8 million will be sourced from user charges. National allocations to fund operational activities amount to R4,4 million which includes the Finance Management Grant of R1,6 million, the Municipal Systems Improvement Grant of R930 thousand and the EPWP Grant of R1,8 million.

An amount of R1,029 billion has been made available on the operational budget for expenditure. This substantial increase is largely due to the significant increase in salaries, repairs and maintenance, Contracted Services, General Expenses and ESKOM's tariff for bulk electricity purchases. The Expenditure amount also includes R306 million for salaries, R177 million for repairs and maintenance and R309 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 (MULTI YEAR PROJECTIONS)(Greater Tzaneen Municipality, GTEDA and Water & Sewer Services)

ITEM	2015/2016	2016/2017	2017/2018
Revenue	1 116 165 237	1 151 421 425	1 200 113 231

The table above reflects the multi-year projections on revenue which is mainly based on the inflation forecast contained in National Treasuries budget Circular 74 as well as the Grants contained in the Division of Revenue Act (DORA) 2015/2016 published during February 2015.



The operating revenue increased from R1 116 165 237 in the 2015/2016 financial year to R1 200 113 231 in the 2017/2018 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.

2015/2016	-	R457 311 331
2016/2017	-	R456 030 554
2017/2018	-	R467 562 544

### Service Charges

The increase in service charges are based on the inflation forecast contained in National Treasuries budget Circular 74.

EXPENDITURE (MULTI-YEAR PROJECTIONS: Greater Tzaneen Municipality, GTEDA and Water & Sewer services)

ITEM	2015/2016	2016/2017	2017/2018
Service charges	516 820 054	545 245 157	574 143 150

The operating expenditure has increased from R1 029 340 988 million in the 2015/2016 financial year to R1 134 988 274 million in the 2017/2018 financial year. This 10 % increase is primarily the result of increases in several expenditure items which are noted in the table above.

### CAPITAL (MULTI-YEAR PROJECTIONS)

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

### TARIFFS (MULTI-YEAR PROJECTIONS)

CATEGORY	2015/2016	2016/2017	2017/2018
Property Rates	5,8%	5,5%	5,3%
Electricity	12,2%	12,2%	12,2%
Refuse	6,0%	5,5%	5,3%
Water	6,0%	5,5%	5,3%
Sewerage	6,0%	5,5%	5,3%

## **Property Rates**

Property rates are based on the inflation forecast contained in National Treasuries Budget Circular 74 and is calculated on Councils general valuation roll. The increases in property rates are equal to the inflation forecast in all three financial years.

## **Service Charges**

The increases in the service charge tariffs are equal to the upper limit set by National Treasury in the 2015/2016 financial year and according to the inflation forecast for the 2016/2017 and 2017/2018 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.

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

## TRAVEL AND SUBSISTENCE

1. Trips by vehicles must be optimized to reduce costs.
2. Motor vehicle travel claims must be restricted to the actual distance travelled in excess of the normal distance from the employee's residence to his or her place of work.
3. International travel must be limited to meetings or events that are considered absolutely critical and the number of employees attending such meetings or events must be limited to those employees that are directly involved in the subject matter related to such meetings or events.

4. At least three quotations must be obtained for all accommodation.
5. Corporate air miles accumulated through loyalty programmes must be used to acquire air tickets.
6. Overnight accommodation must be limited to instances where the distance by road exceeds 500 kilometers to and from the destination (return journey).
7. Claims for meals must be prohibited if the hotel rate already includes dinner and/or breakfast or if the conference fee includes lunch and/or dinner.
8. To the extent feasible, air travel must be properly planned to ensure that restricted airline tickets are used as opposed to the more expensive flexible tickets.

#### INVENTORY

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

16. Consideration should be given to purchasing software licenses through the State Information Technology Agency (SITA) to leverage economies of scale and preferential rates.

#### WATER AND ELECTRICITY

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

#### COMMUNICATION

18. Allowances to employees for private calls must be limited to a reasonable value.
19. The allocation of cellular phones and data facilities to employees must be based on the nature of their work as opposed to the positions they hold.
20. Telephone and/or video conferencing facilities must be used, where possible, to avoid unnecessary travel and subsistence costs.

#### ADVERTISING

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

#### FINANCIAL ASSETS

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

#### HIRING OF VENUES

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

## MISCELLANEOUS MEASURES

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

### (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. 74 of the 2015/2016 MTREF which determines the following:

#### **Revising rates tariffs and other charges.**

***“National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality. For this reason municipalities***

***must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target."***

The upper boundary of tariff increases prescribed by National Treasury in Circular no 74 is 6% for rates, tariffs and other charges.

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

- Property rates 5,8%

Revenue increases to consumptive tariff-based services are:

- Electricity (average) 12,2%
- Water 6%
- Sanitation 6%
- Solid Waste 6%

National Treasury advice Municipalities to structure their 2015/2016 electricity tariffs based on the tariff increase guideline of 12,69% approved by NERSA and to provide for an increase of 14,24% in the cost of electricity bulk purchases. They also confirmed that any change to the above mentioned guidelines will be communicated to Municipalities in the next 2015/2016 budget circular. Council must take note that ESKOM has engaged on Public Participation to communicate an increase of +- 25% on their previous years tariffs.

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

- Staff cost 30%
- Bulk Purchases 30%
- Repairs & Maintenance 17%
- General Expenses 10%

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 were the main achievements:

- Council approved the 2014/15 IDP on 28 May 2014, along with the budget, and it was submitted to the MEC
- The 2014/15 SDBIP was approved by the Mayor on the 2<sup>ND</sup> of July 2014 and quarterly progress reports were submitted to Council.
- The 2013/14 annual performance report was submitted to the Auditor General, Provincial Treasury and COGHSTA on 29 August 2013.
- The mid-year performance report was submitted to the AG, Treasury and COGHSTA on the 23<sup>rd</sup> of January 2015.
- The draft 2013/14 Annual Report was submitted to Council on the 30<sup>th</sup> of January 2015 and has been submitted to MPAC for investigation.
- A Risk Management Unit was established in April of 2014, the Strategic and Operational Risk registers have since been developed and progress is being monitored on a monthly basis.
- The Internal Audit charter, internal audit annual risk based plan, internal audit methodology has been reviewed and signed by the municipal manager but is not yet signed by the audit committee. The audit committee charter have also been developed but not yet reviewed by the audit committee.
- The services of the shared Audit Committee that was appointed by Mopani District has been terminated and our municipality has already advertised for the appointment of its own audit committee and the short listing is expected before the end of March 2015.



- Quarterly reports are readily available to be submitted to the audit committee immediately we have appointed our audit committee.
- Internal Audit have also achieved to have Helen Manyike appointed as performance internal auditor who deals with performance
- All Section 56/57 positions signed Performance Agreements for 2014/15 except for the Director Planning and Economic Development, as the position remains vacant.
- The 2013/14 and 2014/2015 mid-year annual individual performance assessments has not yet been concluded due to the contract of the audit committee that expired.
- The Annual Disaster Management Report for 2013/14 was approved by Council on the 28<sup>th</sup> of August 2014. Disaster Awareness Campaigns are conducted at schools and incidences are responded to within 72 hours.

## **FINANCIAL SERVICES DEPARTMENT:**

### **MULTI YEAR BUDGETS (3 YEARS)**

- The 2015/2016 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 2013/2014 Financial Statements were compiled during August 2014 in accordance with the new format required by National Treasury and Council received a qualified Audit opinion. Consolidated financial

statements were also compiled to accommodate Councils Municipal Entity.

## REVENUE

The municipality managed to collect R290 837 395 compared to the budgeted amount of R306 803 608 for the first 6 months. Revenue generated through services represents 50% of the total income.

We average a payment rate of 85%.

The payment rate decreased due to the economic climate and increase in the tariff.

## 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.

## ENGINEERING SERVICES DEPARTMENT

Council achieved a gold status which gave us 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

Mafarana to Sedan road, Ramotshinyadi bridge, Motupa low level bridge and Thako to Sefolwe low level bridge have been completed. Council bought its own fleet totaling 99 comprising of LDV's, Earthmoving Equipments, Trucks and Mini-busses.

## **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 second 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.

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 2014 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.

On a positive note, the cable ring from the Western sub via the prison to the new Church sub has been in service for a second year, and bar a few minor teething problems, the town of Tzaneen is now for the first time in many years on a stable cable network. Not only does this mean that the stability of the power is improved, it also means that for the foreseeable future there is enough capacity for developments. This has given the economy of Tzaneen a well needed boost. The final project phases to complete this capacity project are not materializing and will most certainly count against the network performance in the coming years.

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 starting to lose 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 second year in a row, no 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 not only due to a lack of funding, but the slow SCM processes prevented the appointment of service providers to spend the little money that was made available on the few identified projects.

The Electrical Department acquired funding from DOE for Electrification of Settlements in the Greater Tzaneen Municipality distribution network.

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**

### **HUMAN RESOURCES MANAGEMENT**

#### **Training and Development**

Workplace Skills Plan for the 2013/2014 financial year was submitted to the Local Government SETA and has been implementable to redress the Skills and gap identified.

At least 23 employees were enrolled to do MFMA competency training to comply with National Treasury Competency regulations and awaiting results from the institution.

- employee completed
- employees were trained
- employees were Induction successfully.

## **Occupational Health and Safety**

### **OHS**

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.

### **EAP**

- At least 18 cases were reported and cases reported range from chronic illness, loan sharks and alcohol abuse.
- HIV/AIDS awareness through the department of health and social welfare were conducted on the 11 December 2013.
- Wellness day was held on the 24 October 2013 for all employees. The test conducted ranged from cholesterol, high blood pressure, sugar diabetes, body mass index and VCT.

## **Labour Relations**

- Labour Relations workshops were conducted to supervisors and team leaders to install discipline in Council and to induct them on how to handle misconduct and disciplinary procedure.
- Local Labour Forum meetings are **not** regularly held to bargain on matters related to employees due to disagreement between management and labour unions.

## **Organisational Design**

- Consultation with departments to conduct work study was finalised.
- Organisational Review consultations are completed to management, still pending for labour unions.

## **Employment Equity**

Employment Equity report was submitted successfully to the department of Labour on the 25 September 2014 before deadline.

Employment equity consultative forum is probably functioning with all category levels.

2.2% target of disability employees against 2.2 of cabinet is achieved.  
At least one disable male employee was appointment.

### **Policy Review**

At least nine policies were developed for review and presented to councillors, management and labour unions for inputs.

Awaiting Council to approve policies.

### **Administration**

- Probation assessments are administered within six months.
- Monthly reports are submitted.
- Employees who performed exceptionally are monthly recognised.
- Leave for official are administered successfully.
- Employees who qualify to go on pension are informed on time to prepare their exit.
- Continuous consultation with medical aid administrators and Pension Fund with employees is facilitated monthly.
- Monthly divisional meeting is held.
- Administration of employees and Councillor's loan are processed successfully.

### **Overtime management**

Management of overtime is a challenge within council.

No pre approval form is submitted before payments.

Management approves overtime above thresholds without motivation.

