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

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# 1.1 ANNEXURES

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Annexure “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><li>- Policy dealing with Infrastructure Investment and Capital Projects</li></ul>	

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

### **PURPOSE OF THIS REPORT**

The purpose of this report is to request Council to consider the 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 Steering 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 South African economy, high inflation fore cast and weaker employment growth will impact negatively on the ability of all Municipalities to generate and collect revenue on services, to keep expenditure within budgeted allocations and to borrow funds at affordable rates for this reason the budget has been prepared in terms of the guidelines set by National Treasury’s MFMA Circular no. 78 which states inter alia that municipal revenues and cash flows are expected to remain under pressure in the 2016/2017 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. This Budget Circular was followed up with Budget Circular 79 which includes National Policy imperatives that should be accommodated as well as other relevant information. The key focus of this circular is the impact of the date of the Municipal Elections on Municipalities affected by Re-Demarcation and the changes to the Local Government Grant allocation.

In the build-up to the 2016 Municipal Elections Municipalities are also advised by National Treasury to work towards Financial sustainability, especially after a considerable period during which Tzaneen experienced cash flow constraints. It is paramount for sound Municipal Finance decision making to ensure long term sustainability of our finances and service delivery.

In addition to that the outgoing Council is also advised to critically consider, the financial implication before entering into new long-term contracts that are not of priority to the Municipality and avoid if possible, committing the incoming Council. In addition, refrain from purchasing cars and from incurring expenditure at this stage that will financially burden the incoming Council.

With regard to the approval of the 2016/2017 medium term revenue and expenditure framework National Treasury advised Municipalities to explicitly manage the following four risks:

- 1. "The Municipal Council must approve the relevant tariffs before the commencement of 1 July; and, should this not happen, the Municipality will not be able to increase its taxes and tariffs. Failure to obtain Council approval for the annual tariff increases would most likely cause an immediate financial crisis that may lead to the provincial executive intervening in the Municipality in terms of Section 139 of the Constitution;**
- 2. In terms of Section 16 of the MFMA, a Municipal Council must approve the Annual Budget for the Municipality before the start of the financial year, and should a Municipal Council fail to do so, Section 26 of the MFMA prescribes that the Provincial Executive MUST intervene. This provincial intervention may include dissolving the Municipal Council and appointing an Administrator to run the Municipality.**
- 3. The outgoing Council may be tempted to prepare an "Election friendly budget" – with unrealistically low tariff increases and an over ambitious capital expenditure programme. The outcome of this approach will undoubtedly be unfunded Municipal budgets that threaten their respective Municipalities financial sustainability and service delivery.**
- 4. Given that the timing of election campaigning coincides with the Municipal public budget consultations, and there is a risk that these consultations may be neglected or used to serve the narrow interests of Political parties."**

The budget was drafted with full consideration of the provisions contained in National Treasury Circular 78 and Circular 79, Councils financial position, sustainability, affordability and the fact that Municipality's were cautioned by National Treasury to keep

increases in tariffs and other charges as low as practically possible. National Treasury also advise Municipality's that Section 20 of the MFMA specifically empowers the Minister of Finance to take appropriate steps to ensure that Municipality's do not materially and unreasonably prejudice national economic policy, particularly those on inflation, administered prices and equity.

The budget has been drafted according to legislation and the Budget Steering Committee believes that the 2016/2017 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 2016/2017 and the indicative revenue and projected expenditure for the two subsequent years 2017/2018 and 2018/2019 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, with the exception of the electricity tariff, 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 2016/2017 financial year be approved as follows:

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

- (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 R70,00 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

2016/2017 Financial year	R21 381 280
2017/2018 Financial year	R32 363 452
2018/2019 Financial year	R30 765 712

II That an amount of R92 307 150 be approved from Grants for the 2016/2017 financial year.

III That a loan of R20 million be taken up to finance capital projects during the 2016/2017 financial year.

IV That Council takes cognizance of the R89 797 000 (2016/2017) MIG allocation for capital projects of which R85 307 150 is allocated for Capital and R4 489 850 is allocated for operational.

(l) 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.

(m) PERSONNEL

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

(n) COST CONTAINMENT MEASURES

- (1) That Council re-confirms its commitment to implement and monitor the Cost Containment Measures attached hereto as Annexure "T".
- (2) That Council adopts MFMA Circular no. 82 together with its Annexure "A" – Cost Containment measures.
- (3) That other financial related policies be reviewed to ensure consistency with the Circular.
- (4) That appropriate oversight mechanisms be created to monitor cost containment measures.
- (5) That the requirements of MFMA Section 62 and Section 167 be complied with.
- (6) That reasonable steps be approved to ensure that public resources are used effectively, efficiently, economically and in the best interest of the Municipality.

(o) DEMAND MANAGEMENT PLAN

- That council approves the Demand Management Plan attached to this report as Annexure "V".

(p) mSCOA

- That Council approves the mSCOA Project Plan attached to this report as Annexure "U".

(q) INCOME FOREGONE

- That Council takes cognizance of the amount of R24 620 000 which has been provided for income foregone.

(r) 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%.

(s) 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.

(t) That R1 400 000 (previous year R1 100 000.00) be made available to the Mayor for the 2016/2017 financial year, allocated as follows:

I R400 000 Special account which must be subjected to Audit. (Funds will only be transferred to an organization) (Previous year R300,00)

II R1 000 000 For Bursaries (Previous year R800 000) (2014/2015 R400 000)

(u) 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)  Basic waste charge for urban vacant residential premises	R104.81  R0.00	R111.73  R50.00
2.	Business waste for 6 x scheduled removals per week (Monthly per unit)  Basic waste charge for business premises with no refuse generation	R349.36  R0.00	R372.42  R372.42
3.	Collection, transportation and disposal of animal carcasses per removal	R243.80	R259.89
4.	Institutional waste for 6 x scheduled removals per week (Monthly per unit)	R349.36	R372.42
5.	Industrial waste for 3 x Scheduled removals per week (Monthly per unit)  Basic waste charge for Industrial premises with no refuse generation	R279.49  R0.00	R297.94  R297.93
6.	Collection; transportation and disposal of condemned foodstuffs per load or 1 x ton or part thereof.	R731.40	R779.67

		<b>CURRENT</b>	<b>PROPOSED</b>
7.	<b>Bulky Waste Removals</b>		
	I Bulk removal of compactable waste (1 x 6m <sup>3</sup> skip per removal once per week)	R660.00	R703.56
	II Bulk removal of non compactable waste (1 x 6m <sup>3</sup> skip per removal once per week)	R1 660.00	R1 769.56
8.	<b>Private Waste Deposits</b>		
	I Per light delivery van or trailer load not exceeding one ton	R150.00	R159.90
	II Per lorry load not exceeding three ton, but exceeding one ton	R460.00	R490.36
	III Per lorry load not exceeding six ton, but exceeding three ton	R910.00	R970.06
	IV Per lorry load not exceeding ten Ton, but exceeding six ton	R1 500.00	R1 599.00
	V Per lorry load exceeding ten ton	R2 600.00	R2 771.60
9.	<b>Health Care Risk Waste Collection, Transportation &amp; Disposal</b>		
	• 5 – 8 x lit sharps	R132.00	R140.71
	• 5 x lit human tissue	R220.00	R234.52
	• 10 x lit sharps	R210.00	R223.86
	• 10 x lit human tissue	R300.00	R319.80
	• 20 x lit sharps	R360.00	R383.76
	• 20 x lit human tissue	R440.00	R469.04
	• 85 x lit H.C.R.W. in liner	R150.00	R159.90
	• 140 x lit H.C.R.W box + liner	R430.00	R458.38
	• 50 x lit H.C.R.W box + liner	R220.00	R234.52
	• 140 x lit Empty liners	R30.00	R31.98

(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>R28.26</b>	<b>R30.125</b>
<b>Business (BA)</b>	<b>R44.64</b>	<b>R47.583</b>
<b>Industrial (CA)</b>	<b>R44.64</b>	<b>R47.583</b>
<b>State (EA)</b>	<b>R75.89</b>	<b>R80.894</b>
<b>Dept (FA)</b>	<b>R28.26</b>	<b>R30.125</b>
<b>Transnet (HA)</b>	<b>R75.89</b>	<b>R80.894</b>
<b>Flats</b>	<b>R46.12</b>	<b>R49.169</b>
<b>Education</b>	<b>R35.72</b>	<b>R38.077</b>

**Tariffs for Consumption**

		<b>CURRENT</b>	<b>PROPOSED</b>
i	<b>DOMESTIC (AA)</b>		
	0 – 6 kl	R0.69 per kl	R0.746 per kl
	7 – 10 kl	R1.98 per kl	R2.11 per kl
	11 – 25 kl	R3.50 per kl	R3.73 per kl
	26 – 35 kl	R4.70 per kl	R5.01 per kl
	36 – 100 kl	R5.29 per kl	R5.64 per kl
	101 kl and more	R9.86 per kl	R10.51 per kl
ii	<b>BUSINESS (BA)</b>		
	0 – 50 kl	R2.51 per kl	R2.68 per kl
	51 – 100 kl	R4.19 per kl	R4.47 per kl
	101 and more	R5.04 per kl	R5.37 per kl
iii	<b>INDUSTRIAL (CA)</b>		
	0 – 50 kl	R2.51 per kl	R2.68 per kl
	51 – 100 kl	R4.19 per kl	R4.47 per kl
	101 and more	R5.04 per kl	R5.37 per kl
iv	<b>STATE (EA)</b>		
	0 – 50 kl	R6.61 per kl	R7.05 per kl
	51 – 250 kl	R5.44 per kl	R5.80 per kl
	251 and more	R3.88 per kl	R4.14 per kl
v	<b>DEPT (FA)</b>		
	0 – 6 kl	R0.75 per kl	R0.80per kl
	7 – 10 kl	R2.00 per kl	R2.13 per kl
	11 – 25 kl	R3.52 per kl	R3.75 per kl
	26 – 35 kl	R4.22 per kl	R4.50 per kl
	36 – 100 kl	R5.29 per kl	R5.64 per kl
	101 kl and more	R9.87 per kl	R10.52 per kl

		<b>CURRENT</b>	<b>PROPOSED</b>
vi	TRANSNET (HA)		
	0 – 50 kl	R6.61 per kl	R7.05 per kl
	51 – 250 kl	R5.44 per kl	R5.80 per kl
	251kl and more	R3.88 per kl	R4.14 per kl
vii	FLATS		
	0 – 75 kl	R0.75 per kl	R0.80 per kl
	76 – 120 kl	R3.92 per kl	R4.18 per kl
	121 – 200 kl	R4.14 per kl	R4.41 per kl
	201 – 250 kl	R4.35 per kl	R4.64 per kl
	251 – 370 kl	R4.56 per kl	R4.86 per kl
	371kl and more	R4.97 per kl	R5.30 per kl
viii	EDUCATION		
	0 – 50 kl	R2.87 per kl	R3.06 per kl
	51 – 200 kl	R2.34 per kl	R2.49 per kl
	201 – 400 kl	R1.68 per kl	R1.79 per kl
	401 kl and more	R3.36 per kl	R3.58 per kl

(r) **SEWERAGE: TARIFFS**

That the following tariffs for sewer services be approved:

	<b>CURRENT</b>	<b>PROPOSED</b>
Charge per m <sup>2</sup> (Basic Charge)	R0.273/kl	R0.291/kl
<b>CHARGE PER KL WATER USAGE/MONTH</b>		
Domestic (AA)	R0.685/kl	R0.729/kl
Business (BA)	R1.14/kl	R1.22/kl
Hotel (BB)	R0.95/kl	R1.01/kl
Guest Houses	R0.95/kl	R1.01/kl
Industrial (CA)	R1.14/kl	R1.22/kl
Flats (IA)	R0.69/kl	R0.729/kl
State (EA)	R0.88/kl	R0.932/kl
Education	R0.38/kl	R0.41/kl
Incentives	R0.38/kl	R0.41/kl

(s) **GENERAL RATES AND REBATE**

**PROPERTY RATES TARIFFS**

That in terms of Section 14(1) and (2) of the Local Government Municipal Property Rates Act, 2004, Council resolved by way of Council Resolution number ..... to levy the rates on property reflected in the schedule below with effect from 1 July 2016.

<b>RATES TARIFFS</b>	<b>CENT IN THE RAND</b>	
	<b>CURRENT</b>	<b>PROPOSED</b>
Categories of properties in terms of the policy		
<b>Agricultural Properties</b>		
Tariff on market value	R0.00278	R0.002971
<b>Business and Commercial Properties</b>		
Tariff on market value	R0.01115	R0.011886
<b>Cemeteries and Crematoriums Properties</b>		
Tariff on market value	R0.00	R0.00
<b>Industrial Properties</b>		
Tariff on market value	R0.01115	R0.011886
<b>Institutional Properties</b>		
Tariff on market value	R0.01115	R0.011886
<b>Multi-Purpose Properties</b>		
Tariff on market value	R0.01115	R0.011886
<b>Municipal Properties</b>		
Tariff on market value	R0.00	R0.00
<b>Privately Owned Vacant Land</b>		
Tariff on market value	R0.01115	R0.011886
<b>Public Benefit Organization Properties</b>		
Tariff on market value	R0.00278	R0.002971
<b>Public Infrastructure Properties</b>		
Tariff on market value	R0.00278	R0.002971
<b>Properties for Religious Use</b>		
Tariff on market value	R0.00278	R0.000
<b>Residential Properties</b>		
Tariff on market value	R0.01115	R0.011886
<b>State-Owned Properties</b>		
Tariff on market value	R0.01115	R0.011886



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

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

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

The Agricultural Property, public service infrastructure property and Public benefit organization property tariff must be 25% of the residential tariff.

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

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

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

(t) **ELECTRICITY TARIFFS**

That the following electricity tariffs be approved:

**TARIFF A**

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

The following will be payable:

A.1. A consumption charge, per kWh consumed **R1.6174**

## **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 338,22</b>	<b>R1 139.44</b>
25 kVA Three phase	45 Amp	<b>R1 344.88</b>	<b>R1 320.20</b>
50 kVA Three phase	80 Amp	<b>R1 783.00</b>	<b>R1 559.13</b>
75 kVA Three phase	100 Amp	<b>R2 479.83</b>	<b>R2 309.83</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 R1,1257**

B.2.2 A consumption charge, per kWh consumed  
**(Agric/Domestic) Three phase R1,1760**

B.2.3 A consumption charge, per kWh consumed  
**(Agric/Domestic) Single phase R1.4204**

### **PLUS**

B.3.1 On three phase Business connections, an additional charge per kWh for every unit consumed above 3 000 units and 1500 units on single phase connection.  
**(Business 1 & 3Ø) R0,0338**

### **PLUS**

B.3.2 On three phase Agri/Domestic connections, an additional charge per kWh for every unit consumed above 3 000 units.  
(Agriculture/Domestic 3 Ø) **R0,0353**

**PLUS**

B.3.3 On single phase connections and additional charge per kWh for every unit consumed above 1500 units.  
(Agriculture/Domestic 1Ø) **R0,0426**

**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 485,91**

C.1.2 Business **R2 384,58**

**C.2** If the demand is registered during the months of June, July or August per point of supply:  
**(Agricultural/Domestic) R282,89**

**C.3** If the demand is registered during the months of September to May per point of supply:  
**(Agric/Domestic) R175,82**

**C.4** If the demand is registered during the months of June, July or August per point of supply:  
**(Business) R215,97**

**C.5** If the demand is registered during the months of September to May per point of supply:  
**(Business) R105,77**

**C.6** A consumption charge, per kWh consumed:

C.6.1 If the kWh has been consumed during the months of June, July or August:

**(Agric/Domestic) R0,8856**

C.6.2 If the kWh has been consumed during the months of September to May:

**(Agric/Domestic) R0,6533**

**C.7** A consumption charge, per kWh consumed:

C.7.1 If the kWh were consumed during the months of June, July or August:

**(Business) R0,8648**

C.7.2 If the kWh were consumed during the months of September to May:

**(Business) R0,6615**

**C.8** A discount according to the voltage at which the electricity is supplied:

C.8.1 If the electricity is supplied at three phase/400V:

**0%**

C.8.2 If the electricity is supplied at a higher voltage, but not exceeding 11 kV:

**3%**

C.8.3 If the electricity is supplied at a higher voltage than 11 kV (if available), but not exceeding 33 kV:

**5%**

## **TARIFF D**

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

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

The following charges will be payable:

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

**R8 313.81**

**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: **R56,75**

D.2.2 If the demand is registered during the months of September to May: **R56,75**

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

**D.3** A consumption charge, per kWh consumed:

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

D.3.1.1 During Peak Hours **R3,2804**

D.3.1.2 During Standard Hours **R0,9364**

D.3.1.3 During Off-Peak Hours **R0,5478**

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

D.3.2.1 During Peak Hours **R0,9891**

D.3.2.2 During Standard Hours **R0,7068**

D.3.2.3 During Off-Peak Hours **R0,4862**

*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.