Management approves overtime above 40 hours, which is against the regulations of Basic condition of employment Act.

Monthly reports on overtime are submitted with recommendations to management.

Departmental directors receive reports on overtime management.

## PLANNING & ECONOMIC DEVELOPMENT DEPARTMENT

### Land Matters

<b>Politsi : Portion 14 and 34 of the Farm Dwarsfontein 541LT</b>	The property has been registered in the name of Greater Tzaneen Municipality on 6 October 2014. Public Participation has been conducted on 28-08-2014 and tenants are paying rent to the Municipality. HAD were requested to develop a financial model and development plan for integrate sustainable human settlement. However there's lack of internal integration.
<b>Tzaneen extension 89 (Portion 37 of farm Hamawasha 557LT</b>	The Deed of Donation has been signed between the parties, awaiting transfer.
<b>Upgrading Of Informal Settlement</b> <ul style="list-style-type: none"><li>• Purpose and Progress Report</li></ul>	The report of informal settlements has served before Council and was approved.
<b>Appraisal of the Urban Housing Projects</b>	The report for appraisal of the urban housing projects has served before Council and was approved.

### SOCIO-ECONOMIC DEVELOPMENT, LED & TOURISM AND GTEDA

**TOURISM:** LTA meetings in progress monthly. Facilitate the construction of Khalanga Lodge. Events and exhibitions held and attended. **RESTITUTED FARMS AND AGRICULTURE:** Facilitate quarterly meetings for Land Reform beneficiaries with Department of Rural Development. Agricultural Expo held and other agricultural projects are continuously supported. New Holland engaged to support irrigation schemes. **GTEDA:** Facilitated alignment process and attended quarterly Board meetings. Board term and CEO's extended to June 2015. **SHOPPING CENTER:** Supported GTEDA in the facilitation of the development of 2 shopping centers. **SMME SUPPORT:** Facilitating the construction of market stalls. Workshops, trainings and awareness held through Seda. **CWP:**

Extended services to 4 other wards and more than 1800 job opportunities.

### **Town Planning Division**

<b>Review of the Tzaneen Nodal Plan</b>	Project is hold to first complete SDF review which is currently under adjudication.
<b>Township Establishment: Bulamahlo Library area</b>	Project progressed up to 40% and stopped by legal impediments, the adoption of SPLUMA by cabinet will start progressing of the project.
<b>Township Establishment: Pusela 555 LT, Ptn 6</b>	Project completed and handed over to the Housing Division for planning of construction of units.

## **COMMUNITY SERVICES DEPARTMENT**

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

### **ENVIRONMENTAL HEALTH SERVICES**

Environmental health promotes and protect public health through an effective regulatory framework for water quality and food control as well as environment management.

### **LAW ENFORCEMENT SERVICES**

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

### **SAFETY AND SECURITY**

Safety and Security is responsible for safety of Council assets and personnel.

### **LICENSING SERVICES**

The division is responsible for licensing of drivers and vehicles.

### **LIBRARY DIVISION**

Library services provide valuable information to the community and promote a culture of reading. Services are available at Tzaneen,



Letsitele and Haenertsburg and were extended to Shiluvane with the opening of a new library on 17 October 2014.

#### PARKS, CEMETRIES, SPORTS & RECREATION

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

#### 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 2015/2016 Budget which is submitted to Council for approval can be summarized as follows:

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

<b>DEPARTMENT</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
Municipal Manager	12 531 775	13 270 709	13 996 617	14 734 602
Planning & Economic Dev.	20 648 550	24 886 442	25 964 536	26 959 733
Financial Services	71 209 451	77 692 817	83 953 155	88 636 674
Corporate Services	81 899 663	86 116 576	90 805 818	95 573 072
Engineering Services	125 789 257	133 688 726	142 911 908	152 515 520
Community Services	157 866 995	181 957 459	189 609 885	199 262 264
Electrical Engineering	374 593 660	442 121 861	453 359 641	479 972 429
GTEDA	6 475 000	5 498 000	5 795 000	6 114 999
<b>TOTAL</b>	<b>851 014 351</b>	<b>965 232 590</b>	<b>1 006 396 560</b>	<b>1 063 769 293</b>

**GREATER TZANEEN MUNICIPAL BUDGET EXCLUDING GTEDA  
AND WATER AND SEWER BUDGETS**

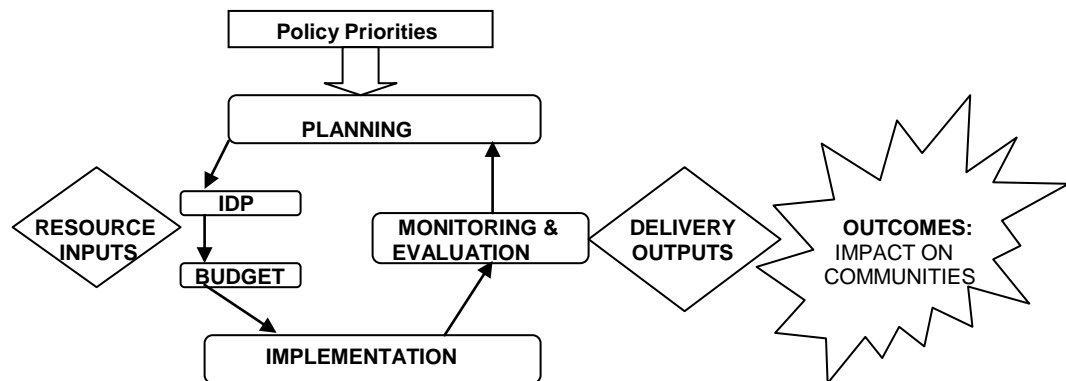
<b>DEPARTMENT</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
Municipal Manager	12 531 775	13 270 709	13 996 617	14 734 602
Planning & Economic Dev.	20 648 550	24 886 442	25 964 536	26 959 733
Financial Services	71 209 451	77 692 817	83 953 155	88 636 674
Corporate Services	81 899 663	86 116 576	90 805 818	95 573 072
Engineering Services	125 789 257	133 688 726	142 911 908	152 515 520
Community Services	157 866 995	181 957 459	189 609 885	199 262 264
Electrical Engineering	374 593 660	442 121 861	453 359 641	479 972 429
<b>TOTAL</b>	<b>844 539 351</b>	<b>959 734 590</b>	<b>1 000 601 560</b>	<b>1 057 654 293</b>

**(E) MUNICIPAL PRIORITIES AND LINKAGES TO THE IDP**

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

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

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



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

(F) KEY AMENDMENTS TO THE IDP

✓ Analysis Phase

- No amendments were made.
- However, extensive analysis was made on the current status quo of Council.

✓ Strategies Phase

- The vision has been revised by removing 2030 vision and the Municipality is now following the growth and development strategy.

✓ Project Phase

- Prioritized projects approved and being implemented.

(G) ALIGNMENT WITH NATIONAL, PROVINCIAL AND DISTRICT PRIORITIES

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

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

In addition to the above mentioned perspective Greater Tzaneen Municipality has identified and aligned strategic themes that will provide the essential components of the strategies developed. A theme can be defined as an area of strategic focus within the

organization that will enable the organization to focus on achieving their strategic intent. The 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

<b>Table 12: Service Delivery priorities per ward (Highest Priority first)</b>		
<b>Ward</b>	<b>Priority name and detail</b>	<b>Progress during 2013/14</b>
1	Provision of water and grading of Internal streets	Water remains a challenge; however, the Municipality is delivering water through tankers as a way to alleviate the problem. Streets are being graded through a municipal wide ward programme
2	Provision of water and a construction of a clinic	Water remains a challenge; however, the Municipality is delivering water through tankers as a way to alleviate the problem. A clinic has not yet been constructed. The priority has been submitted to the Department of Health as it falls within their function.
3	Provision of water pipelines at Ga-Wally and Radoo, grading of internal streets at Ga-Wally, provision of bridge on Radoo graveyard road and tarring of road from Xihoko to Radoo	Water remains a challenge; however, the Municipality is delivering water through tankers as a way to alleviate the problem. Streets are being graded through a municipal wide ward programme. The bridge has not yet been constructed and the road from Xihoko to Radoo not yet tarred.

<b>Table 12: Service Delivery priorities per ward (Highest Priority first)</b>		
<b>Ward</b>	<b>Priority name and detail</b>	<b>Progress during 2013/14</b>
4	Provision of Water	Water remains a challenge; however, the Municipality is delivering water through tankers as a way to alleviate the problem.
5	Provision of water and grading of Internal streets	Water remains a challenge; however, the Municipality is delivering water through tankers as a way to alleviate the problem. Some streets have been graded through a municipal wide ward programme.
6	Provision of water	Water remains a challenge; however, the Municipality is delivering water through tankers as a way to alleviate the problem.
7	Provision of water at Khepeng and Moruji, grading of internal streets and the tarring of Mavele to Moruji road	Water remains a challenge; however, the Municipality is delivering water through tankers as a way to alleviate the problem. Some streets have been graded through a municipal wide ward programme. The Mavele to Moruji road has been budgeted for by the Mopani District Municipality for implementation during the 2013/14 financial year. Phase one has been completed.
8	Provision of water	Water remains a challenge; however, the Municipality is delivering water through tankers as a way to alleviate the problem.
9	Provision of water, grading of internal streets and construction of a bridge	Water remains a challenge; however, the Municipality is delivering water through tankers as a way to alleviate the problem. Some streets have been graded through a municipal wide ward programme. The bridge is budgeted for implementation during the 2015/2016 financial year
10	Provision of water	Water remains a challenge; however, the Municipality is delivering water through tankers as a way to alleviate the problem.
11	Provision of water and the tarring of Thapane to Moruji road	Water remains a challenge; however, the Municipality is delivering water through tankers as a way to alleviate the problem. The Thapane to Moruji Road planned for 2013/14 and the first portion has been tarred.
12	Construction of a bridge to Lwandlamuni school, speed humps and provision of water	The Khubu to Lwandlamuni low level bridge is budgeted for implementation during the 2014/15 and 2015/16 financial years ,Speed humps has been constructed and water remains challenge, however, Municipality is delivering water through tankers as a way to alleviate the problem
13	Provision of houses	Farm houses have not yet been provided to Mieliekloof and Tarentaal communities
14	Tarring of road from Tzaneen/Modjadjiskloof to Politsi, Electricity,	The road from Tzaneen/ Modjadjiskloof to Politsi is under construction, Water remains a challenge, and however, Municipality is delivering water through tankers as a way to

<b>Table 12: Service Delivery priorities per ward (Highest Priority first)</b>		
<b>Ward</b>	<b>Priority name and detail</b>	<b>Progress during 2013/14</b>
	water and Houses at Maribethema and Politsi	alleviate the problem. Maribethema has been electrified in during 2013
15	Water & Electricity Supply capacity	The issue of water remains a challenge in town and in terms of electricity capacity; the Municipality has budgeted about R 75 million for the upgrading of electricity network over the next three years, until the 2015/16 financial year.
16	Provision of water	Water remains a challenge; however, Municipality is delivering water through tankers as a way to alleviate the problem.
17	Provision of water at Mokgoloboto and grading of internal streets at Dan	Water remains a challenge; however, Municipality is delivering water through tankers as a way to alleviate the problem. Internal streets in Dan have been graded through a municipal wide ward programme
18	Provision of water and the connection of tar road to R36 road	Water remains a challenge; however, Municipality is delivering water through tankers as a way to alleviate the problem. The road has not yet been connected to R36 road
19	Tar road to graveyard	Tar road to graveyard constructed.
20	Tar road from TEBA to Dan Clinic and the grading of internal streets.	Tar road constructed. Streets are being graded through a municipal wide ward programme.
21	Tarring of internal streets.	Internal streets not yet tarred.
22	Construction of Gavaza to Mafarana tar road and the grading of internal streets	Gavaza to Mafarana tar road is budgeted for implementation during the 2014/15 financial year. Streets are being graded through a municipal wide ward programme.
23	Provision of water, houses and grading of internal streets	Road to Shipungu regavelled and its now in good condition. Water remains a challenge; however, Municipality is delivering water through tankers as a way to alleviate the problem. Hundred (100) houses constructed in Mariveni and streets are being graded through a municipal wide ward programme
24	Provision of water and tar road from Khopo to Letsitele	Water remains challenge, however, the Municipality is delivering water through tankers as a way to alleviate the problem and the road from Khopo to Letsitele tar road is budgeted for implementation during the 2014/15 and 2015/16 financial years.
25	Provision of water	Water remains a challenge; however, the Municipality is delivering water through tankers as a way to alleviate the problem.