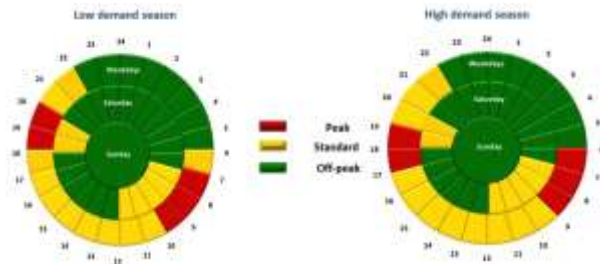
**(September to May)**

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.

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 70A, single phase
- 3. Relevant NERSA approved Step Tariff
- 4. Prior payment of the relevant conversion cost

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

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

<b>DOMESTIC TARIFFS (IBT's)</b>			
DOMESTIC BLOCK 1 0 – 50 kWh (kWh)	DOMESTIC BLOCK 2 51 – 350 kWh (kWh)	DOMESTIC BLOCK 3 351 – 600 kWh (kWh)	DOMESTIC BLOCK 4 >600 kWh (kWh)
R0,8560	R1,0836	R1,4960	R1,7822

- (x) That Council takes note that only a small number of the additional operational requests could be accommodated on the budget and that operational project will have to be prioritized over the next few years to ensure long term sustainability and optimal service delivery.
- (y) That GTEDA utilizes R100 000 from their budget to resuscitate the radio station.

## **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 2016 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	R12 000	R15 000

### **DISCONNECTION CHARGES**

#### Electricity

Electricity Cut – disconnections	R 365.00	R 390.00
Electricity Cut – Removal of meters	R 580.00	R 610.00
Remove installation	R2 400.00	R2 550.00

#### Water

Water restriction: Residential (15 – 20mm)	R220.00	R235.00
Water disconnection: non residential (15 – 40 mm)	R400.00	R425.00
Water disconnection: non residential(50-100mm)	R850.00	R900.00
Water Tanker/Kiloliter	R 15.00	R 20.00

### **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	2016/2017 TARIFFS
Major Soccer game	R5 000	R6 360
Sport bodies at club level:Stadium	R 500	R 600
Sport bodies at inter-district level	R1 000	R1 200
Athletics (Adults)	R1 000	R1 200
Athletics (Schools)	R1 000	R1 200

Meeting at Nkowankowa Community Hall R120/hour

Government and Agencies meetings and workshops R595 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	R710
	Vodacom	R580
	Castle	R330

Sporting codes such as: Tennis, Netball,  
Volleyball, Aerobics, Boxing, etc. R2 000 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	R635 per day
Julesburg stadium	R390 per day
Julesburg stadium	R230 per day
Julesburg Hall	R160 per day
Burgersdorp Stadium	
Major Games	R565 per day
Small Clubs	R230 per day

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

Film Shows	R1 275
Fashion Shows	R1 690

Political Rally	R1 690
Traditional Dance	R1 275
Music competition / auditions, etc..	R1 275
Charitable Organization & NGO	R 565
Wedding Ceremony	R1 690
Funeral Service	R 790
Church Activities	R 790
Meetings	R 110 per hour
Festivals	R20 000 and 20% of all gate takings
Minitzani Hall	R160 per day
Clubhouse	R320 per day
Conference Room at Nkowankowa Stadium	R320 per day
Rent of Turner room (Haenertsburg Library)	R160 per day
Projector room (Muhlaba hall)	R160 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 2016 by the substitution for item 3 of the following:

### Miscellaneous Charges

- 1(a) For each separate 19 mm new water connection:  
R3 040 Vat included  
(Old Tariff R 2 870-00 VAT included)
- 1(b) For each new 50 mm water connection  
R11 200 VAT included  
(Old Tariff R10 560 VAT included )
- 1(c) For each new 80 – 110 mm water connection  
R13 300 VAT included.  
(Old Tariff R12 540 VAT included)

1 (d) For each water re-connection:  
 R1 120 VAT included  
 (Old Tariff R1 056 VAT included)

1 (e) For each disconnection:  
 R960 VAT included  
 (Old Tariff R960 VAT included)

1 (f) Water Tanker/kilolitre:  
 R14,60 VAT included  
 (Old Tariff R13.75 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 205.00	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 65.00	No
Chloride	Cl	mg/L Cl	R 73.00	No
Fluoride	F	mg/L F	R 75.00	No
Free Chlorine	ClFre	mg/L Cl <sub>2</sub>	R 160.00	No
Nitrate Nitrogen	NO <sub>3</sub>	mg/L N	R 124.00	No
Orthophosphate	PO <sub>4</sub>	mg/L P	R 83.00	No
Sulphate	SO <sub>4</sub>	mg/L SO <sub>4</sub>	R 61.00	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 60.00	No
Conductivity	Cond	Ms/m@25 <sup>0</sup> C	R 35.00	No
Dissolved Solids	TDS	mg/L@180 <sup>0</sup> C	R 67.00	No
PH	PH		R 35.00	No
Suspended Solids	TSS	mg/L@105 <sup>0</sup> C	R 78.00	No
Total Alkalinity	Talk	mg/LCaCO <sub>3</sub>	R 67.00	No
Turbidity	Turb	FTU	R 58.00	No

<b>Calculation Methods (requires additional determinands, please confirm with laboratory)</b>				
Ryznar Index	RyzInd		R 25.00	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 64.00	No
Magnesium Hardness	MgHard	mg/L	R 64.00	No
Total Hardness	Thard	mg/L CaCO <sub>3</sub>	R104.00	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 58.00	No
Calcium	Ca	mg/L Ca	R 58.00	No
Iron	Fe	mg/L Fe	R 58.00	No
Magnesium	Mg	mg/LMg	R 58.00	No
Manganese	Mn	mg/LMn	R 58.00	No
Potassium	K	mg/LK	R 58.00	No
Sodium	Na	mg/L Na	R 58.00	No
Zinc	Zn	mg/ L Zn	R 58.00	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 55.00	No
Total Coliforms	TC	cfu/100ml	R 137.00	No

**SEWER CONNECTIONS**

That in terms of the provisions of Section 11 (3) of the Local Government Municipal System Act 2000, the Council amends by resolution the charges payable in terms of the Drainage and Plumbing By-Laws and By-Laws for the Licensing and regulating of Plumbers and Drain Layers published under Municipal Notice No. 35 dated 22 September 1982, and promulgated in Official Gazette No. 4226 dated 22 September 1982 as follows with effect from 1 July 2016:

- 1(a) For each sewer connection  
R3 042 VAT included  
(Old Tariff R2 870 VAT included)

- 1(b) Sewer Honey Sucker Services  
R115/m<sup>3</sup> VAT included + R0.00/km from 0 – 60 km  
+ R2.92/km from 61-120 km  
+ R4.60/km from 121 km plus  
(Old Tariff R115/m<sup>3</sup> VAT included)
- 1(c) Domestic effluent by private tanker = R35/m<sup>3</sup>.
- 1(d) Domestic effluent by private discharger = R11.60/drum of 200L
- 1(e) Trade effluent from outside Municipal jurisdiction: R509/tanker
- 1(f) Trade effluent from within Municipal jurisdiction: R445/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 2016 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: R480-00  
(Old tariff R450-00).
  - 1.2 The charges payable for any building plans shall be R7-50 per m<sup>2</sup>  
(Old tariff R7-00)
  - 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 R2.65c per m<sup>2</sup> (Old tariff R2.50) of the reinforced area is payable for every new building in which structural steelwork or concrete is utilized for the main framework as the main structural components of the building.
3. Charges payable for approval of alterations to existing buildings and buildings of special character such as factory chimneys, spires and similar erections, shall be calculated on the estimated value thereof at

the rate of R27 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 R372-00 per plan (Old tariff R350-00).
5. Charges payable for the re-inspection of buildings and swimming pools: R530-00 per re-inspection (Old tariff R500-00).
6. Town maps: R230-00 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 2016:

### **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: R398-00  
(Old tariff R397-00)

1.2 Per grave for any person 12 years and over: R720-00  
(Old tariff R718-00)

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

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

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

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

- |     |  |           |
|-----|--|-----------|
| 2.2 | Per grave for any person 12 years and over:<br>(Old tariff R2 240-00)              | R2 240-00 |
| 2.3 | Opening for second burial:<br>(Old tariff R1 190-00)                               | R1 190-00 |
| 3.  | Niches: Per niche per deceased<br>(Old tariff R450-00)                             | R470-00   |
| 4.  | Memorial work: Removal or re-affixing to per memorial work<br>(Old tariff R280-00) | R280-00   |
| 5.  | Removal of ashes from a niche: Per removal<br>(Old tariff R275-00)                 | R280-00   |

## **SCHEDULE**

### **ELECTRICAL CHARGES**

That in terms of the provision of Section 11 (3) of the Local Government Municipal System Act 2000, the Council by resolution amends the charges payable for the supply of electricity as contained in Municipal Notice 19 of 1988, with effect from 1 July 2016 by the addition in part (iii) after clause (2) of the following:

#### **TESTING OF METERS**

	<u>OLD TARIFF</u>	<u>NEW TARIFF</u>
I Rural	R2 000.00	R2 000.00
II Town	R1 400.00	R1 400.00
III New Connection charge	R 310.00	R 315.00

#### **PRE-PAID**

Tamper Fee	R2 632.00	R3 000.00
Keypad Replacement Fee	R 316.00	R 350.00
Lost Card Fee	R 27.00	R 35.00

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

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



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

Notice is hereby given in terms of the provisions of Section 11 (3) of the Local Government Municipal Systems Act 2000, that the Greater Tzaneen Municipality has by Resolution determined charges payable in terms of the provisions of Chapter 3, Regulation 14(1)(b) of the Spatial Planning & Land Use Management Act, 2013 (Act 16 of 2013) and the Town-Planning and Townships Ordinance, 1986 (Ordinance 15 of 1986), with effect from 1 July 2016 as set out in the Schedule below.

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

**SECTION A:**

**FEES EXCLUDING ADVERTISEMENT AND INSPECTION**

	<u>OLD TARIFF</u>	<u>NEW TARIFF</u>
i Application for township establishment, extension of boundaries of an approved township, or amendment or cancellation in whole or in part of a General Plan of a township	R5 800.00	R6 148.00
ii Application for consent use/special consent, excluding Spaza shops	R1 550.00	R1 643.00
iii Application for consent use for spaza shops provided for in terms of an existing scheme	R 212.00	R 225.00
iv Application for amendment of an existing scheme or land use scheme by the rezoning of land	R3 370.00	R3 572.20
v Application for removal, amendment or suspension of a restrictive or obsolete condition, servitude or reservation registered against the title of land	R3 370.00	R3 572.20
vi Application for subdivision for property in 5 or less portions	R1 900.00	R2 014.00
vii Application for subdivision for property in more than 5 portions	R2 000.00 for the first 5 portions plus R180 in respect of each further portion	R2 120.00 for the first 5 portions plus R190.00 in respect of each further portion

viii	Application for consolidation of any land	R760.00	R805.60
ix	Application for permanent closure of any public place-		R2000.00
x	Application for amendment of land use on communal land (former application for Permission to Occupy (PTO) i.e. applications for churches, crèches, taverns, etc	R125.00	R132.50
xi	Application for any consent or approval required in terms of a condition of title/condition of establishment of a township/existing scheme or any consent or approval provided for in a Provincial law -		R300.00
xii	Application for Council's/Tribunal's reasons	R636.00	R675.00
xiii	Comments of Council/Tribunal regarding applications in terms of Act 21/1940, Act 70/1970 and recommendation of layouts on R293 or any other consent i.t.o. legislation not listed herein.	R1 900.00	R2 014.00
xiv	Amendment of pending division application – Section 17(3), Division of Land, 1986 Ordinance	R1 630.00	R1 727.80
xv	Amendment of pending Township application – Section 96, Town planning and Townships Ordinances, 15 of 1986		
	• Amendment not material	R1 630.00	R1 727.80
	• Material amendment	R5 440.00	R5 766.40
xvi	Phasing of Township Application – Section 99, Town Planning and Township Ordinance, 15 of 1986	R1 630.00	R1 727.80
xvii	Consideration of a Site Development Plan i.t.o. Tzaneen Town Planning Scheme, 2000	R1 630.00	R1 727.80
xviii	Application for extension of time –		
	All applications	R 810.00	R 858.60
	1 <sup>st</sup> Application (Year 1)	R 810.00	R 858.60
	2 <sup>nd</sup> Application (Year 2)	R1 630.00	R1 727.80
	3 <sup>rd</sup> Application (Year 3)	R2 440.00	R2 586.40
xix	Hard copy of Tzaneen SDF		R5 000.00

## SECTION B:

### ADVERTISEMENT AND INSPECTION FEES

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

	<u>OLD TARIFF</u>	<u>NEW TARIFF</u>
i Notice of application in Provincial Gazette and Newspapers	R3 530.00	R3 741.80
ii Inspection and hearing regarding any application	R1 550.00	R1 643.00

### 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
Pavements/Sidewalks	Clothing	R20/d
	Fruit and Vegetables	R5/d
	Accessories (Cell/Jewelery/Hair)	R5/d
	Clothing and Toys	R10/d
Trolleys/Designated Cart	Food and Soft drinks	R10/d
	Accessories	R5/d
	Fruit and Vegetables	R5/d
Junction/Road side	Food and Soft drinks	R10/d
	Fruit and Vegetables	R10/d
	Décor materials (flower pots/flowers, etc.)	R10/d
Open designated site	Hawkers fee centre of town	R 40.00
Adv. of Board handling fee		R 500.00
Adv. Board Approval fee		R 500.00

Hawkers Bush Mechanics	R 500.00
Hawkers Car wash	R 500.00
Taxi & Busses	R1 000.00

## REVENUE

Refer to drawer cheques (R/D) – Admin Fee  
Current R180.00 and Proposed R180.00

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

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

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

Furnishing of Clearance Certificate  
Current R70.00 and Proposed R80.00

Furnishing of Valuation Certificate  
Current R115.00 and Proposed R120.00

Furnishing of Duplicate Clearance Certificate  
Current R50.00 and Proposed R60.00

Applying for Clearance Figures  
Current R60.00 and proposed R65.00

Final reading levy  
Current R50.00 and Proposed R60.00

Credit Control Action – Final Demand Notice  
Current R45.00 and Proposed R50.00

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

Copy of the Valuation Roll  
Current R800.00 and Proposed R900.00

Minimum initial consumer deposits per category:

	CURRENT	PROPOSED
Flats with electricity only	R 720.00	R 800.00
Flats with electricity and water	R 830.00	R 910.00

Residential and agricultural properties:

Single phase	R1 000.00	R1 200.00
Three phase	R3 000.00	R3 300.00

Business:

Single phase	R3 000.00	R3 300.00
Three phase	R4 000.00	R4 500.00

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

All above tariffs are VAT excluded.