<b>Table 12: Service Delivery priorities per ward (Highest Priority first)</b>		
<b>Ward</b>	<b>Priority name and detail</b>	<b>Progress during 2013/14</b>
26	Provision of water	Water remains a challenge; however, the Municipality is delivering water through tankers as a way to alleviate the problem.
27	Grading Makhubidung to Sekoto internal street tar and Serututung via Makhubidung to Shoromong tar road.	Internal streets are being graded through a municipal wide ward programme and the road from Serututung via Makhubidung to Shoromong has not been tarred.
28	Dr CN Phatudi via Pharare to Mokgapeng tar road and provision of water at Gavaza, Burgersdorp and Mineview	The road from Dr CN Phatudi via Pharare to Mokgapeng not tarred. Water remains challenge; however, the Municipality is delivering water through tankers as a way to alleviate the problem.
29	Provision of water	Water remains a challenge; however, the Municipality is delivering water through tankers as a way to alleviate the problem.
30	Construction of a bridge between Nabane and Tickyline and the grading of internal streets	Bridge not yet constructed and Streets are being graded through a municipal wide ward programme.
31	Development of a new Lenyenye cemetery and supply of water 24 hours a day	The cemetery has been constructed and is operational although the site is too small. The supply of water, 24 hours a day, remains a challenge.
32	Provision of water and grading of Internal streets	Water remains a challenge; however, the Municipality is delivering water through tankers as a way to alleviate the problem. Internal streets are being graded through a municipal wide ward programme
33	Bokgakga to Mogoboya tar road, Internal street, provision of water (Bokgakga) and Houses	The tar road from Bokgakga to Mogoboya has been completed. Streets are being graded through a municipal wide ward programme. Water remains a challenge; however, the Municipality is delivering water through tankers as a way to alleviate the problem. Houses not yet constructed.
34	Provision of water and the construction of tar road on the Lephepane to Khujwane road	Water remains a challenge, however, the Municipality is delivering water through tankers as a way to alleviate the problem and the road from Lephepane to Khujwane has been completed

(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 74.

<b>ACTIVITY</b>	<b>DATE</b>
Approval of Draft IDP	30 March 2015
Public Participation Programme	April 2015
Approval of final IDP	28 May 2015

Strategies Phase

Amendments were made to the Strategic Map of Council

The Municipalities vision has been amended to follow a growth and development strategy by removing the 2030 vision.

## **5. ANNUAL BUDGET TABLES**

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

### **PART 2:**

## **SUPPORTING DOCUMENTATION (Budget Report)**

## **6. OVERVIEW OF ANNUAL BUDGET PROCESS**

### **(a) Overview of the Budget Process**

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

Greater Tzaneen Municipalities IDP, Budget and PMS process plan for the 2015/2016 financial year was developed and approved by Council in August 2014. 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 2015/2016 financial year, that were discussed by the Budget Steering Committee include:

- Increase in salaries
- Overtime
- Increase in Councillor allowances
- Increase in tariffs
- Amount to be allocated for capital projects
- Financing of Capital Projects
- Increase in Electricity Bulk purchase
- Repairs and maintenance
  - Renewal R & M
  - Routine R & M
- Budgeted Employee related cost
  - New Positions
  - Current Vacant Positions
- Electricity Tariff structure to NERSA
- Sundry Tariffs

- Dates IDP process to be finalized
  - Annual report
  - Midyear report
  - 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

Budget meetings were held with all departments with the commencement of the budget process to review the 2014/2015 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 2015/2016 budget realities to ensure that critical service delivery needs are budgeted for.

The Mayor and Councillors have, through the IDP process, guided the 2015/2016 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.

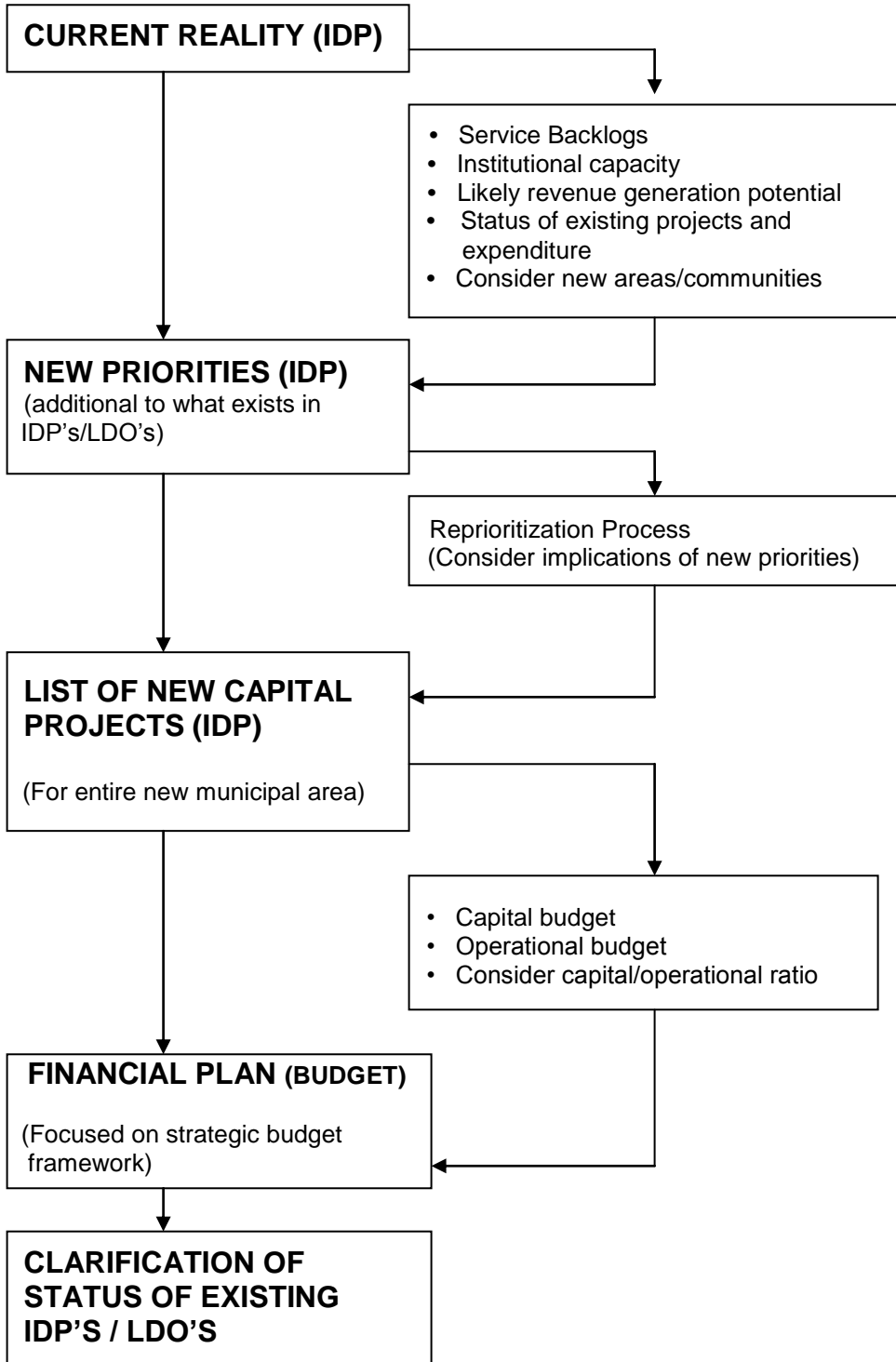
The review of the IDP and drafting of the budget is an evolving and interactive process over a 10 month period. This process

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

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

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

# INTERIM IDP/BUDGET METHODOLOGY (1-2 WORKSHOPS)



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

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

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

**“22 PUBLICATION OF ANNUAL BUDGETS**

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

***in accordance with Chapter 4 of the Municipal Systems Act-***

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

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

***submit the annual budget:-***

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

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

The Municipalities Consultation process on its IDP review and Budget commenced during August 2014 with the approval of the IDP, Budget and PMS calendar.

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

The draft annual 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 has been 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 have been held in all 34 Wards during April 2015 and a ward based process where presentations were made in all 34 Wards by Councillors have been followed as opposed to the cluster based process the previous year.

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

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.

The tabling of the draft budget in Council during March 2015 has been followed by extensive publication of the IDP and budget in newspapers. It was also published on Council's website.

Public hearing on both the operational and capital budgets have been held during April 2015 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 was also hand delivered to National Treasury and Provincial Treasury to enable them to comment thereon.

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

#### **PUBLIC PARTICIPATION STATUS REPORT**

The status report on the Public Participation process is summarized as follows:

- Meetings convened in 34 Wards
- Meetings successful in 31 Wards
- 2553 People signed the attendance register
- Wards unsuccessful:     Ward 8  
                                  Ward 9  
                                  Ward 17
- IDP and Budget documents available in main building.

**TOP TEN NEEDS**

The top ten needs/submissions are listed below:

- Water 15 Wards
- Road Maintenances, 15 Wards
- Electricity, 14 Wards
- Appollo lights, 10 Wards
- Speed humps / Low level bridges, 9 Wards
- Community Hall, 8 Wards
- Library, 8 Wards
- Low Cost Housing, 8 Wards
- Recreational facilities, 8 Wards
- PED, 8 Wards

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

**The Vision of Greater Tzaneen Municipality**

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

**Strategic Focus (Key Performance Areas)**

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

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

### **(A) Details of proposed amendments to the IDP**

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

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

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

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

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

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

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

The Performance Management System (PMS) which is aligned with the IDP and Budget also allows Council an opportunity to monitor and



evaluate the organizational performance as well as individual performances of Directors and Managers to ensure that the IDP outcomes and vision of Council are met. Greater Tzaneen Municipality utilizes the SDBIP as a performance monitoring and evaluation tool. Quarterly performance reports are submitted to Council detailing progress with the implementation of the IDP.