#### **RENTAL OF UNIMPROVED PORTIONS OF THE FARM LETABA FLYING CLUB 512**

Hanger number	Area/m <sup>2</sup>	Current Rental per Month	Proposed Rental per Month
1A	437	R 910.88	R1 457.00
1	118	R 245.96	R 393.00
2	215	R 448.15	R 717.00
3	660	R1 375.70	R2 201.00
4	225	R 468.99	R 750.00
5	175	R 364.77	R 583.00
6	123	Club Hanger	
7	137	R 285.56	R 456.00
8	215	R 448.15	R 717.00
9	283	R 589.89	R 943.00
10A	207	R 431.47	R 690.00
10	190	R 396.04	R 633.00
11	215	R 448.15	R 717.00

12	193	R 402.29	R 643.00
13	483	R1 006.77	R1 610.00
14	231	R 481.50	R 770.00
15	473	R 985.92	R1 577.00
16	422	R 879.62	R1 407.00
23	204	R 425.22	R 680.00
24	391	R 815.00	R1 304.00
28	123	R 256.38	R 410.00
29	188	R 391.87	R 626.00
Hanger: Pro Air	992	No Contract	
Main Building	298	R 621.15	R 993.00
16A	400	R 833.76	R1 334.00
20		R 450.23	R 720.00

### LANDING FEES

	CURRENT	PROPOSED
Single motor aircraft:	R 60 per landing	R 80 per landing
Double motor aircraft:	R110 per landing	R130 per landing
Helicopter:	R 40 per landing	R 50 per landing
Parking fees:	R 25 per night	R 30 per night

### ENVIRONMENTAL HEALTH FEES

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

### CHARGES PAYABLE FOR THE USE OF THE PUBLIC LIBRARIES

Members of the Tzaneen Library	R70.00 or R150/family
Members of the Haenertsburg, Letsitele, Shiluvane or Mulati Libraries	R40.00 or R80/family
Deposit	R150,00 per person
Duplicate certificate of Membership	R10.00

Overdue Library material	R1,00 per book per day
Block loans	R200.00 per year plus membership of person responsible for block loan.

### **PHOTOCOPIES**

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

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

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

Rent of the Tzaneen Library Study Hall (After hours)	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
Rent of Muloti Conference room	R100.00 per day or part thereof

### **LICENCING TARIFFS**

Poster

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

Election Posters

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

Pamphlets

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

Advertisement – Properties

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

## Banners

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

## Driving School Registrations

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

## Dog Tax

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

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

It is hereby notified in terms of Section 80B(8) of the Local Government Ordinance, 1939 (Ordinance 17 of 1939), read with Section 10G(7) of the Local Government Transition Act, 1993, read with Section 11 (3) of the Local Government Municipal Systems Act 2000, that the Greater Tzaneen Municipality has by special resolution further amended the charges payable for the furnishing of information and documents, contained in Municipal Notice no. 24 dated 29 July 1981, and published in Provincial Gazette, No. 4157 of 29 July 1981, with effect from 1 July 2016 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 2016/2017 medium term revenue and expenditure framework proposes a consolidated budget of R1,172 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.

Sustainability more often than not takes second place to compliance seeing that non compliance leads to withholding of Grant money or even a disclaimer audit opinion. Compliance is therefore often described as a “have to” whilst sustainability is being described as a “Want to”. Greater Tzaneen Municipality is performing well with regard to compliance and we need to put more emphasis on short-term and long-term sustainability. This implies that expenditure must be kept within the revenue recovered and that no Capital project, which is not cash backed can be rolled over to the next financial year.

Commitment with sustainability begins with awareness of our impact and a sense of that “making a difference within available resources is possible.” This means moving away from just doing what is expected to providing sustainable services in line with the expectations of our communities.

Sustainability can only be achieved if the following activities are managed:

- 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.
- The reduction of irregular expenditure.
- Eliminate fraud and corruption and
- Promote sustainability

### BACK TO BASICS FOR LOCAL GOVERNMENT

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

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

### mSCOA IMPLEMENTATION

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

Uniform expenditure classifications have already been established and implemented for National and Provincial Government Departments. These Regulations propose 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

reports on its financial affairs in accordance with its own organizational structure and unique chart of accounts. The result is a disjuncture amongst Municipalities and Municipal entities and between Municipalities and the other spheres of Government as to how they classify revenue and expenditure and consequently report thereon.

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

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

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

To comply with the requirements of the Gazette Council resolved during a meeting held on 30 June 2015 to establish a mSCOA implementation team. This team will be responsible to ensure that all mSCOA implementation requirements are adhered to and that mSCOA is implemented and fully functional at Greater Tzaneen Municipality on 1 July 2017.

The Municipal Manager / Project Sponser has also appointed members to serve on the mSCOA Steering Committee. These appointments were made in writing as provided for in the project terms of reference. The project will be managed by the Chief Financial Officer Me. N.M. Lion who has been appointed as mSCOA Project Manager.

The members who have been tasked with the implementation of mSCOA in Greater Tzaneen Municipality are:

### **mSCOA Steering Committee:**

Mr. S.R. Monakedi, Project Sponser, Chairperson

Members:

Chief Financial Officer	: N.M. Lion
Corporate Services Director	: M.S. Monyela (Acting)
Community Services Director	: O.Z. Mkhombo
Engineering Services Director	: H.O. Tshisevhe (Acting)
Electrical Engineering Director	: P. Van den Heever
Planning & Economic Development Director	: B.M. Mathebula
Manager Financial Services	: J. Biewenga
Manager Revenue	: P.M. Viljoen
Manager Expenditure	: M.E. Sono
Manager Assets	: T.A. Ramokgano
Manager Supply Chain Management	: N.L. Mashao
Manager Stores and Fleet Management	: A.J.J. Le Grange
PMS Officer	: F.M. Human
Manager Risk Management	: M.M. Mpyana
Manager IT	: T.G. Maluleke
Manager Human Resources	: N.M.H. Maake
Manager Building Control and Maintenance	: M.L. Mahayi
Manager Water & Sewer (Acting)	: M.L. Mahayi
Manager Operations and Maintenance Urban	: A.G. Laubscher
Manager Operations and Maintenance Rural	: M.S. Lelope
Manager Projects	: N.G. Fourie
Technical Design and PMU (Acting)	: M.J. Matlala

The following members still need to be appointed on the mSCOA Implementation Committee. Once appointed in writing by the Accounting Officer / Municipal Manager the project can be implemented.

### **mSCOA Project Implementation Team:**

M.N. Lion	Project Manager, Chairperson
J. Biewenga	Manager Financial Services
P.M. Viljoen	Manager Revenue
M.E. Sono	Manager Expenditure
T.A. Ramokgano	Manager Assets
N.L. Mashao	Manager Supply Chain Management
A.J.J. Le Grange	Manager Stores and Fleet Management
F.M. Human	PMS Officer
M.M. Mpyana	Manager Risk Management
T.G. Maluleke	Manager IT
N.M.H. Maake	Manager Human Resources

M.L. Mahayi	Manager Building Control and Maintenance
M.L. Mahayi	Manager Water & Sewer (Acting)
A.G. Laubscher	Manager Operations and Maintenance Urban
M.S. Lelope	Manager Operations and Maintenance Rural
N.G. Fourie	Manager Projects
M.J. Matlala	Technical Design and PMU (Acting)

A Project Management Office has not yet been established and will be responsible to perform the following activities once established and a PMO Officer appointed.:

- Provide Administration support to the project
- Provide dedicated support to the project implementation team
- Prepare monthly written reports on the progress of the project
- Draft reports to the Municipal Manager
- Compile Quarterly Reports, Aggregate reports and ,
- Take charge of mSCOA document management

The Municipality is behind schedule with the implementation of the mSCOA project and the concern is raised that Tzaneen may not, without a special effort by all departments, meet the implementation deadline.

An amount of R1,9 million have been provided for changes to the financial system.

As mentioned the implementation of mSCOA is a complex process and there are a number of risks and challenges facing Municipalities which may result in implementation deadlines not met. The biggest concern may be the fact that National Treasury did not meet its deadline with regard to the approval of system vendors.

Other risks and challenges are summarized as follows:

#### 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 mSCOA inter relationship
- Key personnel issues, Moratorium on filling of CFO positions for the Demarcation of Municipalities

## mSCOA Chalanges

- Cost implication of mSCOA
- 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 2016/2017 financial year is not drafted in terms of mSCOA. This might require the approval of a revised budget.
- Complexity and volume of transactions
- Uncertainty about the change in the business process. Changes cannot be done before the final mSCOA version has been provided by National Treasury and all concerns have been addressed.
- Classification issues: Corporate Services will be within the Financial Department.

## Changes Effected To The Draft 2016/2017 Budget Approved By Council On 14 March 2016

Chapter 4 of the MFMA determines that after the Draft Budget is tabled to Council the Accounting Officer / Municipal Manager must make it public and invite the Local Community to submit representations to Council thereon. The Draft Budget must also be submitted to National treasury and the relevant Provincial treasury to be assessed.

After considering the Budget submissions from all stakeholders, the Council must give the Mayor an opportunity to revise the Budget and table amendments for consideration by Council.

The MFMA also determines that National Treasury may issue guidelines on information to be included in the final budget.

After approval of the Draft 2016/2017 Budget by Council, National Treasury issued Circular 79 which contained amended guidelines on inflation and forecasting information.

Budget Meetings were held by the Budget Steering Committee to consider the inputs received from National Treasury, Provincial Treasury and the community.

The inputs received from the community amount to 110 in total and are mainly issues already addressed by the Budget Steering Committee. These inputs inter alia include the following:

- Grading of Sport fields
- Grading of internal streets
- Extension of electricity
- Building of bridges
- Ablution facilities
- Water reticulation
- Streetlights / Apolo lights
- Waste Management drop off centres.

As mentioned previously most of these issues have already been address and the requests that cannot be addressed during the 2016/2017 financial year have been referred to the IDP to be prioritized during the drafting of the 2017/2018 Budget.

A list of all these requests is available at the IDP Office for information.

Based on the inputs received from the Community, Provincial Treasury and National Treasury the Budget Steering Committee recommends that the following amendments be effected to the Draft 2016/2017 Budget:

1. That the inflation target be changed from 6% to 6.6%;
2. That the increases in Municipal Tariffs with the exception of the electricity tariffs be changed from 6% to 6.6%;
3. That Councils Electricity Tariff be increased from 8.1%, increase on the previous year tariff, to 8,64%, on the previous year Tariff.
  - That Council takes note that an increase of only 7,64% was approved by NERSA and that the 1% above the approved increase allowed, will be ring fenced to be used by the Electrical Department and that the increase will be motivated to NERSA.
  - The increase of 7,64% increase guideline from NERSA is based on the following:
    - ❖ Bulk purchase cost increased by 7,857%
    - ❖ Consumer price index of 6,6%
    - ❖ Salary and wage increase of 7,6%, and
    - ❖ Repairs and maintenance increase of 6,6%
4. That the Bulk Electricity purchase be increased by 7,857% which is in line with ESKOM's electricity tariff increase to Municipalities.
5. That a loan of R20 million be taken up to finance capital projects and that the R20 million from own sources allocated for Capital Projects be

allocated to accommodate Operational expenses. That Council takes note that the increase in employee related cost and the reduction in the allocation of GRANT funding resulted in a shortfall of +- R3 million which resulted in the reduction of the R20 million to R17 million. The R17 million will be utilized as follows:

**INCREASE OF THE FOLLOWING ITEMS (R17 Million)**

- R7 500 000; Renewal Repairs & Maintenance Electricity (Capital)
- R2 500 000; Renewal Repairs & Maintenance Roads (Capital)
- R1 000 000; Repairs & Maintenance Electricity
- R3 000 000; Contracted Services
- R2 000 000; Interest and Redemption
- R1 000 000; Upgrading of IT System

**R20 MILLION LOAN ALLOCATIONS**

The R20 million loan will be allocated to the following capital projects:

PROJECT NAME	AMOUNT	VOTE NUMBER	DEPARTMENT	FINAL BUDGET
Parks ablution block	R900 000	105/600/5101	Comm	Loan
Khwekhwe low level bridge	R1 300 000	063/600/5102	Engineer	Loan
Rikhotso low level bridge	R2 000 000	063/600/5102	Engineer	Loan
Mohonyane low level bridge	R500 000	063/660/5102	Engineer	Loan
Purchase of land	R3 000 000	016/602/5101	PED	Loan
Sound System	R200 000	006/608/5125	Corp	Loan
Furniture & Equipment	R2 100 000	Dept/608/5123	All	Loan
Renewal Repairs & Maint Elect	R7 500 000	173/600/5129	Elect	Loan
Renewal Repairs & Maint Roads	R2 500 000	063/600/5129	Engineer	Loan

6. That the Budget for employee related cost be increased from 7% to 7.6%.



7. That the recommended increase in Councillors allowances be changed from 7% to 7.6%
8. That the Municipality, on advice from Provincial treasury, includes the following in the Final Budget Report:
  - Cost Containment measures
  - Demand Management Plan
  - Explanation of Income foregone
  - mSCOA Project Plan and Implementation Progress
9. That a basic charge be implemented for the following services:
  - Waste removal for Urban vacant residential premises
  - Waste removal for Business premises with no refuse generation.
  - Waste removal for Industrial premises with no refuse generation.

This recommendation is motivated by the fact that the Municipality is compelled to provide a service at these premises.

10. That the GRANT allocations be amended to be in line with the 2016 DORA allocations.

With regard to the 1% increase in Electricity Tariff above the approved Tariff increase, NERSA requires the following:

*“Municipalities applying for an increase that is above the guideline will have to justify their increases to the Energy Regulator and the approval will be based on the following requirements:*

- *A detailed plan on the additional funds requested needs to be presented to NERSA as part of the motivation for the above-guideline increase (the municipality must provide a detailed revenue analysis whereby it indicates the revenue when using the approved guideline percentage increase versus the actual required revenue and the list of items, i.e. repairs and maintenance, where the extra funds will be allocated);*
- *The approved funds must be ring-fenced to ensure the extra funds are strictly utilized for the identified projects or activities;*
- *Municipalities must report to NERSA on a six-monthly basis on how the additional funds are utilized;*
- *Funds not utilized for the purpose for which they were approved will be clawed back in the following financial year;*

- *Municipalities may be required to make representations at the public hearings of the National Energy Regulator of South Africa. Public Hearing dates will be communicated to all stakeholders in due course;*
- *Any other reasons not indicated above may be considered by the Energy Regulator.”*

The increase of 1% will be ring fence to the maintenance of the Electricity infrastructure and NERSA requirements will be complied with.