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

## Alignment with National, Provincial and District Plans

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

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

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

The Municipal priorities are clearly aligned to the National Provincial and Sector Departments as outlined on page 156 of the IDP.

## 8. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

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

#### OUTSTANDING SERVICE DEBTORS

A = B  
C

"A" Outstanding service debtors to revenue	49.48%
"B" Total outstanding service debtors	<u>246 625 513</u>
"C" Annual revenue actually received for services	498 435 743

## DEBT COVERAGE

$$A = B - C \\ D$$

"A" Debt Coverage	21.74%
"B" Total Operating Revenue Received	<u>463 547 707</u>
"C" Operating Grants	163 550 367
"D" Debt Service Payments	13 801 000

## COST COVERAGE

$$A = B + C \\ D$$

"A" Cost Coverage	0.55%
"B" All available cash at a particular time	<u>6 904 970</u>
"C" Investments	21 507 103
"D" Monthly Fixed Operating Expenditure	52 044 113

### (B) MEASURABLE PERFORMANCE OBJECTIVES FOR:

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

#### **Providing clean water and managing waste water.**

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

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

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

- Blue Drop and Green Drop performance ratings

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

<b>Assessment</b>	<b>System</b>	<b>Percentage</b>	<b>Status</b>
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%

- As part of the Blue Drop Certificate and Green Drop Certificate requirements, Water Safety Plans (WSP's) for both Wastewater and Water had been established. This Water Safety Plan is only applicable to the systems operated and Managed by Greater Tzaneen Municipality. There were a few things identified during the audit process for Wastewater Works in Tzaneen and the findings are treated accordingly to Wastewater Risk Abatement Plan (W<sup>2</sup>RAP).
- The following are the identified challenges in Water and Sewerage management
  - There is not enough water for Tzaneen as demand is higher than supply. Application for an increase in water allocation by DWAF has been made but with no success as both dams are over allocated (Tzaneen & Ebenezer)
  - There are illegal or unauthorized connections of both water and sewer by community members which results in high water loss and high blockages of sewers due to soil and debris entering the sewer lines.
  - Water meters and pipes being vandalized leading to excessive water loss.

- Shortage of funds in repairing and maintenance of water services infrastructure.
- Steps are:
  - Implementation of Bylaws.
  - Mopani District Municipality to intervene in speeding up the application of an increase in Water quota.
  - Engage Mopani District Municipality as WSA to fund activities that will improve water supply and control.
  - Mopani to fund upgrading of Tzaneen Water Works and Georges Valley Water Works.
  - Engage communities (public participation) and educate them about the importance of protecting the Water and Sewerage system.
- Budget for 2014/2015 as outlined in the budget.

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

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

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

### **9.1 LIST OF BUDGET RELATED POLICIES**

#### **Revenue Framework**

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

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

### 9.1.1 Revenue-related policies

a) Tariff Policy

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

b) Credit Control and Debt Collection Policy

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

### 9.1.2 Budget-related policies

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

a) Budget Policy

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

b) Equitable Share and Indigent Policy

This policy deals with the Equitable Share allocation and Indigent Subsidy.

c) Supply Chain Management Policy

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

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

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

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

d) Rates Policy

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

e) Investment and Cash Management Policy

The Council approved the Investment Policy that deals with the management of the surplus cash resources and the investment thereof.

f) Virement Policy

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

g) Adjustment Budget Policy

The Adjustment Budget Policy is governed by various provisions in the MFMA and the Municipal Budget and Reporting Regulations, which are aimed at establishing an increased level of discipline responsibility and accountability in the financial management practices of the Municipality.

## **9.2 PROPOSED AMENDMENTS TO THE BUDGET RELATED POLICIES**

No changes have been effected.

## **10. BUDGET ASSUMPTIONS**

Budget assumptions and parameters are determined in advance of the budget process to allow budgets to be constructed to support the achievement of the longer-term financial and strategic targets. The assumptions and principles applied in the drafting of this budget are mainly based upon guidelines from National Treasury and the National Electricity Regulator of South Africa (NERSA).

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

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

### **A) INFLATION TARGET**

At the beginning of each calendar year National Treasury issues a budget circular that is intended to guide Municipalities in the preparation of their budgets. Amongst other things the circular indicates anticipated inflation figures that are to guide the Municipalities when setting increases to their tariffs. Circular no 74 indicates an inflation rate of 5,8% for the 2015/2016 financial year.

### **PERSONNEL ISSUES**

The Budget Circular also provides for a salary increase of 5,8% seeing that no salary/wage increase agreement has been reached yet.

The Budget Steering Committee of Council however resolved that an increase of 7% with effect from 1 July 2015 must be budgeted for. A Salary increase of 7% has therefore been provided for on the 2015/2016 salary budget.



- **Number of employees:** Provision has been made for positions that are filled and those that became vacant the past 12 months to accommodate critical and essential positions.

#### B) COUNCILLOR'S ALLOWANCES

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

#### C) BORROWINGS

The Municipal Finance Management Act no 56 of 2003 permits long term borrowing by Municipalities only to finance Capital Expenditure. The strategy of Greater Tzaneen Municipality is to borrow long-term funds only at the lowest possible interest rate at minimum risk. The outstanding loan amount is also taken into account when loan requirements are determined. It is this amount which directed the Budget Steering Committee to advice that no loan be taken up to finance Capital projects during the 2015/2016 financial year.

#### D) COLLECTION RATES

In accordance with relevant legislation and national directives, revenue recovery rates are based on realistic and sustainable trends. The municipal collection rate is set at an average of 90% and is based on a combination of actual rates achieved to date and estimated outcomes of the current financial period. Adequate provision is made for non-recovery.

#### E) BAD DEBTS PROVISION

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

#### F) TARIFF ADJUSTMENTS

An average Property Tax Rates tariff increase of 5.8% was modeled. This increase is based on the inflation forecast set by National Treasury.

The electricity tariff adjustment is 12,2%, largely due to the increase for Eskom bulk purchases.

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

G) REPAIRS AND MAINTENANCE

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

H) DEPRECIATION

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

I) WATER AND SEWER SERVICES

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

The following DORA allocations have been made to Mopani District Municipality for services in the Greater Tzaneen Municipality area of jurisdiction for the 2015/2016 financial year:

Water	R98 727 000
Sewer	R79 587 000

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

Water	R29 240 164
Sewer	R 3 291 167

J) ESKOM

National Treasury advice Municipalities to provide for an increase in electricity tariffs of 12,69% as approved by NERSA.

#### K) TARGETED GROWTH

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

#### L) CAPITAL EXPENDITURE

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

#### 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 to ensure value for money and cost savings.

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

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

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

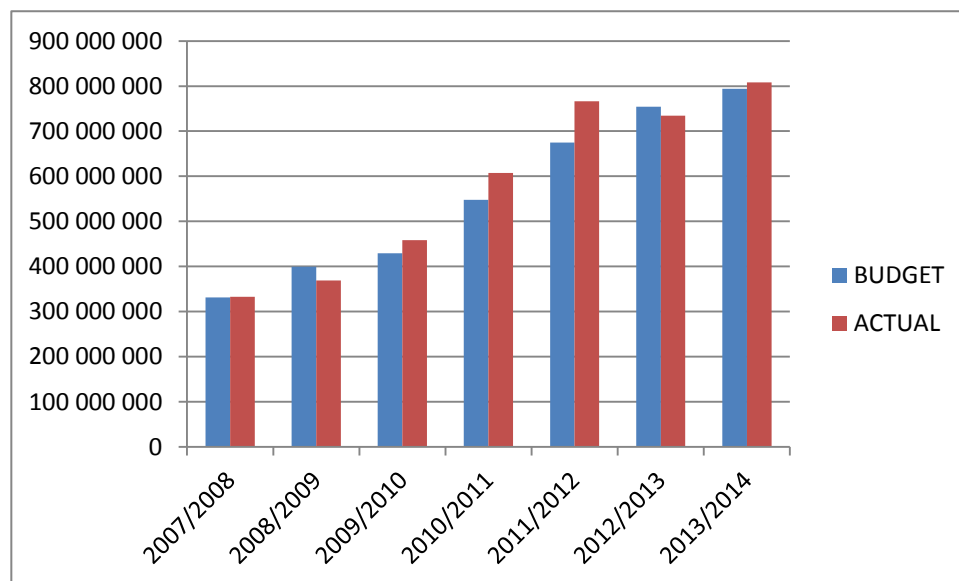
### (A) Outcomes of the Past Years and Current year

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

#### OPERATING EXPENDITURE

YEAR	BUDGET	ACTUAL
2007/2008	331 225 571	333 231 173
2008/2009	399 323 160	368 815 783
2009/2010	429 143 386	458 726 916
2010/2011	547 791 565	607 531 345
2011/2012	675 115 734	766 127 341
2012/2013	754 126 931	734 442 031
2013/2014	794 024 719	808 030 664

GRAPH  
Operating Expenditure

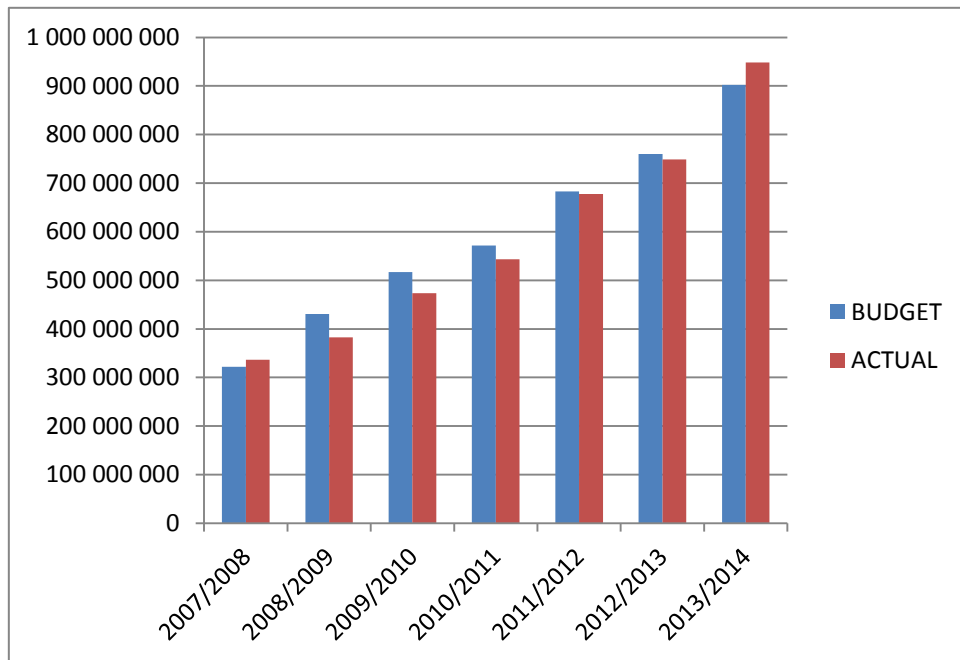


The graph below indicates the comparison between budgeted and actual operating Income over the past 7 year.