The anticipated amount is R4 315 280.20.

(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	Values Sum of 2015 2016 Budget	Sum of 2016 2017 Budget	Sum of 2017 2018 Budget	Sum of 2018 2019 Budget
01-income	-1 039 324 806	-1 098 801 284	-1 160 616 180	-1 234 769 468
001PROPERTY RATES	-81 583 274	-95 000 000	-100 890 000	-106 842 510
003PENALTIES IMPOSED AND COLLECTION CHARGES ON RATES	-5 000 000	-5 000 000	-5 310 000	-5 623 290
005SERVICE CHARGES	-484 925 954	-520 501 261	-552 772 339	-585 385 907
009RENT OF FACILITIES AND EQUIPMENT	-959 100	-1 072 100	-1 138 570	-1 205 746
011INTEREST EARNED - EXTERNAL INVESTMENTS	-1 801 000	-2 101 000	-2 231 262	-2 362 906
012INTEREST EARNED - OUTSTANDING DEBTORS	-11 400 000	-12 000 000	-12 744 000	-13 495 896
016FINES	-3 705 136	-3 805 136	-4 041 054	-4 279 477
018LICENSES & PERMITS	-647 138	-651 000	-691 362	-732 152
020INCOME FROM AGENCY SERVICES	-43 192 708	-49 264 291	-52 318 677	-55 405 479
022OPERATING GRANTS & SUBSIDIES	-419 280 000	-423 432 000	-443 374 000	-475 210 000
024OTHER REVENUE	-6 030 496	-8 465 046	-8 989 879	-9 520 282
026GAIN ON DISPOSAL OF PROPERTY PLANT & EQUIPMENT	-2 300 000	-2 129 450	-2 261 476	-2 394 903
031INCOME FOREGONE	21 500 000	24 620 000	26 146 440	27 689 080
02-Expenses	959 734 590	1 046 702 386	1 103 058 205	1 171 835 650
051EMPLOYEE RELATED COSTS - WAGES & SALARIES	221 698 024	241 291 181	256 147 142	271 208 907
053EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTIONS	48 030 242	55 682 360	59 081 471	62 540 831
055EMPLOYEE COSTS CAPITALIZED	-9 515 771	-10 915 558	-11 592 323	-12 276 270
056EMPLOYEE COSTS ALLOCATED TO OTHER OPERATING ITEMS	-101 576 219	-111 518 988	-118 433 165	-125 420 722
058REMUNERATIONS OF COUNCILLORS	21 852 856	24 172 636	25 631 071	27 210 344
060BAD DEBTS	20 583 459	24 141 000	25 637 742	27 150 369
062COLLECTION COSTS	200 000	200 000	212 400	224 932
063INVENTORY SURPLUS/LOSS	0	0	0	0
064DEPRECIATION	123 228 464	128 783 959	136 763 347	144 827 795
066REPAIRS AND MAINTENANCE	134 175 671	153 760 502	163 288 430	172 927 861
068INTEREST EXPENSE - EXTERNAL BORROWINGS	11 555 937	14 876 264	15 798 547	16 730 685
072BULK PURCHASES	307 100 624	332 500 000	353 115 000	373 948 785
074CONTRACTED SERVICES	42 513 872	48 735 923	51 741 506	54 777 107
076GRANTS & SUBSIDIES PAID	34 473 000	28 785 000	22 172 612	27 174 241
077GRANTS & SUBSIDIES PAID-UNCONDITIONAL	6 588 499	6 888 499	7 315 586	7 747 206
078GENERAL EXPENSES - OTHER	98 825 932	109 319 608	116 178 839	123 063 581
03-Abc	-7 232 033	-7 566 150	-8 033 975	-8 507 642
087INTERNAL CHARGES	162 452 739	181 467 915	192 720 202	204 091 032
043INTERNAL RECOVERIES	-169 684 772	-189 034 065	-200 754 177	-212 598 673
04-Capital	144 682 479	133 688 430	129 105 902	132 899 412
600INFRASTRUCTURE	132 976 079	124 607 150	127 005 902	130 799 412
602COMMUNITY	3 750 000	3 000 000	0	0
	7 956 400	6 081 280	2 100 000	2 100 000
05-App	-57 860 230	-74 023 382	-63 513 952	-61 457 952

089CASH REQUIREMENTS	40 634 747	43 318 821	39 863 468	48 018 736
1701LOAN REPAYMENTS	40 634 747	43 318 821	39 863 468	48 018 736
095TRANSFERS FROM / (TO) RESERVES	-98 494 977	-117 342 203	-103 377 420	-109 476 687

As the representative institution of the people Greater Tzaneen Municipality has the responsibility to ensure that its budget and available resources optimally matches the people needs.

In reality, spending needs always exceed available financial resources, which forces Municipalities to make choices about the allocation of the scarce resources to meet competing needs of communities as informed by its IDP. Budgeting forces Municipalities to be aware of funding limits, forces Municipalities to make difficult trade-offs, make compromises and to carefully allocate resources according to the needs of the people within the approved IDP.

The above mentioned budget has been drafted in such a way that it not only promotes compliance but continues to set the tone and example for good governance.

The Budget is discussed as follows:

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

The total revenue for the 2016/2017 financial year amounts to R1,099 billion, which represents an increase of R59 million over the 2015/2016 financial year. This increase is mainly due to the increase in property rates, service charges and external grants from Government.

The total revenue budget includes an amount of R291,1 million which represents the equitable share allocation to the Greater Tzaneen Municipality.

An amount of R95 million will be levied by way of property tax and R520,5 million will be sourced from user charges. National allocations to fund operational activities amount to R3,759 million which includes the Finance Management Grant of R1,810 million and the EPWP of R1,9 million

An amount of R1,047 Billion has been made available on the operational budget for expenditure. This substantial increase is largely due to the increase in salaries, repairs and maintenance,

general expenses and ESKOM's tariff for bulk electricity purchases. The Expenditure amount also includes R241 million for salaries, R154 million for repairs and maintenance and R333 million for the purchase of bulk electricity.

An amount of R133,6 million has been allocated for capital expenditure for the 2016/2017 financial year. This amount includes the MIG allocation of R85,3 million which will be spend on roads and Sport and Recreational facilities. Capital from own sources amounts to R21,3 million. A summary of the detailed capital budget is attached as Annexure "R" to this report.

#### GTEDA BUDGET

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

The total revenue of GTEDA's Budget amounts to R6,735 million which represents an increase of R1,2 million on the 2015/2016 annual budget. The total revenue amount consist of a Grant from GTM.

The total operational expenditure amounts to R6,500 million of which R3,465 million of the total expenditure represents salaries and an amount of R1,1 million of total expenditure represents general expenditure.

An amount of R235 thousand has been provided for IT equipment in the capital budget.

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

The total revenue for the 2016/2017 financial year amounts to R1,172 billion, which represents an increase of R60,9 million over the 2015/2016 financial year. This increase is mainly due to the increase in property rates, service charges and external grants from Government.

The total revenue budget includes an amount of R291,1 million which represents the equitable share allocation to the Greater Tzaneen Municipality.

An amount of R95 million will be levied by way of property tax and R553,7 million will be sourced from user charges. National allocations to fund operational activities amount to R3,759 million

which includes the Finance Management Grant of R1,810 million and the EPWP of R1,9 million.

An amount of R1,112 billion has been made available on the operational budget for expenditure. This substantial increase is largely due to the increase in salaries, repairs and maintenance, General Expenses and ESKOM's tariff for bulk electricity purchases. The Expenditure amount also includes R270 million for salaries, R200 million for repairs and maintenance and R335,3 million for the purchase of bulk electricity and water.

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

### INCOME FOREGONE

The Property Rates Act provides that a Municipality may in terms of Criteria set out in its Rates Policy exempt a specific category of owners of property from the payment of rates levied on their property.

In terms of the Act Municipalities may also grant a specific category of owners of property a rebate on or a reduction in the rates payable in respect of their property.

Any exemption, rebate or reduction of levies payable are referred to as Income Foregone.

The Income Foregone in Greater Tzaneen Municipality is calculated on the exemption, rebates or reduction of levies payable for the following services:

- Indigent Consumers
- Free Basic electricity
- Owners of Agricultural Property who are Bona Fide Farmers
- Rebates on owners of residential property

It is recommended that the following recommendation be added to the draft budget resolutions.

- That Council takes cognizance of the amount of R24 620 000 which has been provided for Income Foregone.

## **MULTI-YEAR PROJECTIONS**

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

<b>ITEM</b>	<b>2016/2017</b>	<b>2017/2018</b>	<b>2018/2019</b>
Revenue	1 171 627 897	1 237 695 725	1 316 327 323

The table above reflects the multi-year projections on revenue which is mainly based on the inflation forecast contained in National Treasuries budget Circular 78 and 79 as well as the Grants contained in the Division of Revenue Act (DORA) 2016/2017 published during February 2016.

The operating revenue increased from R1 171 627 897 in the 2016/2017 financial year to R1 316 327 323 in the 2018/2019 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.

2016/2017	-	R459 189 913
2017/2018	-	R481 234 861
2018/2019	-	R515 274 487

### **Service Charges**

The increase in service charges are based on the inflation forecast contained in National Treasuries budget Circular 78 and Circular 79.

<b>ITEM</b>	<b>2016/2017</b>	<b>2017/2018</b>	<b>2018/2019</b>
Service charges	553 689 961	587 885 984	622 536 143

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

The operating expenditure has increased from R1 111 962 849 million in the 2016/2017 financial year to R1 244 885 863 million in the 2018/2019 financial year. This increase is primarily the result of increases in several expenditure items which are noted in the table above.

## CAPITAL

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

## TARIFFS

<b>CATEGORY</b>	<b>2016/2017</b>	<b>2017/2018</b>	<b>2018/2019</b>
Property Rates	6,6%	6,2%	5.9%
Electricity	8,64%	6,2%	5,9%
Refuse	6,6%	6,2%	5.9%
Water	6,6%	6,2%	5.9%
Sewerage	6,6%	6,2%	5.9%

### Property Rates

Property rates are based on the inflation forecast contained in National Treasuries Budget Circular 79 and is calculated on Councils general valuation roll. The increases in property rates are equal to the inflation forecast in all three financial years.

<b>CATEGORY</b>	<b>2016/2017</b>	<b>2017/2018</b>	<b>2018/2019</b>
Property Rates	6,6%	6,2%	5,9%

### Service Charges

The increases in the service charge tariffs are equal to the upper limit set by National Treasury in the 2016/2017 financial year and according to the inflation forecast for the 2017/2018 and 2018/2019 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**

National Treasury has become aware of the need to contain cost in all spheres of Government, including Municipalities and has therefore issued a guide on cost containment measures to contain operational cost and eliminate all non-essential expenditure.

The cost containment measures were also highlighted in the 2016 State of the Nation Address in an attempt to reduce excessive and wasteful expenditure with an increased action to manage unnecessary expenditure.

The Minister of Finance also announced cost containment measures in his budget speech of 24 February 2016 and he urged Mayors of Municipalities to oversee the elimination of wasteful expenditure in their Municipalities. SALGA supported this initiative.

The cost containment measures that need to be considered by Municipal Managers and Chief Financial Officers to eliminate non-essential expenditure is attached to the Budget Report as Annexure "T".

The lack of enforcement of the cost containment measures by Municipal Councils is a matter of concern which has also been expressed by SALGA and Municipalities are advised to take note of the following Legislative Requirements:

MFMA, Section 171 (1)

### ***"171 FINANCIAL MISCONDUCT BY MUNICIPAL OFFICIALS***

***(1) The accounting officer of a municipality commits an act of financial misconduct if that accounting officer deliberately or negligently:-***

***(a) Contravenes a provision of this Act;***

***(b) Fails to comply with the duty imposed by a provision of this Act on the accounting officer of a municipality;***

***(c) Makes or permits, or instructs another official of the municipality to make, an unauthorized, irregular or fruitless and wasteful expenditure;***

***or***

***(d) Provides incorrect or misleading information in any document which in terms of a requirement of this Act must be:-***

***(i) Submitted to the mayor of the council of the municipality, or to the Auditor General, the National Treasury or other organ of state;***

***or***

*(ii) Made public.*

MFMA, Section 62 (1)

**“62 GENERAL FINANCIAL MANAGEMENT FUNCTIONS**

**(1) *The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure:-***

- (a) *That the resources of the municipality are used effectively, efficiently and economically;***
- (b) *That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;***
- (c) *That the municipality has and maintains effective, efficient and transparent systems:-***
  - (1) *Of financial and risk management and internal control; and***
  - (2) *Of internal audit operating in accordance with any prescribed norms and standards;***
- (d) *That unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented;***
- (e) *That disciplinary or, when appropriate, criminal proceedings are instituted against any official of the municipality who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15;”***

MFMA Section 167

This section provides that Municipalities may only remunerate its Councillors within the parameters set out in the notices issued in terms of the Political Office Bearers Act. Any benefit paid that is outside the parameters set out in subsection (1) is irregular expenditure and must be recovered from the Political office – bearer concerned.

To comply with the mentioned Legislative Requirements and the advice from National Treasury, Council must commit itself to adopt the cost containment measures drafted by National Treasury and implement measures to manage the enforcement of the measures and to ensure that regular reports are submitted to the Municipal Public Accounts Committee for review and recommendations to Council on additional measures to be taken.

The following measures have already been implemented by Greater Tzaneen Municipality.

➤ Travel and Subsistence

The Municipality implemented measures to reduce travelling cost. These measures include:

- The approval of all travelling requests by the relevant Departments and Chief Financial Officer.
- The Municipal Manager to approve all travelling outside Limpopo Province.

➤ Air Travel

Air travel has been limited to the two service carriers, SAA and BA. Quotations to be obtained and the lowest quote to be approved.

Domestic Hotel Accommodation (4 Star)

Cost to be limited to R1 550 which includes the following:

- Breakfast R120,00
- Lunch R120,00
- Dinner R150

Guest Houses

As stipulated in National Treasury Circular 82

1 Star Property	R270
2 Star Property	R350
3 Star Property	R520
4 Star Property	R750

Overnight accommodation is limited to distance travelled by road exceeding 300 km including return.

➤ Vehicle Hire

Hiring of vehicles from a category Group B and lower is permitted for Officials.

➤ Credit Cards

Credit cards are not in use at Greater Tzaneen Municipality.

➤ Catering

Cost containment measures include that only the Municipal Manager can approve catering.

➤ Conferences

The attendance of conferences are allowed on condition that:

- It is approved by the relevant Department and Chief Financial Officer
- That only conferences hosted by Professional bodies, IMFO, SALGA, COGHSTA, Provincial Treasury and other non-Governmental Institutions may be attended.
- Only conferences held within the borders of South Africa may be attended.
- The number of Officials attending conferences are limited and will be considered on topics to be presented.

➤ Office Furnishing

Directors to ensure the purchase of elaborate and expensive furniture is avoided.

➤ Entertainment

The Entertainment Budget of all divisions have been reduced to R2000 per year.

➤ Printing Cost

Printing cost has been addressed through the implementation of paperless administration.

➤ Overtime

Overtime cost is managed by Directors and monitored by the Municipal Manager during his weekly Directors meeting.

It is recommended that the following recommendations be included in the Budget resolutions:

## RECOMMENDATIONS REGARDING COST CONTAINMENT MEASURES

1. That Council re-confirms its commitment to implement and monitor the Cost Containment Measures.
2. That Council adopts MFMA Circular no. 82 together with its Annexure "A" - Cost Containment Measures.
3. That other financial related Policies, to ensure consistency with this Circular, be reviewed.
4. That appropriate oversight mechanisms be created to monitor cost containment measures.
5. That the requirements of MFMA 62 and 167 are complied with.
6. That reasonable steps be approved to ensure that public resources are used effectively, efficiently, economically and in the best interest of the Municipality

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

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

National Treasury also cautioned Municipality's not to materially and unreasonably prejudice national economic policies particularly those on inflation and that cognizance must be taken of the Municipal Budget Circular no. 78 of the 2016/2017 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 6,6 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 79 is 6,6% for rates, tariffs and other charges with the exception of the Electricity tariff.

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

- Property rates 6,6%

Revenue increases to consumptive tariff-based services are:

- Electricity (average) 8,64%
- Water 6,6%
- Sanitation 6,6%
- Solid Waste 6,6%

National Treasury advice Municipalities that in terms of the multi-year price determination (MYPD) for ESKOM's tariffs approved by NERSA, a bulk purchase tariff increase of 7,85% has been approved for the 2016/2017 financial year.

Municipalities have been advice by NERSA that a Tariff increase of 7,64% on the previous year tariff must be implemented and any request above an increase of 7,64% must be motivated by the Municipality.

The Budget Steering Committee recommends that a 1% increase above the 7,64% be approved by Council and that the 1% above the approved increase allowed be ring fenced to be used by the Electrical Department and that the increase be motivated to NERSA.

An electricity tariff increase of 8,64% is recommended.

With regard to the 1% increase in Electricity Tariff above the approved Tariff increase, NERSA requires the following:

***“Municipalities applying for an increase that is above the guideline will have to justify their increases to the energy Regulator and the approval will be based on the following requirements:***

- ***A detailed plan on the additional funds requested needs to be presented to NERSA as part of the motivation for the above guideline increase (the municipality must provide a detailed revenue analysis whereby it indicates the revenue when using the approved guideline percentage increase versus the actual required revenue and the list of items, i.e. repairs and maintenance, where the extra funds will be allocated);***
- ***The approved funds must be ring-fenced to ensure the extra funds are strictly utilized for the identified projects or activities;***

- ***Municipalities must report to NERSA on a six-monthly basis on how the additional funds are utilized;***
- ***Funds not utilized for the purpose for which they were approved will be clawed back in the following financial year;***
- ***Municipalities may be required to make representations at the public hearings of the National energy Regulator of South Africa. Public hearing dates will be communicated to all stakeholders in due course.;***
- ***Any other reasons not indicated above may be considered by the Energy Regulator.”***

The increase of 1% will be ring fenced to maintenance on the electricity network and NERSA requirements will be complied with. The anticipated amount is R4,1 million.

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

• Staff cost	30,0%
• Bulk Purchases	31,0%
• Repairs & Maintenance	17,8%
• General Expenses	10,0%

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.

## (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 2015/16 IDP on 28 May 2015, along with the budget, and it was submitted to the MEC
- The 2015/16 SDBIP was approved by the Mayor on the 2<sup>ND</sup> of July 2014 and quarterly progress reports were submitted to Council.
- The 2015/2016 SDBIP was approved by the Mayor on the 17<sup>th</sup> of June 2015 and subsequently submitted to Council. Quarterly progress reports were submitted to Council.



- The 2014/2015 Annual performance Report was submitted to the Auditor General, Treasury and CoGHSTA on the 31<sup>st</sup> August 2015.
- The mid-year performance report for 2015/2016 was submitted to the Auditor General, Treasury and CoGHSTA on the 25<sup>th</sup> of January 2016.
- The Draft Annual report for 14/15 was presented to Council on the 28<sup>th</sup> of January 2016 and advertised for public comments and review by MPAC.
- The MM and Directors have signed performance agreements. The position for Corporate Service Director is however vacant.
- The Annual Performance Assessment of individuals were cancelled for 13/14 and 14/15 due to the suspension of the MM and the subsequent managerial inconsistencies.
- 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 AC and will be submitted to the Municipal Manager for approval. The audit committee charter have also been developed and approved by Council.
- An Audit Committee was appointed by Council on 1 June 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
- The Annual Disaster Management Report for 2014/15 was approved by Council on the 29<sup>th</sup> of October 2015. Disaster Awareness Campaigns are conducted at schools and incidences are responded to within 72 hours.

## **FINANCIAL SERVICES DEPARTMENT:**

### Multi Year Budgets (3 Years)

- The 2016/2017 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 2014/2015 Financial Statements were compiled during August 2015 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 R283 132 933 compared to the budgeted amount of R299 201 664 for the first 6 months. Revenue generated through services represents 52% of the total income.

We average a payment rate of 91%.

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

## Supply Chain Management

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

## Assets

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

## **ENGINEERING SERVICES DEPARTMENT**

Council achieved a gold status which gave a blue drop certificate for Tzaneen and Letsitele Water system. The result for Green Drop Assessments for 2013 whose conference was held in Sun City were not released by Minister of Water Affairs due to other reasons. Hence GDC outcome for Tzaneen Wastewater works results were released in 2014 and GTM got 94,13%. Official awarding the Green Drop is not yet made by the Minister of Water and Sanitation

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

It needs to be noted that the current state of the electricity system and the under reinvestment into the system is considered a serious safety and performance concern. To this end, two Council decisions A88 taken on 18 November 2014 and B53 taken on 27 July 2104 were resolved regarding the crisis facing the electrical network and the minimum required reinvestment and the safety concerns related to the dangers of the deteriorating network. To date the Department has yet to reap the financial benefits of these resolutions.

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

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

Unfortunately, and for the third year in a row, no sufficient overhead lines were rebuilt. This remains a great concern for the department, especially considering the lifespan of a wooden pole is calculated to be 20 years and we already have poles in the system that have not been replaced since 1965. Conservative estimates are that more that 90% of the overhead network has exceeded its useful life by a large margin. This is due to a lack of funding on an ongoing and consistent basis.

With this large farming community (3 500 square kilometres) and the towns of Tzaneen, Letsitele, Haenertsburg, Gravelotte and Politsi

within its distribution area, the Electrical Department has, and will continue to be the leader in the business of electricity distribution amongst Municipalities. This leadership position amongst the Limpopo Municipalities with large electrical networks is however being eroded as the network continues to deteriorate beyond a point of non-return.

## **CORPORATE SERVICES DEPARTMENT**

### **1. Administration And Records**

- 1.1 4 scheduled and 10 Special Council meetings were held.
- 1.2 The Ethics Committee was established and the Terms of Reference were approved by Council. The committee members visited Makhado Municipality to learn the best practices on the functioning of the Ethics Committee.
- 1.3 The MPAC Public Hearing on the Annual Report was held during March 2015 and the MPAC recommendations on the Annual Report and quarterly SDBIP's are presented to Council.

### **2. Human Resources**

- 2.1 Training and development for Council for 2014/15 financial year was 100% spent. However the bulk of the budget was spent on competency training as required by National Treasury. Salary disparity is an on process to be resolved by aligning job descriptions and evaluate positions.
- 2.2 Workshop and awareness implemented for Labour Relations, EAP, OHS, Employment benefits and leave.

### **3. Public Participation**

- 3.1 The Development of Ward Operational Plan.
- 3.2 All Ward Committee vacant positions filled
- 3.3 Hosting of Provincial Thusong Service Centre month.
- 3.4 Resusetation of Local Inter Sectoral Steering Committee
- 3.5 The Strengthening of the functionality of Ward Committees
- 3.6 Resusetation of the holding of Cluster Forum meetings with Political Administration.
- 3.7 First round of Public Participation Processes of By Laws.

#### 4. Communication

- 4.1 Communication managed to produce two newsletters which were distributed to the public
- 4.2 A corporate calendar was produced for the financial year 2014/2015
- 4.3 A successful media briefing was held where the Mayor and EXCO members met with the local media house at Hotel @Tzaneen
- 4.4 Communications managed to produce year calendars
- 4.5 Managed and coordinated Back to School Campaign 2015
- 4.6 Held a successful awarding ceremony for the class of 2015 Matric in a form of Breakfast with the Mayor.
- 4.7 2014/2015 Diaries were procured for officials and councilors

#### 5. Information Technology

IT successfully implemented the Paperless Council Meeting Project and provided training for both Councillors and Traditional Authority representatives. Licenses for all licenses were renewed for Payday, ProMIS, Collaborator, Symantec and Microsoft. At least 12 ICT Policies and a Disaster Recovery Plan were approved by Council. Network access and system support were provided timely as soon as an incident was logged.

#### 6. Legal

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

## PLANNING & ECONOMIC DEVELOPMENT DEPARTMENT

### Land And Human Settlements Division

Nkowankowa and Lenyenye Cemetery	Nkowankowa and Lenyenye Cemeteries, the deceased are buried on the two cemeteries while Municipality is dealing with the other logistics.
Tzaneen extension 89 (Portion 37 of farm Hamawasha 557LT)	SCMU will advertise to the interested people to rent the property, specification has been completed.
Upgrading Of Informal Settlement • Purpose and Progress Report	<ul style="list-style-type: none"> <li>- Coghsta has appointed C- Plan Development to upgrade Nkambako Informal Settlements.</li> <li>- A final community resolution meeting were held on the 17<sup>th</sup> of January 2016.</li> </ul>
Purchasing of Portion 9 and 38 of the farm Hamawasha(Letaba Brickyard)	The two portions has been registered in the name of the municipality on the 22 <sup>nd</sup> of December 2015
2015/16 Housing Units (500)	<ul style="list-style-type: none"> <li>• 408 approved and 98 outstanding</li> </ul>
2015/16 Disaster units	<ul style="list-style-type: none"> <li>• 104 beneficiaries verified currently 68 approved</li> </ul>
2015/16 Blocked project	<ul style="list-style-type: none"> <li>• 20 Units Allocated for rectifying touched units only</li> </ul>

### Town Planning Division

1. The process of the review of the SDF is still in process in the procurement system pending to be finalized.
2. Implementation of SPLUMA process has to date accomplished on the following:
  - a) Council Resolution to establish Tribunal
  - b) Draft by-laws in place
  - c) Land Development Office delegation in place
  - d) Backlog application cleared

### Socio-Economic Development, Led & Tourism And Gteda

**TOURISM:** Greater Tzaneen Tourism Association meeting held monthly.  
 Attended the Durban Tourism Indaba  
 Attended Local Government Tourism Conference

**Restituted Farms:** Successfully hosted the Agric Expo

Agriculture:	Mokgolobotho CPA signed a 15 years investment by RM Pearl Investment for their farms Continuously hold quarterly land reform meetings
GTEDA:	CEO position advertised. Closing date 31 January 2016 New board established
SMME Support:	Market stall complete by LEDET & GTM Partnership workshops with SEDA
Job Creation :	Community Works Programme (CWP) -2011 EPWP (Road maintenance) – 600
Partnership :	University of Venda, Poverty Research Monitoring System. Roll-out to Ward 2,3,4

## **COMMUNITY SERVICES DEPARTMENT**

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

### **Environmental Health Services**

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

### **Law Enforcement Services**

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

### **Safety And Security Division**

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



### Licensing Services

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

### Library Division

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

### Parks, Sports & Recreation, Arts And Culture

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

### Waste Management

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

## (D) CONSOLIDATED FINANCIAL POSITION

The 2016/2017 Budget which is submitted to Council for approval can be summarized as follows:

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

DEPARTMENT	2015/2016	2016/2017	2017/2018	2018/2019
Municipal Manager	13 248 709	14 178 074	15 057 086	15 945 454
PED Services	24 386 442	26 601 992	28 251 316	29 918 143
Financial services	77 242 817	82 309 675	87 635 655	92 679 604
Corporate Services	86 988 576	93 554 747	99 355 141	105 217 094
Engineering services	133 288 726	145 119 037	154 176 746	163 272 000
Community Services	181 257 459	193 044 878	202 943 823	214 917 508
Electrical Services	443 321 861	485 394 009	508 938 438	542 785 806
GTEDA		6 500 000	6 700 000	7 100 000
<b>TOTAL</b>	<b>959 734 590</b>	<b>1 046 702 386</b>	<b>1 103 058 205</b>	<b>1 171 835 650</b>

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

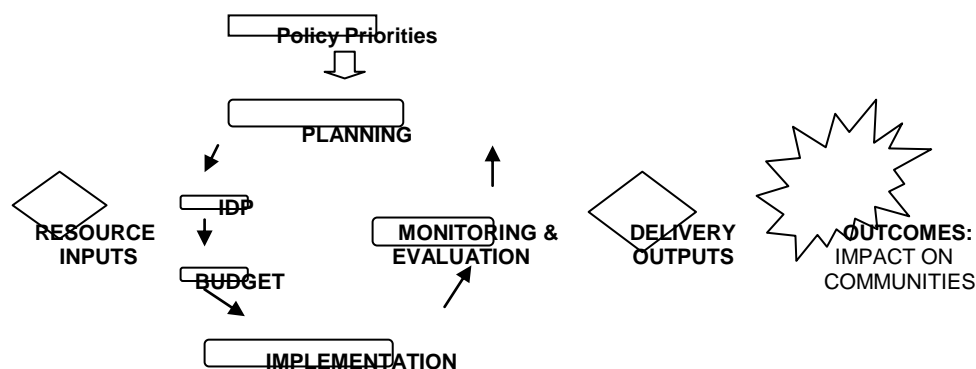
<b>DEPARTMENT</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>	<b>2018/2019</b>
Municipal Manager	13 248 709	14 178 047	15 057 086	15 945 454
PED Services	24 386 442	26 601 992	28 251 316	29 918 143
Financial services	77 242 817	82 309 675	87 635 655	92 679 604
Corporate Services	86 988 576	93 554 747	99 355 141	105 217 094
Engineering services	133 288 726	145 119 037	154 176 746	163 272 040
Community Services	181 257 459	193 044 878	202 943 823	214 917 508
Electrical Services	443 321 861	485 394 009	508 938 438	542 785 806
<b>TOTAL</b>	<b>959 734 590</b>	<b>1 040 202 386</b>	<b>1 096 358 205</b>	<b>1 164 735 650</b>

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

The strategies objectives of Council are informed by the national priorities arising from the 2014 national electoral mandate, National Development Plan and the Limpopo Development Plan. Key to our focus as municipality is the following priorities:

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

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



All the operating and capital projects in the 2015/2016 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 to be in line with 2030 vision and the Municipality is also 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 Balance Score Card 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 Balance Score Card methodology is implemented to develop strategies to ensure that the Municipality focuses on all perspectives as contained within the Balance Score Card 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 2014/15</b>
1	Electricity at Pelana and new stands	Prioritized and budgeted for.
2	Provision of water at Legwareng and extension of pipes at Mbambamecisi and all villages	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
3	Apollo lights at Radoo crossing (Mashabela), Ga-Wally and Madabeni brickyard.	Prioritized and budgeted for.
4	Electricity of extensions at Rhobeni (Xihoko)	Prioritize and budget for the 2015/16
5	Provision of water at Mugwazeni	Water remains a challenge in many communities. The municipality is delivering water

<b>Table 12: Service Delivery priorities per ward (Highest Priority first)</b>		
<b>Ward</b>	<b>Priority name and detail</b>	<b>Progress during 2014/15</b>
		through water tankers to alleviate the problem.
6	Repair and maintenance and extension of water pipelines	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
7	Water distribution plan and pipeline from Morwasetlha borehole	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
8	No public participation took place due to community not signing the roll call	
9	No public participation took place due to community not signing the roll call	
10	Water	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
11	Provision of water and maintenance of boreholes and Thapane water scheme.	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
12	Provision of water and control of water tankers.	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
13	Mandlakazi to Deerpark road upgrade to tar Provision of water through household taps	Intervention is being made through Mopani District and Departement of Public Works, Roads and Infrastructure.
14	Provision of water and sanitation.	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
15	No public participation took place.	
16	Storm Water drainage in Petunia street at Florah Park and traffic	Prioritized and budgeted for.