### OPERATING INCOME

YEAR	BUDGET	ACTUAL
2007/2008	321 808 837	336 481 594
2008/2009	430 916 687	382 896 432
2009/2010	516 701 190	473 373 253
2010/2011	571 808 669	543 258 099
2011/2012	682 705 617	677 487 982
2012/2013	759 986 389	748 889 365
2013/2014	902 359 076	948 018 519

GRAPH  
Operating Income

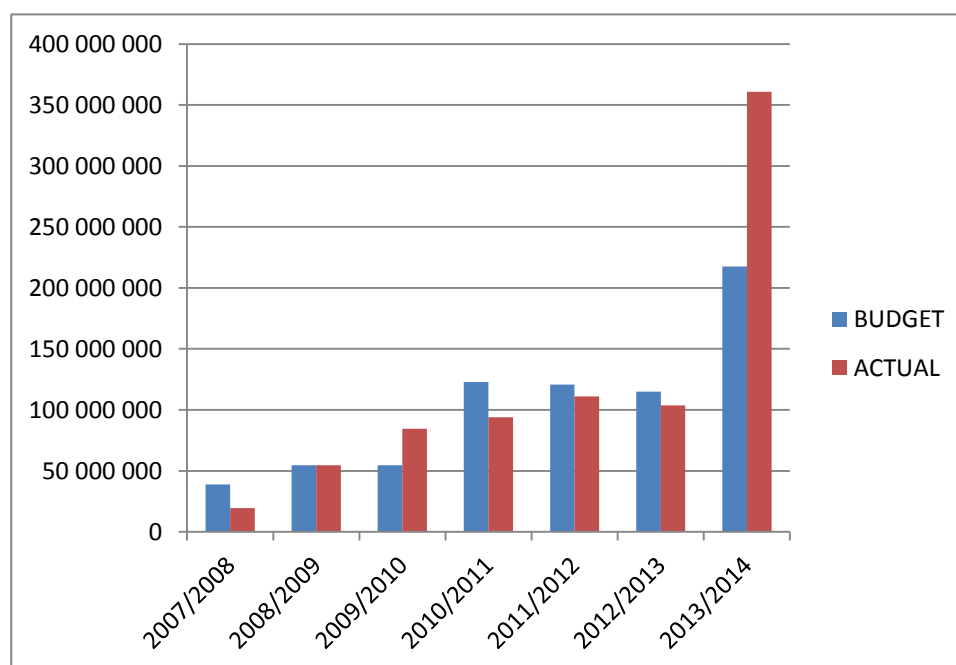


The capital expenditure against the budget of the past 7 years are also indicated graphically below:

### CAPITAL EXPENDITURE – MIG INCLUDED

YEAR	BUDGET	ACTUAL
2007/2008	38 888 000	19 406 629
2008/2009	54 605 000	54 626 953
2009/2010	54 605 000	84 646 163
2010/2011	122 763 000	94 017 000
2011/2012	120 712 000	111 073 584
2012/2013	115 091 062	103 549 587
2013/2014	217 482 461	360 867 930

GRAPH  
Capital Expenditure



### OPERATING BUDGET 2014/2015

#### 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 2014/2015 financial year:

Electricity	41%
Refuse Removal	3%
Property Rates	8%

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 2015/2016**

The Greater Tzaneen Municipal operating income will be allocated as follows during 2015/16 Financial year:

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

<b>REVENUE</b>	<b>BUDGET</b>
Property rates	-R 81 583 274
Property rates – penalties imposed and collection charges	-R 5 000 000
Service charges	-R 484 925 954
Rental of facilities and equipment	-R 959 100
Interest earned – external investments	-R 1 801 000
Interest earned – outstanding debtors	-R 11 400 000
Fines	-R 3 705 136
Licenses and permits	-R 647 138
Income from agency services	-R 43 192 708
Government Grants and Subsidies	-R 419 280 000
Other Revenue	-R 6 030 496
Gains on disposal of property, plant & Equip.	-R 2 300 000
Income Foregone	<u>R 21 500 000</u>
<b>TOTAL REVENUE</b>	<b><u>-R1 039 324 806</u></b>

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

<b>REVENUE</b>	<b>BUDGET</b>
Property rates	-R 81 583 274
Property rates – penalties imposed and collection charges	-R 5 000 000
Service charges	-R 484 925 954
Rental of facilities and equipment	-R 959 100
Interest earned – external investments	-R 1 801 000
Interest earned – outstanding debtors	-R 11 400 000
Fines	-R 3 705 136
Licenses and permits	-R 647 138
Income from agency services	-R 43 192 708
Government Grants and Subsidies	-R 424 780 000
Other Revenue	-R 6 030 496
Gains on disposal of property, plant & Equip.	-R 2 300 000
Income Foregone	<u>R 21 500 000</u>
<b>TOTAL REVENUE</b>	<b><u>-R1 044 824 806</u></b>

Operating Expenditure

The budgeted expenditure per item are as follows for the 2015/2016 financial year:

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

<b>ITEM</b>	<b>BUDGET</b>
Employee Related Costs	R221 698 024
Employee Related Cost Social Contributions	R 48 030 242
Employee Cost Capitalized	-R 9 515 771
Employee Costs Allocated to other Operating Items	-R101 576 219
Remunerations of Councillors	R 21 852 856
Bad Debts	R 20 583 459
Collection Costs	R 200 000
Inventory Surplus/Loss	R 0
Depreciation	R123 228 464
Repairs and Maintenance	R134 885 671
Interest Expense – External Borrowings	R 9 155 937
Bulk Purchases	R307 100 624
Contracted Services	R 43 458 872
Grants & Subsidies paid	R 34 473 000
Grants & Subsidies Paid unconditional	R 7 588 499
General Expenses	<u>R 98 570 932</u>
<b>EXPENDITURE TOTAL</b>	<b><u>R959 734 590</u></b>



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

<b>ITEM</b>	<b>BUDGET</b>
Employee Related Costs	R224 533 525
Employee Related Cost Social Contributions	R 48 754 711
Employee Cost Capitalized	-R 9 515 771
Employee Costs Allocated to other Operating Items	-R 101 576 219
Remunerations of Councillors	R 22 180 856
Bad Debts	R 20 583 459
Collection Costs	R 200 000
Inventory Surplus/Loss	R 0
Depreciation	R123 290 464
Repairs and Maintenance	R134 968 777
Interest Expense – External Borrowings	R 9 177 237
Bulk Purchases	R307 100 624
Contracted Services	R 43 865 637
Grants & Subsidies paid	R 34 473 000
Grants & Subsidies Paid unconditional	R 7 588 499
General Expenses	<u>R 99 607 792</u>
<b>EXPENDITURE TOTAL</b>	<b><u>R965 232 590</u></b>

#### CAPITAL BUDGET

An amount of R170 million was approved for capital projects for the 2014/2015 financial year. This was funded as follows:

- Own Sources	R 62 159 520
- Loans	R 0
- Grants	R108 744 450

#### **(b) FUNDING MEASURES**

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

#### **Financial Challenges**

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

- Debt collection and Credit control
- The levying of property rates with emphases on sub-divisions and consolidations
- 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 2015/2016 expenditure will be funded as follows:

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

Funding source	Amount
Grants & Subsidies	R 424 780 000
Rates & Service Charges	R 566 509 228
Sundry Income	<u>R 53 535 578</u>
Budgeted Revenue	<u>R1 044 824 806</u>

Greater Tzaneen Municipality Budget Excluding GTEDA and Water & Sewer:

Funding source	Amount
Grants & Subsidies	R 419 280 000
Rates & Service Charges	R 566 509 228
Sundry Income	<u>R 53 535 579</u>
Budgeted Revenue	<u>R1 039 324 806</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 2015/2016 financial year has been guided by our Tariff Policy and guidelines set by National Treasury in the Municipal Budget Circular 74 for the 2015/2016 MTREF.

#### Property Rates

The proposed property rates are to be levied in accordance with existing Council's Policy, and both the Local Government Municipal

Property Rates Act 2004 (MPRA) and the Local Government Municipal Finance Management Act 2003.

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

Property rates are based on values indicated in the General Valuation Roll. The Roll is updated for properties affected by land sub-division, alterations to buildings, demolitions and new buildings (improvements) through Supplemental Valuation Rolls. A new valuation roll became effective from 1 July 2013 and the Property Rates Tariff contained in the 2015/2016 Preliminary Budget is calculated on the new Valuation Roll.

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

It is proposed that the property rates tariff be increased by 5,8%, the same as the CPI inflation forecast seeing that this is a tax and not a metered service of which the user has the choice to the extent he/she wants to make use of it.

#### Water Service

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

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

The proposed Water and Sanitation Tariffs for 2015/2016 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 2014/2015 financial year be retained, with a proposed 6% increase in volumetric water tariffs generally, and a proposed 6% increase in sanitation tariffs generally.

It is also recommended that the indigent account be increased from R50 per month to R60 per month.

#### Electricity Service

The proposed revisions to the tariffs have been formulated in accordance with Section 74 of the Municipal Systems Act as well as the recommendations of the National Energy Regulator of South Africa (NERSA).

Guidelines for the Municipal Electricity tariff increases in July are normally published by NERSA in the previous December. This did not materialize and National Treasury advises Municipalities to budget for a 12,69% increase in their tariffs. They also confirmed that any change to the above mentioned guideline will be communicated to Municipalities in the next 2015/2016 budget circular.

#### Refuse Removal Service

According to the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) a municipality must ensure a safe and healthy environment for its residents. Greater Tzaneen Municipality is therefore responsible to adequately maintain its refuse removal service, 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% on the 2014/2015 tariffs with effect from 1 July 2015.

#### 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 2014 to December 2014:

DEBTOR REVENUE	JULY 14 R000,	AUG 14 R000,	SEPT 14 R000,	OCT 14 R000,	NOV 14 R000,	DEC 14 R000,
Revenue Billed	59 036	50 142	47 938	50 650	42 898	50 543
Revenue Collected	38 110	48 297	49 394	49 737	43 075	42 937
% Revenue Collected	64,55%	96,32%	103,04%	98,20%	100,41%	84,95%

The MFMA requires that the budget be based on realistic forecasts for revenue and over the said period the collection rate for Greater Tzaneen Municipality amounted to 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 as well as all Managers. In-year reports (monthly and quarterly) as well as annual reporting are done on functional service delivery against information contained in the approved SDBIP.

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

## (f) INVESTMENTS

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

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

Valuation of unlisted Investments

Liberty	<u>R6 805 730</u>
TOTAL	<u>R6 806 730</u>

## Excelsior 1000 Investment

An investment of R855 619 has been made with Liberty to repay a loan of R15 million on maturity date. The loan bears interest on variable rate and the value of the investment amounts to R6 805 730.

## (g) GRANT ALLOCATION

The grant allocations as published in the 2015/2016 Division of Revenue Bill are summarized as follows:

<u>Allocation</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
Equitable Share	R288 642 000	R293 532 000	R292 259 000
Municipal Infrastructure Grant	R 91 191 000	R 94 911 000	R100 486 000
Financial Man Grant	R 1 675 000	R 1 810 000	R 2 145 000
INEP (Elect)	R 30 000 000	R 20 000 000	R 25 000 000
Mun. Syst Imp. Grant	R 930 000	R 957 000	R 1 033 000
Neighbourh Dev Grant	R 0	R 0	R 0
Expanded Public works Prog.	R 1 842 000	R 0	R 0
EE & D	R 5 000 000	R 5 000 000	R 5 000 000

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

<u>GRANT</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
INEP	R 28 826 000	R43 429 000	R49 601 000
NDPG	R 0	R 0	R 0

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:

<b>GRANT</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
Water	R98 727 000	R110 071 000	R122 320 000
Sanitation	R79 587 000	R 87 451 000	R 95 658 000

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:

<b>GRANT</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
MIG	R174 064 000	R181 575 000	R192 835 000
MWIG	R 22 530 000	R 40 193 000	R 47 781 000

## **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 2015/2016: ALLOCATION R91 191 000.00**

<b>Project Name</b>	<b>MIG Fund</b>	<b>Counter Fund</b>	<b>Total</b>
1. Rita to Mariveni Upgrading of Road from Gravel to Tar: Phase 2 of 4	R22,948,600	R2 832 438	R25 781 038
2. Moruji to Maswi Upgrading of road from Gravel to Tar: Phase 2 of 4	R26 934 496	R4 430 771	R31 365 267
3. Tickyline to Mafarana Upgrading of road from Gravel to Tar: Phase 2 of 4	R20 031 933	R2 844 105	R22 876 038
4. Relela Community Hall: Phase 2 of 2	R9 165 496	R0	R9 165 496
5. Upgrading of Runnymede Cluster Sports Facility Phase 1 of 2	R7 550 926	R0	R7 550 926
6. PMU Management	R4 559 550	R0	R4 559 550
<b>TOTAL</b>	<b>R91,191,001</b>	<b>R10,107,314</b>	<b>R101,298,315</b>

**FINANCIAL YEAR 2016/2017: ALLOCATION R94 911 000**

<b>Project Name</b>	<b>MIG Fund</b>	<b>Counter Fund</b>	<b>Total</b>
1. Rita to Mariveni: Upgrading Road from Gravel to Tar- Phase 3 of 4	R22 584 189	R5 146 280	R27 730 469
2. Moruji to Maswi Upgrading of road from Gravel to Tar: Phase 3 of 4	R29 818 741	R6 744 614	R36 563 355
3. Tickyline to Mafarana: Upgrading of Road from Gravel to Tar: Phase 3 of 4	R21 117 084	R4 943 336	R26 060 420
4. Upgrading of Runnymede Cluster Sports facility: Phase2 of 2	R15,972,000	R0	R15,972,000
5. Upgrading of Burgersdorp Sport Ground: Phase 1 of 3	R673 436	R0	R673 436
6. PMU Management	R4 745 550	R0	R4 745 550
<b>TOTAL</b>	<b>R94,911,000</b>	<b>R16 834 230</b>	<b>R111,745,230</b>

**FINANCIAL YEAR 2017/2018: ESTIMATED ALLOCATION R100 486 000**

<b>Project Name</b>	<b>MIG Fund</b>	<b>Counter Fund</b>	<b>Total</b>
1. Rita to Mariveni: Upgrading Road from Gravel to Tar- Phase 4 of 4	R23 520 412	R5 146 280	R28 666 693
2. Moruji to Maswi: Upgrading of Road from Gravel to Tar: Phase 4 of 4	R38 754 965	R6 744 614	R45 499 579
3. Tickyline to Mafarana Upgrading of Road from Gravel to Tar: Phase 4 of 4	R27 904 575	R5 372 558	R33 277 133
4. Upgrading of Burgersdorp Sport Ground: Phase 2 of 3	R4 681 193	R0	R4 681 193
5. Upgrading of Nkowankowa Stadium Phase 1 of 2	R600 555	R0	R600 555
6. PMU Management	R5 024 300	R0	R5 024 300
<b>TOTAL</b>	<b>R100 486 000</b>	<b>R17 263 452</b>	<b>R117 749 452</b>



### **13. ALLOCATIONS OF GRANTS MADE BY THE MUNICIPALITY**

The allocations made by Council for the 2015/2016 financial year can be summarized as follows:

Museum	R 33 326
Eskom EBSST	R4 000 000
Mayor Special Account	R 300 000
SETA	R 26 000
SPCA	R 102 500
Mayors Bursary Account	R 800 000
Sport Council	R 106 644
Arts & Cultural	R 24 217

### **14. DISCLOSURE ON COUNCILLORS ALLOWANCES AND EMPLOYEE BENEFITS**

#### (A) COUNCILLORS ALLOWANCES AND COST TO COUNCIL

	SALARY	LAPTOP	TRAVELLING	TEL. ALL	SETA
<b>CHIEF WHIP</b>	453 252	3 852	151 084	23 895	3 750
<b>COUNCILLOR</b>	9 971 530	211 860	3 323 843	1 314 238	55 243
<b>EXCO</b>	1 246 443	19 260	415 481	119 476	9 956
<b>FULL TIME</b>	2 266 261	19 260	755 420	119 476	17 273
<b>MAYOR</b>	604 336	3 852	201 445	23 895	2 889
<b>SPEAKER</b>	483 468	3 852	0	23 895	4 370
<b>TOTAL</b>	<b>15 025 292</b>	<b>261 936</b>	<b>4 847 274</b>	<b>1 624 876</b>	<b>93 480</b>

(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	1 436 442	1 099 713	1 292 797	1 165 696	1 165 696	1 165 696	1 165 696
INSENTIVE Bonus	119 703	91 643	107 733	97 141	97 141	97 141	97 141
A/BONUS	0	0	0	0	0	0	0
UIF	1 910	1 910	1 910	1 910	1 910	1 910	1 910
SETA	12 428	9 236	10 749	10 297	10 887	9 236	9 526
LEAVE RED	49 797	38 123	44 817	40 411	40 411	40 411	40 411
CELL PHONE	16 050	12 840	12 840	12 840	12 840	12 840	12 840
<b>TOTAL</b>	<b>1 633 330</b>	<b>1 253 465</b>	<b>1 470 846</b>	<b>1 328 295</b>	<b>1 328 295</b>	<b>1 328 295</b>	<b>1 328 295</b>

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

BENEFIT	AMOUNT
Basic Salary	R178 170 782
Overtime	R 28 458 598
Bonus	R 14 649 550
Standby	R 2 987 829
Leave Redemption	R 12 282 445
Housing Allowance	R 1 610 976
Travel Allowance	R 11 846 984
Performance Incentive Schemes	R 2 520 254
Medical Aid Contribution	R 13 267 979
Pension Schemes	R 30 877 454
UIF Contribution	R 2 012 332
Group Insurance	R 2 704 883
Workmens Compensation	R 2 947 165
SETA	R 2 341 216
Bargaining Council	R 68 710
<b>TOTAL</b>	<b><u>R306 747 157</u></b>

Cost to Council: Political Office – Bearers and collectively

	SALARY	LAPTOP	TRAVELLING	TEL.	SETA
CHIEF WHIP	453 252	3 852	151 084	23 895	3 750
COUNCILLOR	181 300	3 852	60 433	23 895	950
EXCO	249 288	3 852	83 096	23 895	1 262
FULL TIME	453 252	3 852	151 084	23 895	4 293
MAYOR	604 336	3 852	201 445	23 895	2 889
SPEAKER	483 468	3 852	0	23 895	4 370

Number of Councillors: 68

Number of Personnel: 675

Greater Tzaneen has 675 full time personnel employed which includes Senior Managers appointed in terms of Section 57 of the Municipal Systems Act. The Senior Managers are:

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

## **15 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASHFLOW**

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

Attached as **Annexure “L”**

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

Attached as **Annexure “M”**

**(c) CONSOLIDATED CAPITAL EXPENDITURE BY VOTE.**

**2015/2016**

<b>DEPARTMENT</b>	<b>OWN SOURCES</b>	<b>LOANS</b>	<b>GRANTS</b>	<b>TOTAL</b>
Eng. Services	21 107 314	0	86 631 451	107 738 765
Elect. Services	30 793 714	0	5 000 000	35 793 714
PED	1 150 000	0		1 150 000
Municipal M	0	0		0
Corp Serv M	0	0		0
Community S	0	0		0
Budget & Treasury Office	0	0		0
GTEDA	2 000	0		2 000
<b>TOTAL</b>	<b>53 053 028</b>	<b>0</b>	<b>91 631 451</b>	<b>144 684 479</b>

**2016/2017**

<b>DEPARTMENT</b>	<b>OWN SOURCES</b>	<b>LOANS</b>	<b>GRANTS</b>	<b>TOTAL</b>
Eng. Services	22 334 230	0	90 165 450	112 499 680
Elect. Services	22 334 230	0	5 000 000	27 334 230
PED	0	0	0	0
Municipal M	0	0	0	0
Corp Serv M	0	0	0	0
Community S	0	0	0	0
Budget & Treasury Office	0	0	0	0
GTEDA	5 000	0	0	5 000
<b>TOTAL</b>	<b>44 673 460</b>	<b>0</b>	<b>95 165 450</b>	<b>139 838 910</b>

**2017/2018**

<b>DEPARTMENT</b>	<b>OWN SOURCES</b>	<b>LOANS</b>	<b>GRANTS</b>	<b>TOTAL</b>
Eng. Services	23 263 452	0	95 461 700	118 725 152
Elect. Services	23 263 452	0	5 000 000	28 263 452
PED	0	0	0	0
Municipal M	0	0	0	0
Corp Serv M	0	0	0	0
Community S	0	0	0	0
Budget & Treasury Office	0	0	0	0
GTEDA	5 000	0	0	5 000
<b>TOTAL</b>	<b>46 531 904</b>	<b>0</b>	<b>100 461 700</b>	<b>146 993 604</b>

The Capital budget decreased from R170 million in the 2014/2015 financial year to R144 million in the 2015/2016 financial year.

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

Attached as Annexure “F”

**16 SUMMARY OF THE BUDGET AND THE SDBIP – INTERNAL DEPARTMENTS**

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

In terms of Section 53 (1) (c) (ii) of the Municipal Finance Management Act, the Service Delivery and Budget Implementation Plan (SDBIP) is defined as a detailed plan approved by the Mayor of a Municipality for implementing its delivery of municipal services and its annual budget which must indicate the following:-

a) Monthly projections of-

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

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

c) Other matters prescribed.