<b>Table 12: Service Delivery priorities per ward (Highest Priority first)</b>		
<b>Ward</b>	<b>Priority name and detail</b>	<b>Progress during 2014/15</b>
	cycles at Haenertzburg food zone	
17	No public participation took place	
18	Provision of water and boreholes	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
19	Shortage of water in section A and B	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
20	Provision of water	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
21	Provision of water.	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
22	Water reticulation and borehole	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
23	Provision of water and purification of furrow water system.	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
24	Provision of water.	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
25	Electrification of Bonn village	Prioritized and budgeted for.
26	Water provision in Julesburg, Bordeaux, Hweetse and Masoma	Water remains a challenge in many communities. The municipality is delivering water through water tankers 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 2014/15</b>
27	Overhead bridge at Makhubidung and maintenance of boreholes and reservoirs and increase of bulk water supply.	Prioritized and budgeted for in the outer years.
28	Regular maintenance of taxi roads and roads to schools.	Streets grading is done through municipal priority programme.
29	Water shortage at Mothadareng, Sunnyside and Tickline	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
30	Water provision at Ramalema/Tickline, New Rita, Matshelapata, Nabane and Marumofase	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
31	Supply of water during the day and maintenance of boreholes.	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
32	Supply of water from Ramodike dam to Moime village.	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
33	Maintenance and grading of internal streets	Streets grading is done through municipal priority programme.
34	Electrification of Khopo civic	Prioritized and budgeted for in the 2015/16 IDP.

(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 78 and MFMA Circular 79.

**ACTIVITY**

**DATE**

Approval of Draft IDP  
Public Participation Programme  
Approval of final IDP

14 March 2016  
April 2016  
31 May 2016

Strategies Phase  
Amendments were made to the Strategic Map of Council

The Municipalities vision has been amended to follow a growth and development strategy in line with 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 2016/2017 financial year was developed and approved by Council in August 2015. It was further amended in line with Circulars 78 and 79 of National Treasury. 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, Gazette 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 2016/2017 financial year, that were discussed by the Budget Steering Committee include:

- Budget Risks
- Adjustment Budget
- Increase in salaries
- Overtime
- Increase in Councillor allowances
- Increase in tariffs
- mSCOA
- Service Level Standards
- Handover report
- Amount to be allocated for capital projects
- Financing of Capital Projects
- Budget Requests
- Increase in Electricity Bulk purchase
- Repairs and maintenance
  - Renewal R & M
  - Routine R & M
  
- Budgeted Employee related cost
  - New Positions
  - Current Vacant Positions
  
- Electricity Tariff structure to NERSA
- Sundry Tariffs
- Dates IDP process to be finalized
  - Adjustment budget
  - Draft IDP
  - Draft budget
  - Final IDP
  - Final Budget
  
- MDM Previous budgets
- Water and Sewer Budget = Operational
- Water and Sewer Budget = Capital
- GTEDA

- Review of past performances
- Budget requests
- Property Rates, new valuation roll

Budget meetings were held with all departments with the commencement of the budget process to review the 2015/2016 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 2016/2017 budget realities to ensure that critical service delivery needs are budgeted for.

The Mayor and Councillors have, through the IDP process, guided the 2016/2017 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.

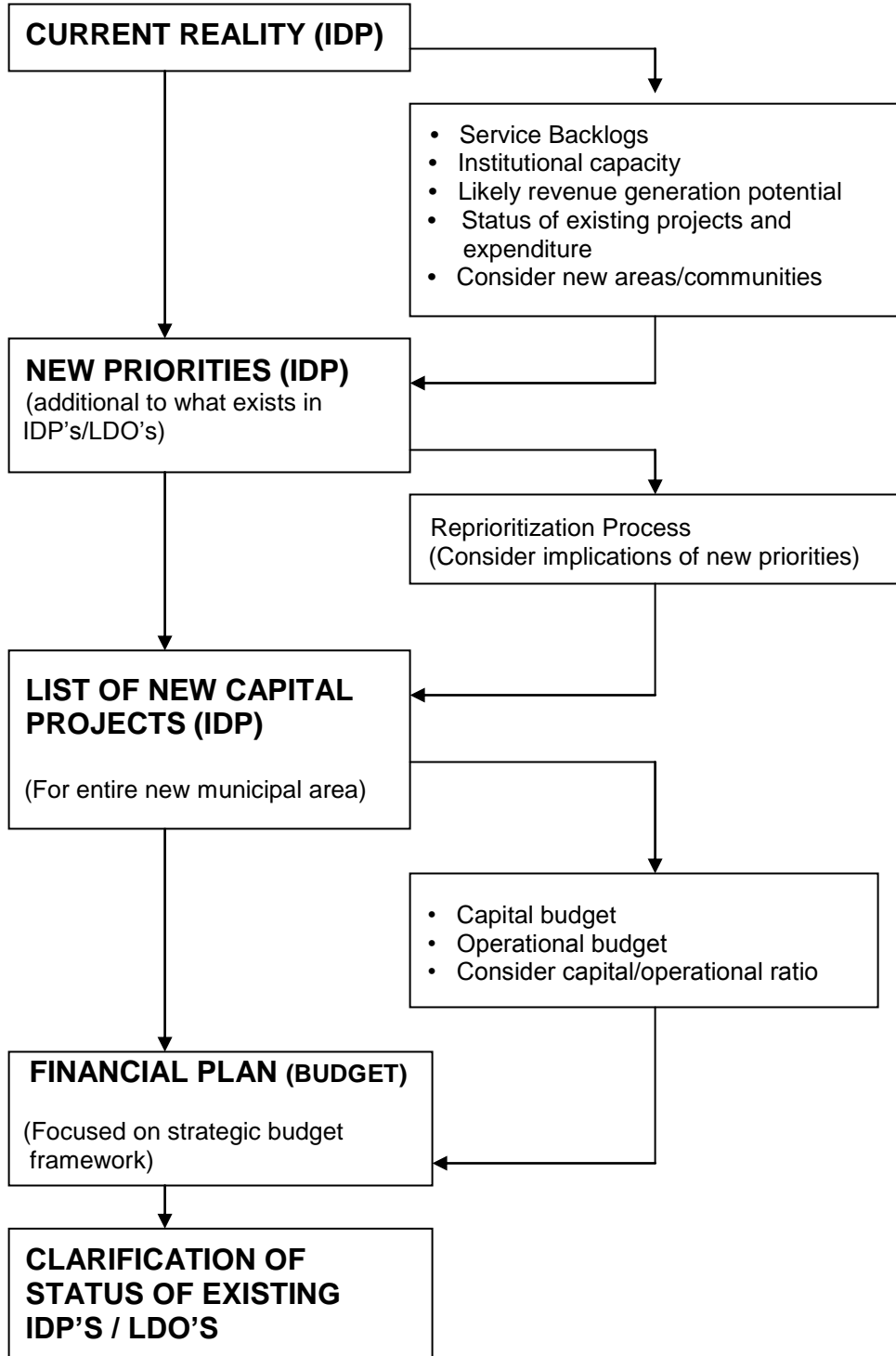
Effective budget planning assists the Municipality in transforming its area of responsibility into a better place to live for all. Budget planning is primarily about the priorities and choices that the Municipality has to meet the policy objectives through better service delivery.

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 Draft IDP review and Budget commenced during August 2015 with the approval of the IDP, Budget and PMS calendar.

After approval the Draft IDP and Draft Budget were 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 were placed on Councils website after approval by Council. It was also made public as required by Section 22 of the MFMA and the local community was invited to submit representations in connection with the budget to Council.

Community representatives and organizations were also be 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. The meetings were scheduled during April and May 2016.

Timing Number and type of Consultation

WARD	VENUE	TIME	DATE
01	Morapalala Headkraal	08:00	01-05-2016
02	Mawa Pay Point	08:00	03-04-2016
03	MMakoba Secondary School	10:00	01-05-2016
04	Mdingazi Secondary School	08:00	03-04-2016
05	Mugwazeni Primary School	08:00	03-04-2016
06	Mavele Primary School	08:00	01-05-2016
07	MJ Mahasha Day Care	09:00	24-04-2016
08	Semarela High School	10:00	01-05-2016
09	Kelekeshe High School	09:00	01-05-2016
10	Mohlatlego Machaba H/School	09:00	30-04-2016
11	Foveni High School	09:00	24-04-2016
12	Waloyi Tribal Authority	09:00	30-04-2016
13	Dynamos Sports Ground	09:00	30-04-2016
14	Tzaneen Mun. Chamber	18:00	28-04-2016
15	Tzaneen Municipal Chambers	17:00	17-04-2016
16	Haenertsburg Mun. Chamber	18:00	28-04-2016
17	Flora Park (Park)	17:00	24-04-2016
18	Tivumbeni Comm Hall	09:00	01-05-2016
	Dan Nkomanini	10:00	24-04-2016
19	Nkowankowa Comm Hall	17:00	28-04-2016
20	Mavumba Primary School	08:00	01-05-2016
21	Bombeleni School	08:00	30-04-2016
22	Khopo Visiting Point	09:00	01-05-2016
23	Tito Mboweni Prim. School	10:00	30-04-2016
24	Mhlaba Head Kraal	09:00	30-04-2016
25	Professor School	09:00	01-05-2016
26	Julesburg Sport Field	09:00	24-04-2016
27	Bokgakgh High School	08:00	24-04-2016
28	Burgers Dorp Skiet	09:00	01-05-2016
29	Semana Primary School	09:00	01-05-2016
30	Motsheng	10:00	01-05-2016
31	Lenyenye Community Hall	08:00	01-05-2016
32	Mathari High School	08:00	01-05-2016
33	Bakgaga Tribal Offices	09:00	01-05-2016
34	Lesedi MPCC	09:00	24-04-2016

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

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

The tabling of the draft budget in Council on 14 March 2016 was followed by extensive publication of the IDP and Budget in newspapers. It was also published on Councils website.

Public hearing on both the operational and capital budgets were held during April 2016 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 were recorded.

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

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

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

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

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

WARD	DATE	ATTENDING	SUBMISSION

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

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

### **The Vision of Greater Tzaneen Municipality**

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 2016/17 financial year.

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

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

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

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

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

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

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

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



## Alignment with National, Provincial and District Plans

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

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

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

## 8. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

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

#### OUTSTANDING SERVICE DEBTORS

A = B  
C

"A" Outstanding service debtors to revenue	53.28%
"B" Total outstanding service debtors	<u>293 564 614</u>
"C" Annual revenue actually received for services	550 968 000

## DEBT COVERAGE

$$A = B - C$$

D

"A" Debt Coverage	19.26%
"B" Total Operating Revenue Received	<u>85 442 352</u>
"C" Operating Grants	33 623 000
"D" Debt Service Payments	2 690 790

## COST COVERAGE

$$A = B + C$$

D

"A" Cost Coverage	3.37%
"B" All available cash at a particular time	<u>96 614 308</u>
"C" Investments	15 000 000
"D" Monthly Fixed Operating Expenditure	33 088 560

### (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 2016/2017 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

Greater Tzaneen Municipality prepared a General Valuation Roll of all property in terms of the Local Government: Municipal Property Rates Act of 2004 (MPRA). The policy is attached to the report. The new valuation roll 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 key amendments 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 79 indicates an inflation rate of 6,6% for the 2016/2017 financial year.

### **PERSONNEL ISSUES**

The Budget Circular also provides that a salary increase of average CPI (February 2015 to January 2016) + 1% be budgeted for the 2016/2017 financial year as per the salary/wage increase agreement that has been reached. This increase represents  $6,6\% + 1\% = 7,6\%$ .

The Budget Steering Committee of Council resolved that an increase of 7,6% with effect from 1 July 2016 must be budgeted for.

A Salary increase of 7,6% has therefore been provided for on the 2016/2017 salary budget.

- **Number of employees:** Provision has been made for positions that were filled at 1 July 2015 as well as vacant positions that were classified as critical to ensure continuous service delivery.

#### B) COUNCILLOR'S ALLOWANCES

Composition of and increases to Councillor's allowances are determined annually by the Minister of the Department of Co-operation and Traditional Affairs (COGSTA) through a Gazette setting out the upper limits of the allowances to Councillors. This Gazette is normally issued towards the end of December to apply retrospectively from July of that year. The Gazette had not been issued yet. An increase of 7,6% 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. The Budget Steering Committee recommends that a loan of R20 million be taken up to finance Capital Projects.

#### D) COLLECTION RATES

In accordance with relevant legislation and national directives, revenue recovery rates are based on realistic and sustainable trends. The municipal collection rate is set at an average of 91% and is based on a combination of actual rates achieved to date and estimated outcomes of the current financial period. Adequate provision is made for non-recovery.

#### E) BAD DEBTS PROVISION

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



#### F) TARIFF ADJUSTMENTS

An average Property Tax Rates tariff increase of 6,6% was modeled. This increase is based on the inflation forecast set by National Treasury.

The electricity tariff adjustment is 8,64%, largely due to the increase for Eskom bulk purchases.

Water and Sewerage tariff adjustments are 6,6%, while refuse and disposal charges are modeled to increase by 6,6%. 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 at 15% of total expenditure to address backlogs.

#### H) DEPRECIATION

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

#### I) WATER AND SEWER SERVICES

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

The following DORA allocations have been made to Mopani District Municipality for services in the Greater Tzaneen Municipality area of jurisdiction for the 2016/2017 financial year:

Water	R110 859 000
Sewer	R 88 051 000

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

Water	R31 610 512
Sewer	R 4 147 401

J) ESKOM

NERSA advice Municipalities to provide for an increase in electricity tariffs of 7,64%. The Budget Steering Committee however resolved to recommend an increase of 8,64% and that the Revenue of 1% above the guideline of 7,64% be ring-fenced in the Electricity Department.

K) TARGETED GROWTH

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

L) CAPITAL EXPENDITURE

It is recommended that a loan of R20 million be taken up to finance Capital projects.

M) OTHER ASSUMPTIONS

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

## **11. OVERVIEW OF BUDGET FUNDING**

### **Fiscal Overview**

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

With regard to creditors management Council is in the process of ensuring that creditors are settled within the legislated 30 day of invoice. All invoices are paid within 30 days with the exception of a few where services have not been provided at an acceptable standard. With regard to expenditure special attention will also be given to the cost containment measures

approved by Cabinet on 23 October 2013 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.

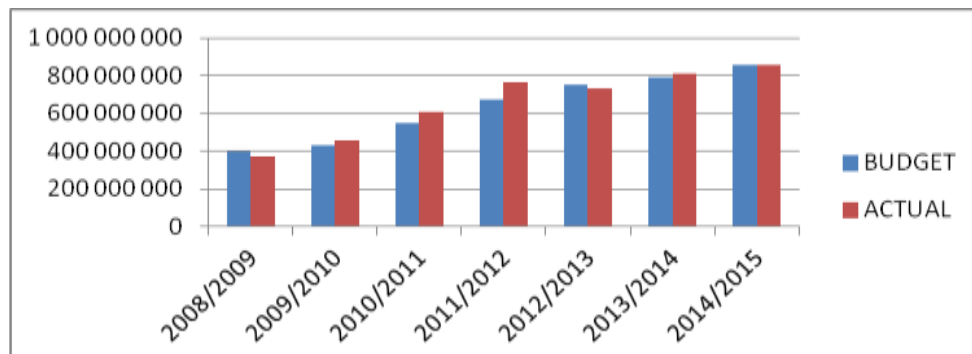
**(A) Outcomes of the Past Years and Current year**

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

**OPERATING EXPENDITURE**

YEAR	BUDGET	ACTUAL
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
2014/2015	856 448 445	859 112 707

**GRAPH**  
Operating Expenditure

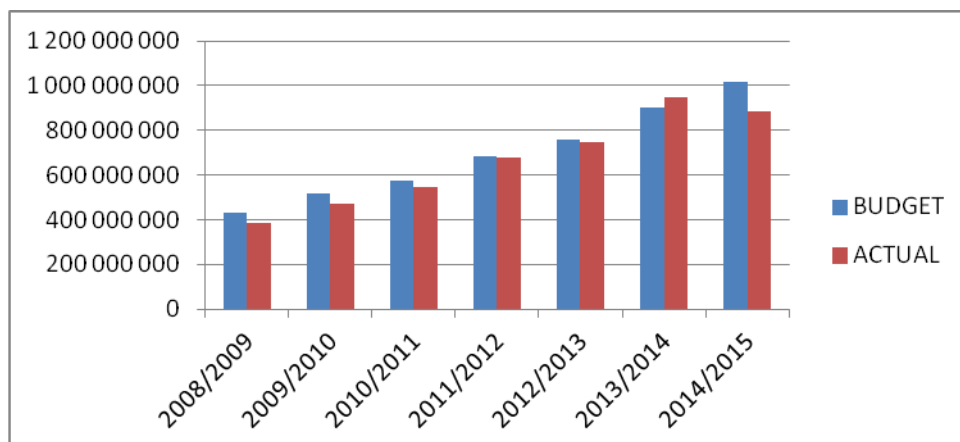


The graph below indicates the comparison between budgeted and actual operating Income over the past 7 year.

### OPERATING INCOME

YEAR	BUDGET	ACTUAL
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
2014/2015	1 018 055 369	887 463 147

GRAPH  
Operating Income

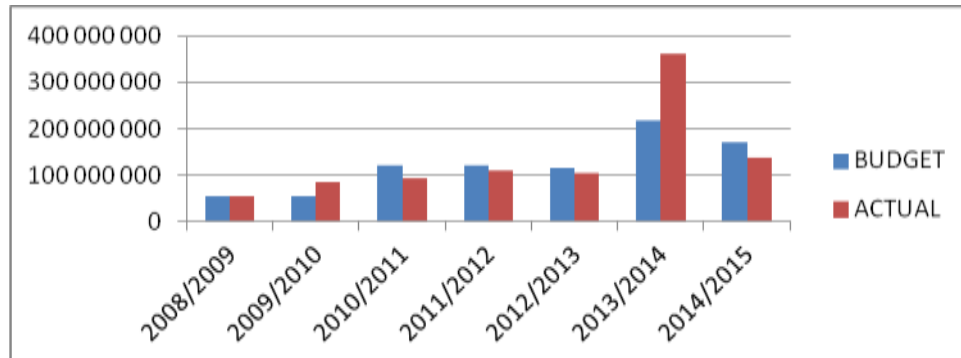


The capital expenditure against the budget of the past 7 years are also indicated graphically below:

### CAPITAL EXPENDITURE – MIG INCLUDED

YEAR	BUDGET	ACTUAL
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
2014/2015	170 928 970	138 660 743

**GRAPH**  
**Capital Expenditure**



**OPERATING BUDGET 2015/2016**

**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	45%
Refuse Removal	3%
Property Rates	9%

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 2016/2017**

The Greater Tzaneen Municipal operating income will be allocated as follows during 2016/2017 Financial year:

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

<b>REVENUE</b>	<b>BUDGET</b>
Property rates	-R 95 000 000
Property rates – penalties imposed and Collection charges	-R 5 000 000
Service charges	-R 520 501 261
Rental of facilities and equipment	-R 1 072 100
Interest earned – external investments	-R 2 101 000
Interest earned – outstanding debtors	-R 12 000 000
Fines	-R 3 805 136
Licenses and permits	-R 651 000
Income from agency services	-R 49 264 291
Government Grants and Subsidies	-R 416 697 000
Other Revenue	-R 8 465 046
Gains on disposal of property, plant & Equip.	-R 2 129 450
Income Foregone	R 24 620 000
<b>TOTAL REVENUE</b>	<b><u>-R1 092 066 284</u></b>

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

<b>REVENUE</b>	<b>BUDGET</b>
Property rates	-R 95 000 000
Property rates – penalties imposed and Collection charges	-R 5 000 000
Service charges	-R 520 501 261
Rental of facilities and equipment	-R 1 072 100
Interest earned – external investments	-R 2 101 000
Interest earned – outstanding debtors	-R 12 000 000
Fines	-R 3 805 136
Licenses and permits	-R 651 000
Income from agency services	-R 49 264 291
Government Grants and Subsidies	-R 423 432 000
Other Revenue	-R 8 465 046
Gains on disposal of property, plant & Equip.	-R 2 129 450
Income Foregone	R 24 620 000
<b>TOTAL REVENUE</b>	<b><u>-R1 098 801 284</u></b>

Operating Expenditure

The budgeted expenditure per item are as follows for the 2016/2017 financial year:

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

<b>ITEM</b>	<b>BUDGET</b>
Employee Related Costs	R 238 676 572
Employee Related Cost Social Contributions	R 54 831 695
Employee Cost Capitalized	-R 10 915 558
Employee Costs Allocated to other Operating Items	-R 111 518 988
Remunerations of Councillors	R 23 035 604
Bad Debts	R 24 141 000
Collection Costs	R 200 000
Inventory Surplus/Loss	R 0
Depreciation	R 128 674 868
Repairs and Maintenance	R 153 648 819
Interest Expense – External Borrowings	R 14 853 686
Bulk Purchases	R 332 500 000
Contracted Services	R 48 213 872
Grants & Subsidies paid	R 28 785 000
Grants & Subsidies Paid unconditional	R 6 888 499
General Expenses	<u>R 108 187 317</u>
<b>EXPENDITURE TOTAL</b>	<b><u>R1 040 202 386</u></b>

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

<b>ITEM</b>	<b>BUDGET</b>
Employee Related Costs	R 241 291 181
Employee Related Cost Social Contributions	R 55 682 360
Employee Cost Capitalized	-R 10 915 558
Employee Costs Allocated to other Operating Items	-R 111 518 988
Remunerations of Councillors	R 24 172 636
Bad Debts	R 24 141 000
Collection Costs	R 200 000
Inventory Surplus/Loss	R 0
Depreciation	R 128 783 959
Repairs and Maintenance	R 153 760 502
Interest Expense – External Borrowings	R 14 876 264
Bulk Purchases	R 332 500 000
Contracted Services	R 48 735 923
Grants & Subsidies paid	R 28 785 000
Grants & Subsidies Paid unconditional	R 6 888 499
General Expenses	<u>R 109 319 608</u>
<b>EXPENDITURE TOTAL</b>	<b><u>R1 046 702 386</u></b>

## CAPITAL BUDGET

An amount of R145 million was approved for capital projects for the 2015/2016 financial year. This was funded as follows:

- Own Sources	R53 053 028
- Loans	R 0
- Grants	R91 631 451

### (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:

- Meter readings
- Debt collection and Credit control
- Timeous appointment of service provider regarding meter reading services
- Distribution of Municipal accounts
- Expenditure Management

#### Sources of Funding

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

The 2016/2017 expenditure will be funded as follows:

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

Funding source	Amount
Grants & Subsidies	R 423 432 000
Rates & Service Charges	R 615 501 261
Sundry Income	<u>R 59 868 023</u>
Budgeted Revenue	<u>R1 098 801 284</u>



Greater Tzaneen Municipal Budget Excluding GTEDA and Water & Sewer:

Funding source	Amount
Grants & Subsidies	R 416 697 000
Rates & Service Charges	R 615 501 261
Sundry Income	<u>R 59 868 023</u>
Budgeted Revenue	<u>R1 092 066 284</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 2016/2017 financial year has been guided by our Tariff Policy and guidelines set by National Treasury in the Municipal Budget Circular 78 and 79 for the 2016/2017 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 2016/2017 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 6,6%, the same as the CPI inflation forecast seeing that this is a tax and not a metered service of which the user has the choice to the extent he/she wants to make use of it.

### Water Service

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

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

The proposed Water and Sanitation Tariffs for 2016/2017 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 2015/2016 financial year be retained, with a proposed 6,6% increase in volumetric water tariffs generally, and a proposed 6,6% increase in sanitation tariffs generally.

It is also recommended that the indigent account be increased from R60 per month to R70 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 the increase was only published during May 2016. An increase on the previous year tariff of 7,64% was recommended but the Budget Steering Committee resolved to recommend that an

increase of 8,64% be approved and that this above recommended tariff increase be motivated to NERSA.

#### 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 6,6% on the 2014/2015 tariffs with effect from 1 July 2016.

#### 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 2015 to December 2015:

<b>DEBTOR REVENUE</b>	<b>JULY 15 R000,</b>	<b>AUG 15 R000,</b>	<b>SEPT 15 R000,</b>	<b>OCT 15 R000,</b>	<b>NOV 15 R000,</b>	<b>DEC 15 R000,</b>
Revenue Billed	47 386	46 051	56 622	37 156	45 354	52 086
Revenue Collected	43 085	48 582	44 507	59 833	45 843	41 280
% Revenue Collected	90,92%	105,50%	78,60%	161,03%	101,08%	79,25%

The MFMA requires that the budget be based on realistic forecasts for revenue and the average 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 long-term investments of Greater Tzaneen Municipality are disclosed as follows.

Valuation of unlisted Investments

Liberty	R 7 557 365
Standard Bank	<u>R11 350 000</u>
TOTAL	<u>R18 907 365</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 R7 557 365.

### **STANDARD BANK**

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

## **(g) GRANT ALLOCATION**

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

<u>Allocation</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>
Equitable Share	R291 141 000	R312 958 000	R333 719 000
Municipal Infrastructure Grant	R 89 797 000	R 96 571 000	R102 246 000
Financial Man Grant	R 1 810 000	R 2 145 000	R 2 145 000
INEP (Elect)	R 25 000 000	R 20 000 000	R 25 000 000
Expanded Public works Prog.	R 1 949 000	R 0	R 0
EE & D	R 7 000 000	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>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>
INEP	R48 800 000	R53 020 000	R56 095 000

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

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

The allocations for Tzaneen are as follows:

<b>GRANT</b>	<b>2016/2017</b>	<b>2017/2018</b>	<b>2018/2019</b>
Water	R110 859 000	R123 743 000	R137 145 000
Sanitation	R 88 051 000	R 96 716 000	R105 460 000

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>2016/2017</b>	<b>2017/2018</b>	<b>2018/2019</b>
MIG	R171 342 000	R185 030 000	R196 498 000
MWIG	R 48 000 000	R 50 000 000	R 46 000 000

## **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 2016/2017: ALLOCATION R89 797 000**

<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 839 889	R0	R22 839 889
2. Moruji to Maswi: Upgrading of road from Gravel to Tar: Phase 3 of 4	R24 704 741	R0	R24 704 741
3. Tickyline to Mafarana: Upgrading of Road from Gravel to Tar: Phase 3 of 4	R21 117 084	R0	R21 117 084
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. Apollo lights	R0	R2 546 280	R2 546 280
7. Construction of Low Level Bridge at Khubu Village	R0	R2 600 000	R2 600 000
8. PMU Management	R4 489 850	R0	R4 489 850
<b>TOTAL</b>	<b>R89,797,000</b>	<b>R5 146 280</b>	<b>R94 943 280</b>

### **FINANCIAL YEAR 2017/2018: ESTIMATED ALLOCATION R96 571 000**

<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 716 162	R5 146 280	R28 862 442
2. Moruji to Maswi: Upgrading of Road from Gravel to Tar: Phase 4 of 4	R34 839 965	R4 744 614	R39 584 579
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	R 4 681 193	R0	R 4 681 193
5. Upgrading of Nkowankowa Stadium Phase 1 of 2	R 600 555	R0	R 600 555
6. PMU Management	R 4 828 550	R0	R 4 828 550
<b>TOTAL</b>	<b>R96 571 000</b>	<b>R15 263 452</b>	<b>R111 834 452</b>

**FINANCIAL YEAR 2018/2019: ESTIMATED ALLOCATION R102 246 000**

<b>Project Name</b>	<b>MIG Fund</b>	<b>Counter Fund</b>	<b>Total</b>
1. Upgrading of Nkowankowa Stadium Phase 2 of 2	R 9 490 646	R1 187 200	R 10 677 846
2. Upgrading of Juliesburg Sports Ground	R 13 640 613	R0	R 13 640 613
3. Risaba to Musiphana: Upgrading of Road from Gravel to Tar: Phase 1 of 2	R 36 068 431	R7 484 749	R 43 748 645
4. Upgrading of Municipal Office: Phase 1 of 2	R 29 499 413	R0	R 29 499 413
5. Upgrading of Burgersdorp Sports Ground Phase 3	R 8 239 132	R0	R 8 239 132
6. PMU Management	R 5 112 300	R0	R 5 112 300
<b>TOTAL</b>	<b>R102 246 000</b>	<b>R8 671 949</b>	<b>R110 917 949</b>

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

The allocations made by Council for the 2016/2017 financial year can be summarized as follows:

Museum	R 33 326
Eskom EBSST	R4 000 000
Mayor Special Account	R 400 000
SETA	R 26 000
SPCA	R 102 500
Mayors Bursary Account	R1 000 000
Sport Council	R 106 644
Arts & Cultural	R 24 217

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

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

	<b>SALARY</b>	<b>LAPTOP</b>	<b>TRAVELLING</b>	<b>TEL. ALL</b>	<b>SETA</b>
<b>CHIEF WHIP</b>	476 369	3 874	158 790	22 454	3 306
<b>COUNCILLOR</b>	10 529 720	213 048	3 509 902	1 234 968	75 387
<b>EXCO</b>	1 316 221	19 368	438 740	112 270	10 026
<b>FULL TIME</b>	2 381 844	19 368	793 948	112 270	16 473
<b>MAYOR</b>	635 158	3 874	211 719	22 454	4 333
<b>SPEAKER</b>	508 125	3 874	169 375	22 454	5 894
<b>TOTAL</b>	<b>15 847 437</b>	<b>263 405</b>	<b>5 282 474</b>	<b>1 526 870</b>	<b>115 418</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 VACANT
B/SALARY	1 613 344	1 098 102	1 365 049	1 230 844	1 230 844	1 230 844	1 230 844
INSENTIVE Bonus	134 445	91 508	113 754	102 570	102 570	102 570	102 570
A/BONUS	0	0	0	0	0	0	0
UIF	1 920	1 920	1 920	1 920	1 920	1 920	1 920
SETA	13 577	9 891	10 726	10 785	16 372	10 492	10 785
LEAVE RED	55 929	38 068	47 322	0	42 669	42 669	42 669
CELL PHONE	16 140	12 912	12 912	12 912	12 912	12 912	12 912
<b>TOTAL</b>	<b>1 835 356</b>	<b>1 252 401</b>	<b>1 551 683</b>	<b>1 359 032</b>	<b>1 407 288</b>	<b>1 401 408</b>	<b>1 401 701</b>