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

The SDBIP gives effect to the Integrated Development Plan and the Budget of the Municipality. It is an expression of the objectives of the Municipality in quantifiable outcomes which will be implemented by the administration for the financial period from 1 July 2015 to 30 June 2016. 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-site to be a district function for more than one Municipality. The Department of Environmental Affairs already resolved that a process of Landfill "REGIONALIZATION" must be pursued, which is aligned with Section 84 (1) (e) (iii) of the abovementioned Act.

#### **Waste quantities and Characteristics**

Greater Tzaneen Municipality processed the following during 2013/2014:

- a) General Waste = 56,006 m<sup>3</sup> (59.46t/day)
- b) Health Care Waste = 50 m<sup>3</sup>
- c) Garden Waste = 11,264 m<sup>3</sup>
- d) Recycling = 5,862.16 m<sup>3</sup>

## Geographic Distribution

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

## - DESCRIPTION OF THE WASTE MANAGEMENT PROGRAMMES

### Waste Minimization (Recycling)

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

### Waste Minimization (Composting)

All Organic waste (garden) 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 minimization)

8,766 or 8% of 108,962 households receive a full kerbside service in formal towns, where 92% of households are not serviced at present, these reside mainly in rural areas. The lack of Waste Development-Workers (WDW), 40 x is required, to do awareness activities at Eco-club schools hampers progress. Refuse and also firewood from the Landfill site are available for delivered to rural Drop-off Centres (DoC’s) for utilization by communities, to mitigate deforestation – practices. 97 DoC’s have been erected at present, but it is anticipated that it will become “White elephants” if dedicated intervention are not implemented in terms of the National Basic Refuse Removal Policy.

### Collection and Transportation

A full curbside collection service is rendered at following suburbs, which represents only 8% of all households in:

- Nkowankowa
- Lenyenye
- Letsitele
- Haenertsburg

- Tzaneen

92% of all households representing rural households do not receive a basic service. The cost to address the service in full (Urban & Rural), with immediate effect, will be approximately 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 25 785 m<sup>3</sup> are collected annually. Roads and streets in rural areas are not being attended to.

#### Vehicle Replacements

The Replacement of vehicles must start during 2015/16 to ensure a fleet turn around period of 5 years with new dedicated vehicles for collections and transportation.

#### Treatment & Disposal

##### Land filling

One 11ha permitted landfill site which has been classified as a GMB site, 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. There is no weather – proof entrance or internal roads at the landfill as well as drop off centres. Drop off Centers (DoC's) are located at:

- Nkowankowa
- Lenyenye
- Letsitele
- Haenertsburg

##### Drop-off-Centers

All DoC's are managed by a Service Provider, 6 m<sup>3</sup> skips utilized for this purpose and are cleaned on a scheduled basis at the Tzaneen Landfill site. However the following issues needs to be addressed:

- ✓ Political engagement via the PMT with MDM is required to initialize the establishment of a District Landfill site in



accordance with the National Waste Sector Plan. R45 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

#### Public Toilet cleansing management

9 Public toilet blocks managed at the following locations:

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

#### - LAW ENFORCEMENT

The appointment of 2 Environmental Law Enforcement Officers delayed due to lack of Workload-assessment and organizational layout. There is also a lack sufficient number of 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

Residential kerbsite removals: 8,766 x households

Business and Industrial removals: 767 x premise

Own removals – villages (no sustainable services): 100 176 households

- M<sup>3</sup> OF REFUSE DISPOSED AT LANDFILL

Domestic & Commercial: 56,006 m<sup>3</sup>

Garden: 11 264 m<sup>3</sup>

- TOTAL OPERATING COST

Operating cost of collections & disposal: R27,7 million

Operating cost of litter picking: R16,9 million

Operating costs of public toilet: R 6,0 million

Total cost: R50,6 million

Table 34: Household with access to solid waste collection services 2011 - 2014						
Level of access	2011/2012		2012/2013		2013/2014	
	Nr of Households	% of Total	Nr of Households	% of Total	Nr of Households	% of Total
Solid waste removal once a week	10 775	12%	10775	10%	8 766	8%
Removal less frequently than once a week	0	0%	0	0%	16 742	2%
Using communal dump + own refuse dump	79 134	88%	98 151	90%	83 454	77%
Using own refuse dump	above	above	above	above		
Other disposal	0	0%	0	0%	0	0%
No waste disposal	0	0%	0	0%	0	0%
<b>Total Households</b>	<b>89 926</b>	<b>100%</b>	<b>108 962</b>	<b>100%</b>	<b>108,926</b>	<b>100%</b>
Nr of Households receiving Free Basic Waste services	13 377		13 377			
Budget allocation for Solid waste collection services	R 47,200,000		R 47,200,000		R 53,900,000	

## **Water and Sewer Services**

### Level of Service

#### Water Treatment

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

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

#### Wastewater Treatment

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

#### Maintenance of Water services network

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

- Tzaneen
- Nkowankowa
- Lenyenye
- Letsitele
- Haenertsburg

Although Greater Tzaneen Municipality always respond to community request to repair or assist with maintenance to equipments in rural

areas but to date the maintenance in rural areas is in the hands of Mopani District Municipality.

### **Electricity**

Tzaneen has the options of power delivery in single or three phase form. 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 has now been in sourced and is proving a huge challenge.

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

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

## **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 six Senior Managers (Directors) were filled. The position Director Planning & Economic Development Services will be re-advertised whilst the position of the Municipal Manager became vacant during this financial year.

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 BUDGETARY IMPLICATIONS**

#### **a) NAMES OF ALL CONTRACTING PARTIES**

NAME	SERVICE
MACP	- SASEKANI TO NKOWANKOWA(Gravel - Tar)
MARSH (PTY) LTD	- INSURANCE
UMS	- CREDIT CONTROL
NASHUA	- PHOTOCOPYING MACHINE
AMR	- METER READING
EXPECTRA	- SENAKWE TO MORAPALALA (Gravel – Tar)
SKY HIGH CONSULTING ENG	- JULIESBURG SPORTS GROUND
SKY HIGH CONSULTING ENG	- BURGERSDORP SPORTS GROUND
SKY HIGH CONSULTING ENG	- NKOWANKOWA STADIUM (Upgrading & Refurb)
TANGO'S CONSULTANTS	- RITA TO MARIVENI (Upgrading Gravel – Tar)
SACE	- TICKYLINE, MYAKAYAKA, MINEVIEW, BURGERSDORP
URANUS CONSULTING ENG	- CONSTRUCTION OF RUNNYMEDE SPORTS COMPLEX
MTEMA MASHAO	- UPGRADING OF MORUJI TO MATSHWI (Gravel – Tar)
INGWE WASTE MANAGEMENT	- INTEGRATED WASTE REMOVAL NKOWANKOWA
MMATSHEPE/THEUWEDI	- TZANEEN LANDFILL SITE
DDP VAUERS	- VALUATION ROLL
MOTLA CONSULTING	- SPECIALISED SERVICES

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

MACP	-	R23 289 210
MOTLA CONSULTING	-	R 1 858 097
MARSH (PTY) LTD	-	R 3 739 902
UMS	-	R 9 646 554
NASHUA	-	R 1 486 044
AMR	-	R 3 198 398
DDP VALUERS	-	R 2 943 335
INGWE WASTE MANAGEMENT	-	R 2 219 130
MMATSHEPE/THEUWEDI	-	R 2 041 803
EXPECTRA	-	R40 293 300
ASEDS	-	R10 758 459
SKY HIGH CONSULTING ENG	-	R 481 443
SKY HIGH CONSULTING ENG	-	R 479 780
SKY HIGH CONSULTING ENG	-	R 406 022
TANGO'S CONSULTANTS	-	R 1 867 522
SACE	-	R 3 889 409
URANUS CONSULTING ENG	-	R 1 292 760
MTEMA MASHAO	-	R 3 012 064

**c) THE TOTAL EXPENDITURE ON EACH CONTRACT TO DATE**

MACP	-	R23 289 210
INGWE WASTE MAN.	-	R 2 219 130
MMATSHEPE / THEUWEDI	-	R 2 041 803
EXPECTRA 388 CC	-	R40 293 300
MOTLA CONSULTING	-	R 2 574 593
MARSH (PTY) LTD	-	R 4 981 877
UMS	-	R13 002 561
NASHUA	-	R 1 751 634
AMR	-	R 5 864 333
DDP VALUERS	-	R 3 371 679
SKY HIGH CONSULTING ENG	-	R 481 443
SKY HIGH CONSULTING ENG	-	R 479 780
SKY HIGH CONSULTING ENG	-	R 406 022
TANGO'S CONSULTANTS	-	R 1 867 522
SACE	-	R 3 889 409
URANUS CONSULTING ENG	-	R 1 292 760
MTEMA MASHAO	-	R 3 012 064

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

JULIESBURG SPORTS GROUND	-	SKY HIGH	=	R 13 640 613
BURGERSDORP SPORTS GR	-	SKY HIGH	=	R 13 593 764
NKOWANKOWA STADIUM	-	SKY HIGH	=	R 11 278 400
RITA TO MARIVENI	-	TANGO'S CONSULTANT	=	R 90 945 015
TICKYLINE, MYAKAYAKA, MINEVIEW-	-	SACE	=	R 93 736 500
MORUJI-MATSHWI (UPGRADING)	-	MTEMA MASHAO	=	R127 904 235
RUNNYMEDE SPORTS COMPLEX	-	URANUS CONSULT.	=	R 27 972 000
VALUATION ROLL	-	DDP VALUERS	=	R 2 500 000
SPECIALISED SERVICES	-	MOTLA CONSULTING	=	R 10 000 000

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

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

Section 19(2) of the MFMA determines that:

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

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

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

Council must also take cognizance that the budget which includes the capital projects is informed by the IDP. The projects on the IDP are firstly subjected to a prioritization system and subject to the availability of funds, before it is included in the capital budget.

Section 19 of the MFMA determines that a Municipality may spend 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 R119.6 million on 30 June 2014. This amount represented 12,6% of the total Actual Income for the 2013/2014 financial year which is the last Audited

financial year. Due to the high outstanding loan amount the Budget Steering Committee recommends that no loan be taken up to finance Capital projects during the 2015/2016 financial year.

The details of the capital budget are summarized as follows:

#### LOANS

No loans will be taken up.

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

##### 2015/2016

DEPARTMENT NUMBER	DEPARTMENT	2015/2016	2016/2017	2017/2018
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	21 107 314	22 334 230	23 263 452
162	Electrical Engineering Services	30 793 714	22 334 230	23 263 452
012	PED	1 150 000	0	0
	GTEDA	2 000	5 000	5 000
	<b>TOTAL</b>	<b>53 053 028</b>	<b>44 673 460</b>	<b>46 531 904</b>

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

2015/2016 Financial year R2 000

2016/2017 Financial year R5 000

2017.2018 Financial year R5 000

Capital Projects from Grants: Greater Tzaneen Municipality.

##### 2015/2016

DEPARTMENT NUMBER	DEPARTMENT	2015/2016	2016/2017	2017/2018
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)	86 631 451	90 165 450	95 461 700
162	Electrical Engineering Services (EED)	5 000 000	5 000 000	5 000 000
012	PED (NDPG)	0	0	0
	<b>TOTAL</b>	<b>91 631 451</b>	<b>95 165 450</b>	<b>100 461 700</b>

GTEDA has no Capital projects financed through Grants.



## **FINANCIAL IMPLICATIONS OF CAPITAL EXPENDITURE**

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

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

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

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

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

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

## **20 LEGISLATIVE COMPLIANCE STATUS**

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

- Budget and Treasury Office have been established in accordance with the MFMA.
- Budget Steering Committee required by the Budget Regulations has been established and is functional.
- The 2015/2016 IDP review process is underway, with community consultation in process as required by Legislation.
- The Annual Budget has been prepared in accordance with the requirements prescribed by National Treasury, the MFMA and budget regulations.
- The Municipal Supply Chain Management Policy was adopted and the three committees required by the Act have been established and are functional.

- Compliance with regard to monthly, quarterly and annual reporting to the Mayor, Executive Committee, Council, Provincial Government and National Treasury.
- Compilation of the Annual Financial Statements
- The Annual Report has been prepared in accordance with the MFMA and National Treasury requirements.
- A District Audit Committee has been established which provides an oversight function over the Financial Management and Performance of the Municipality. Our Municipality is however in the process of establishing our own Audit Committee.
- A Municipality Public Accounts Committee has been established to ensure that the administration is held accountable for the Management of Municipal funds and assets and to ensure the efficient and effective utilization of Councils resources.

## **21 OTHER SUPPORTING DOCUMENTS**

### 21.1 Providing clean water and managing waste water.

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

## **22 ANNUAL BUDGET OF MUNICIPAL ENTITIES**

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

### **GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (GTEDA)**

<b>NAME OF ENTITY</b>	<b>GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY (GTEDA)</b>
Service Provided	To market Greater Tzaneen’s Economic Development potential and investment opportunities to the local, national and international business communities.  To create a positive investment climate for the GTM.

	<p>To facilitate strategic alliances, joint ventures and encourage participation of local communities, where appropriate.</p> <p>To promote private public partnerships.</p> <p>To provide business support services.</p> <p>To create networking platforms by inviting local, national and international delegates to conferences and exhibitions.</p> <p>To promote Greater Tzaneen products to new markets through trade missions and exhibitions.</p> <p>To facilitate access to available factory space and industrial land.</p> <p>To conduct feasibility studies and facilitate project funding.</p> <p>To act as an agent for and on behalf of the Municipality for the purpose of implementing economic, social and environmental policies and projects in areas within the Municipal boundaries.</p> <p>To collect income, raise, receive and hold funds, or receive guarantees, from any lawful source, for the purpose of the Agency and to manage, administer and disburse those funds in pursuance of the objectives of the Agency and for administrative purposes in accordance with terms and conditions determined by the Agency and approved by the Municipality.</p>
Period of agreement	No period stipulated

Expiry date	Not applicable
Ownership and Control	100% owned by Greater Tzaneen Municipality
Oversight process	Performed by Board of Directors who reports to the Greater Tzaneen Municipality
Mandate	Seeks to have tourism within the area revitalized to enable the sector to develop in line with the agency's states intention of assisting the Greater Tzaneen Municipality to achieve global standards of social and economic growth and development.
Funding from parent Municipality	R2,5 Million, 40% (Previous years) R5,5 Million 100% (Current year)
Link to the IDP	All our projects are derived from the Greater Tzaneen Municipality - IDP
Future objectives	To be the leading catalyst for economic development within Greater Tzaneen Municipality's and to play a major role in achieving the Municipalities growth and development strategy.

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 2014/2015, 2015/2016, 2016/2017, 2017/2018

	<i>Current Year</i>	<i>Multi-year Forecasted Budget</i>		
	Approved Total Budget 2014/2015	Total Budget 2015/2016	Total Budget 2016/2017	Total Budget 2017/2018
<b>01 - INCOME</b>				
011- Interest Earned	-	-	-	-
0141- Interest Received	-	-	-	-
022- Operating Grants/Subsidies	5 500 000.00	5 500 000.00	5 800 000.00	6 120 000.00
XXX- Other (Facilitation Fees)	3 000 000.00	-	300 000.00	620 000.00
0227- IDC	3 000 000.00	-	-	-
0230- SETA	-	-	-	-
0233 - Municipal	2 500 000.00	5 500 000.00	5 500 000.00	5 500 000.00
024- Other Revenue	1 000 000.00	-	-	-
0250- Facilitation Fees	1 000 000.00	-	-	-
<b>TOTAL INCOME</b>	<b>6 500 000.00</b>	<b>5 500 000.00</b>	<b>5 800 000.00</b>	<b>6 120 000.00</b>
<b>02 - EXPENSES</b>				
051- Employ Related Costs	<b>3 561 217.12</b>	<b>2 835 500.72</b>	<b>3 034 885.77</b>	<b>3 248 317.78</b>
1001- Salaries Basic	3 166 081.17	2 517 900.50	2 694 153.54	2 882 744.29
1002 - Overtime	55 000.00	30 000.00	33 000.00	36 300.00
1004- Annual Bonus (13 th Cheque)	182 360.80	183 186.14	196 009.17	209 729.81
1010 - Leave Pay	60 000.00	-	-	-
1012-Housing Allowance	-	-	-	-
1016-Performance bonus	97 775.16	104 414.08	111 723.07	119 543.68
053- Employ Related Costs	<b>320 958.94</b>	<b>724 468.75</b>	<b>775 181.56</b>	<b>829 444.27</b>
1021-Contribution-medical aid scheme	-	-	-	-
1022-Contribution-pension schemes	257 637.32	-	-	-
1023 - UIF/Levy (Stat Payments)	63 321.62	724 468.75	775 181.56	829 444.27
1027- Workmans Compensation	-	-	-	-

<b>058 - Remuneration of Directors</b>	<b>356 000.00</b>	<b>328 000.00</b>	<b>362 000.00</b>	<b>388 000.00</b>
<b>1053- Emoluments</b>	230 000.00	230 000.00	250 000.00	267 500.00
<b>1057- Travel/Accom</b>	88 000.00	78 000.00	90 000.00	96 300.00
<b>1054 - Secretarial Support</b>	38 000.00	20 000.00	22 000.00	24 200.00
<b>064 - Depreciation</b>	-	<b>62 000.00</b>	<b>56 000.00</b>	<b>50 000.00</b>
<b>1091 - Depreciation</b>	-	62 000.00	56 000.00	50 000.00
<b>066 - Repairs and Maintenance</b>	<b>33 106.00</b>	<b>83 106.00</b>	<b>99 727.20</b>	<b>80 000.00</b>
<b>1101- Furniture/Office Equipment</b>	33 106.00	83 106.00	99 727.20	80 000.00
<b>068 - Interest Expense</b>	<b>36 300.00</b>	<b>21 300.00</b>	<b>25 560.00</b>	<b>25 000.00</b>
<b>1231- External</b>	36 300.00	21 300.00	25 560.00	25 000.00
<b>074 - Contracted Services</b>	<b>323 820.67</b>	<b>406 765.00</b>	<b>427 240.46</b>	<b>449 150.96</b>
<b>1261- Information Technology</b>	22 990.00	25 000.00	30 000.00	35 000.00
<b>1263 - Security</b>	7 658.67	3 685.00	6 000.00	6 600.00
<b>1265 - Cleaning</b>	15 972.00	5 660.00	6 240.46	7 550.96
<b>1270 - Internal audit</b>	-	133 500.00	140 000.00	145 000.00
<b>1277 - Rent Premises</b>	277 200.00	238 920.00	245 000.00	255 000.00
<b>078 - General Expenses</b>	<b>1 843 597.27</b>	<b>1 036 859.53</b>	<b>1 014 405.00</b>	<b>1 045 086.99</b>
<b>1301 - Advertising</b>	60 000.00	90 000.00	90 000.00	90 000.00
<b>1302 - Advertising Recruitment</b>	15 000.00	30 000.00	25 000.00	25 000.00
<b>1303 - Audit Fees</b>	220 000.00	200 000.00	205 000.00	205 000.00
<b>1306 - Bank Fees / Interest on Overdraft</b>	11 224.00	11 224.00	12 470.00	12 470.00
<b>1307 - Community Based Planning</b>	450 000.00	360 000.00	360 000.00	380 000.00
<b>1310- Consultancy/Legal Costs</b>	100 000.00	50 000.00	53 000.00	53 000.00
<b>1311 - Consumables Domestic</b>	36 895.00	1 000.00	-	-
<b>1320 - Entertainment Public</b>	15 000.00	7 000.00	7 500.00	7 500.00
<b>1321 - Entertainment Officials</b>	15 000.00	2 000.00	2 200.00	2 200.00
<b>1324 - Employee Assistance</b>	12 000.00	-	-	-
<b>1327 - Insurance</b>	16 000.00	11 000.00	12 100.00	12 100.00
<b>1332- Lease Photocopier</b>	48 141.00	33 142.00	34 000.00	34 000.00
<b>1347 - Postage &amp; Courier</b>	2 795.00	595.00	600.00	600.00
<b>1348 - Printing/Stationery</b>	25 000.00	8 500.00	9 135.00	9 135.00
<b>1363 - Subscriptions</b>	25 000.00	20 000.00	20 000.00	20 000.00
<b>1364 - Subsistence/Travel/Accom</b>	157 500.00	67 000.00	70 000.00	70 000.00
<b>1366 - Telephone/Cellphone</b>	150 000.00	100 000.00	80 000.00	90 000.00
<b>1368 - Training</b>	135 000.00	20 328.53	8 000.00	8 681.99
<b>1378 - Team Building</b>	38 978.27	-	-	-
<b>1379 - Accounting Costs</b>	40 064.00	7 070.00	7 400.00	7 400.00

1380 - Social Inclusion	70 000.00	6 000.00	6 000.00	6 000.00
1381 - Bursaries	200 000.00	12 000.00	12 000.00	12 000.00
<b>04 - CAPITAL EXPENDITURE</b>	<b>25 000.00</b>	<b>2 000.00</b>	<b>5 000.00</b>	<b>5 000.00</b>
608 - Other Assets				
5023 - Office Equipment	25 000.00	2 000.00	5 000.00	5 000.00
<b>TOTAL EXPENSES</b>	<b>6 500 000.00</b>	<b>5 500 000.00</b>	<b>5 800 000.00</b>	<b>6 120 000.00</b>
<b>NET SURPLUS/ (DEFICIT)</b>	<b>0.00</b>	<b>-0.00</b>	<b>0.00</b>	<b>0.00</b>

## **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 DIRECTOR CORPORATE SERVICES: MR. E.L. MUGARI**

**COMMENTS FROM ENGINEERING SERVICES**

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

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

**COMMENTS FROM COMMUNITY SERVICES**

**COMMENTS FROM THE CFO**

**COMMENTS FROM THE MUNICIPAL MANAGER**

**COMMITTEE OUTCOME OR STUDY GROUP OUTCOMES**

**RESOLVED TO RECOMMEND**