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

BENEFIT	AMOUNT
Basic Salary	R193 368 139
Overtime	R 30 593 386
Bonus	R 16 146 817
Standby	R 2 390 520
Leave Redemption	R 12 326 768
Housing Allowance	R 1 919 365
Travel Allowance	R 11 562 893
Performance Incentive Schemes	R 2 475 236
Medical Aid Contribution	R 16 957 023
Pension Schemes	R 33 755 640
UIF Contribution	R 2 182 098
Group Insurance	R 3 299 167
Workmens Compensation	R 3 232 637
SETA	R 2 482 004
Bargaining Council	R 70 300
<b>TOTAL</b>	<b><u>R332 761 993</u></b>



Cost to Council: Political Office – Bearers and collectively

	SALARY	LAPTOP	TRAVELLING	TEL.	SETA
CHIEF WHIP	476 369	3 874	158 790	22 454	3 306
COUNCILLOR	191 449	3 874	63 816	22 454	1 413
EXCO	263 244	3 874	87 748	22 454	2 402
FULL TIME	476 369	3 874	158 790	22 454	3 306
MAYOR	635 158	3 874	211 719	22 454	4 333
SPEAKER	508 125	3 874	169 375	22 454	5 894

Number of Councillors: 68

Number of Personnel: 655

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

The Municipal Manager	Mr. R. Monakedi
The PED Manager	Mr. B. Mathebula
The Manager Corporate Services	Vacant
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.**

**2016/2017**

DEPARTMENT	OWN SOURCES	LOANS	GRANTS	TOTAL
Eng. Services	5 146 280	6 500 000	85 307 150	96 953 430
Elect. Services	15 000 000	7 700 000	7 000 000	29 700 000
PED		3 200 000	0	3 200 000
Municipal M		200 000	0	200 000
Corp Serv M	1 000 000	1 100 000	0	2 100 000
Community S		1 100 000	0	1 100 000
Budget & Treasury Office		200 000	0	200 000
GTEDA	235 000	0	0	235 000
<b>TOTAL</b>	<b>21 381 280</b>	<b>20 000 000</b>	<b>92 307 150</b>	<b>133 688 430</b>

**2017/2018**

DEPARTMENT	OWN SOURCES	LOANS	GRANTS	TOTAL
Eng. Services	15 563 452	0	91 742 450	107 305 902
Elect. Services	15 300 000	0	5 000 000	20 300 000
PED	300 000	0	0	300 000
Municipal M	300 000	0	0	300 000
Corp Serv M	300 000	0	0	300 000
Community S	300 000	0	0	300 000
Budget & Treasury Office	300 000	0	0	300 000
GTEDA	0	0	0	0
<b>TOTAL</b>	<b>32 363 452</b>	<b>0</b>	<b>96 742 450</b>	<b>129 105 902</b>

**2018/2019**

DEPARTMENT	OWN SOURCES	LOANS	GRANTS	TOTAL
Eng. Services	8 971 949	0	97 133 700	106 105 649
Elect. Services	20 293 763	0	5 000 000	25 293 763
PED	300 000	0	0	300 000
Municipal M	300 000	0	0	300 000
Corp Serv M	300 000	0	0	300 000
Community S	300 000	0	0	300 000
Budget & Treasury Office	300 000	0	0	300 000
GTEDA	0	0	0	0
<b>TOTAL</b>	<b>30 765 712</b>	<b>0</b>	<b>102 133 700</b>	<b>132 899 412</b>

The Capital budget decreased from R144 million in the 2015/2016 financial year to R132 million in the 2016/2017 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 2016 to 30 June 2017. 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:	<u>R 6,0 million</u>
Total cost	<u>R50,6 million</u>

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 was in-sourced three years back and is proving a huge challenge.

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

## **C) Senior Management Capability and Structure**

The organizational structure of the Municipality as from 1 July 2015 provides for the following service departments:

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

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

Only the positions of six Senior Managers (Directors) were filled. The position Director Corporate Services will be re-advertised.

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

#### **D) Changes to service levels and standards**

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

## **17 SUMMARY OF BUDGET AND SDBIP – ENTITIES**

Budget is contained in Item 22 of this report.

## **18 CONTRACTS HAVING FUTURE AND BUDGETARY IMPLICATIONS**

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

NAME	SERVICE
Altimax	- Debt Collection Services
Action IT	- Performance Management System
Electro Cuts	- Provision of Electrical and Water meter reading services
Mavambo ITS	- Speed Camera LAW Enforcement
Microsoft	- Supply of Microsoft product and software assurance
Mapheto Business Services	- Provision of Physical security
Mmatshepe JV Theuwedi CC	- Treatment and disposal management

Molebogeng Trading	-	Litter picking at region North
Monene business Solutions	-	Debt Collection Services
Physon business Solutions	-	Provision of disconnections and reconnections services
Selema Plant Hire	-	Collection and transportation of waste (Lenyenye)
Selema Plant Hire	-	Litter picking at region South
Telkom SA SOC Limited	-	
Tshanduko's Consulting Services	-	Maintenance of various developed parks
Ingwe Waste Management	-	Integrated waste removal at Nkowankowa
Zandile Management	-	Debt Collection services
Selby Construction	-	Upgrading of road Rita to Mariveni
Readira	-	Upgrading of road Moruji to Matswi
Selby construction	-	Upgrading of road Tickyline to Myakayaka
DDP Valuers	-	Valuation Roll
Motla Consulting	-	Specialized Electrical Services
Lateral Unison Insurance	-	Insurance

## **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**

Electronic Performance Man System	Action IT	R 495 917
Microsoft Product Security	Microsoft	R 224 173
Treatment and disposal – Landfill	Mapheto bus Services	R 23 072 688
Litter Picking (Tzaneen)	Mmatshepe/Theuwedi	R 12 875 598
Collection and Transportation of Waste	Molebogeng Trading	R 18 865 524
Litter Picking	Selema Plant Hire	R 11 027 486
Maintenance of Garden Parks	Selema Plant Hire	R 7 651 908
Integrated Waste Removal Nkowankowa	Tshanduko's Cons	R 1 386 000
Rita to Mariveni (Gravel to Tar)	Ingwe Waste Man.	R 13 859 064
Maruji to Matshwi (Gravel to Tar)	Selby Construction	R 82 178 200
Tickyline to Mafarana (Gravel to Tar)	Readira	R113 428 201
Specialised Electrical Services	Selby Construction	R 82 213 591
	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/projects relates to the investment in major initiatives, the benefit of which is going to last for more than one financial year. It represents infrastructure which forms part of the service that is provided to our communities.

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

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

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

Generally process problems result from:

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

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

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

The Municipality also takes note of the fact that projects do not fail in the end they fail at the beginning.

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

Section 19(2) of the MFMA determines that:

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

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

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

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

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

The details of the capital budget are summarized as follows:

#### LOANS

A loan of R20 million will be taken up to finance capital projects during the 2016/2017 financial year.

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

##### 2016/2017

DEPARTMENT NUMBER	DEPARTMENT	2016/2017	2017/2018	2018/2019
002	Municipal Manager	0	300 000	300 000
052	Corporate Services	1 000 000	300 000	300 000
032	Financial Services	0	300 000	300 000
140	Community Services	0	300 000	300 000
062	Engineering Services	5 146 280	15 263 452	8 971 949
162	Electrical Engineering Services	15 000 000	15 300 000	20 293 763
012	PED	0	300 000	300 000
013	GTEDA	235 000	0	0
	<b>TOTAL</b>	<b>21 381 280</b>	<b>32 063 452</b>	<b>30 765 712</b>

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

2016/2017 Financial year R235 000

2017/2018 Financial year R 0

2018/2019 Financial year R 0

Capital Projects from Grants: Greater Tzaneen Municipality.

##### 2016/2017

DEPARTMENT NUMBER	DEPARTMENT	2016/2017	2017/2018	2018/2019
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)	85 307 150	91 742 450	97 133 700
162	Electrical Engineering Services (EED)	7 000 000	5 000 000	5 000 000
012	PED (NDPG)	0	0	0
	<b>TOTAL</b>	<b>92 307 150</b>	<b>96 742 450</b>	<b>102 133 700</b>

GTEDA has no Capital projects financed through Grants.

## **DEMAND MANAGEMENT PLAN**

Demand Management is about identifying the critical resources required to successfully implement the objectives of the Municipality.

A Municipality must be aware of what goods and services need to be procured during the financial year to implement programmes and projects identified in the IDP.

To ensure that the right product is available at the right time, place, price, quantity and quality, Municipalities need to have an approved Procurement Plan / Demand Management Plan. This plan will ensure:

- Cost effective and transparent procurement of goods and services.
- That all the goods and services required are budgeted for.
- Accurate forecasting of current and future needs of the Municipality
- Timely planning and management to ensure effective delivery of goods and services at the right location and the right date.
- That the product or service procured fulfills the objectives set out in the Municipalities IDP.

The Demand Management Plan of Greater Tzaneen Municipality which provided guidance on the procurement of goods and services is attached to this report as Annexure "V".

## **FINANCIAL IMPLICATIONS OF CAPITAL EXPENDITURE**

The Budget Steering Committee recommends that a loan of R20 million be taken up to finance Capital projects and Council is herewith advice of the operational cost of the loan.

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 approve the loan of R20 million for Capital projects it will have the following financial implication on the operational budget:

<b>LOAN</b>	<b>INTEREST</b>	<b>DEPRECIATION</b>	<b>TOTAL</b>
R20 000 000	R2 400 000	R1 666 666	R4 066 666

These costs are based on a 10 year loan at an interest rate of 12%. This is just an indication of what the borrowing cost will be, as the interest rate and loan conditions will determine the actual cost.

Provision has been made on the 2016/2017 budget to accommodate 3 months interest and depreciation.

If the loan is approved the application thereof will be done in accordance with Legislative requirements.

## **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 2016/2017 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.



- An Audit Committee has been established which provides an oversight function over the Financial Management and Performance of the Municipality.
- A Municipality Public Accounts Committee has been established to ensure that the administration is held accountable for the Management of Municipal funds and assets and to ensure the efficient and effective utilization of Councils resources.
- mSCOA Steering committee required by the mSCOA Regulations has been established.
- mSCOA Project Manager has been appointed by the mSCOA Steering Committee

## **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	<p>To market Greater Tzaneen’s Economic Development potential and investment opportunities to the local, national and international business communities.</p> <p>To create a positive investment climate for the GTM.</p> <p>To facilitate strategic alliances, joint ventures and encourage participation of local communities, where</p>

	<p>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**

Row Labels	Sum of 2016 2017 Budget	Sum of 2017 2018 Budget	Sum of 2018 2019 Budget
<b>01-income</b>	<b>-6 735 000</b>	<b>-6 700 000</b>	<b>-7 100 000</b>
<b>022OPERATING GRANTS &amp; SUBSIDIES</b>	<b>-6 735 000</b>	<b>-6 700 000</b>	<b>-7 100 000</b>
0227IDC			
0233MUNICIPAL GRANT	-6 735 000	-6 700 000	-7 100 000
<b>024OTHER REVENUE</b>			
0250FACILITATION FEE			
<b>02-Expenses</b>	<b>6 500 000</b>	<b>6 700 000</b>	<b>7 100 000</b>
<b>051EMPLOYEE RELATED COSTS - WAGES &amp; SALARIES</b>	<b>2 614 609</b>	<b>2 672 622</b>	<b>2 779 391</b>
1001SALARIES & WAGES - BASIC SCALE	2 069 556	2 102 077	2 169 434
1002SALARIES & WAGES - OVERTIME	60 960	67 056	73 762
1004SALARIES & WAGES - ANNUAL BONUS	196 009	209 730	224 411
1010SALARIES & WAGES - LEAVE PAYMENTS	183 670	182 037	192 240
1012HOUSING ALLOWANCE		0	0
1016PERFORMANCE INCENTIVE SCHEMES	104 414	111 723	119 544
<b>053EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTIONS</b>	<b>850 665</b>	<b>850 211</b>	<b>873 926</b>
1021CONTRIBUTION - MEDICAL AID SCHEME		0	0
1022CONTRIBUTION - PENSION SCHEMES		0	0
1023CONTRIBUTION - UIF	850 665	850 211	873 926
<b>058REMUNERATIONS OF COUNCILLORS</b>	<b>1 137 032</b>	<b>1 167 260</b>	<b>1 303 168</b>
1053ALLOWANCE - EXECUTIVE COMMITTEE	833 764	842 128	954 577
1054ALLOWANCE - OTHER COUNCILLORS	21 200	23 320	25 652
1057COUNCILLORS ALLOWANCE - TRAVEL	282 068	301 812	322 939
<b>064DEPRECIATION</b>	<b>109 091</b>	<b>110 637</b>	<b>112 575</b>
1091DEPRECIATION	109 091	110 637	112 575
<b>066REPAIRS AND MAINTENANCE</b>	<b>111 683</b>	<b>113 384</b>	<b>125 487</b>
1101FURNITURE & OFFICE EQUIPMENT	111 683	113 384	125 487
<b>068INTEREST EXPENSE - EXTERNAL BORROWINGS</b>	<b>22 578</b>	<b>23 933</b>	<b>25 369</b>
1231INTEREST EXTERNAL LOANS	22 578	23 933	25 369
<b>074CONTRACTED SERVICES</b>	<b>522 051</b>	<b>538 374</b>	<b>552 990</b>
1261CONTRACTED SERVICES - INFORMATION TECHNOLOGY	200 000	212 000	217 196

1263CONTRACTED SERVICES - SECURITY SERVICES	3 906	4 140	4 389
1265CONTRACTED SERVICES - CLEANING SERVICES	6 000	6 360	6 741
1270CONTRACTED SERVICES - INTERNAL AUDIT			
1277RENT PREMISES	312 145	315 874	324 664
<b>078GENERAL EXPENSES - OTHER</b>	<b>1 132 291</b>	<b>1 223 579</b>	<b>1 327 095</b>
1301ADVERTISING - GENERAL	95 400	100 000	99 000
1302ADVERTISING - RECRUITMENT	50 000	50 000	59 000
1303AUDITORS FEES	186 560	197 754	209 619
1306BANK ADMINISTRATION FEES & INTEREST ON OVERDRAFT	6 597	6 993	7 413
1307COMMUNITY BASED PLANNING	400 000	461 774	516 717
1310CONSULTANTS & PROFESSIONAL FEES			
1311CONSUMABLE DOMESTIC ITEMS	1 060	1 124	1 191
1321ENTERTAINMENT - OFFICIALS	2 120	2 247	2 382
1322ENTERTAINMENT - PUBLIC ENTERTAINMENT	7 420	7 865	8 337
1324EMPLOYEE ASSISTANCE PROGRAMME			
1327INSURANCE	13 500	14 310	15 169
1332LEASES - PHOTOCOPIERS			
1333LEGAL FEES - OTHER	50 000	50 000	52 564
1347POSTAGE & COURIER FEES	631	669	709
1348PRINTING & STATIONERY	9 010	9 551	10 124
1363SUBSCRIPTIONS	21 200	22 472	23 820
1364SUBSISTANCE & TRAVELLING EXPENSES	65 000	65 000	66 300
1366TELEPHONE	85 000	85 000	91 000
1368TRAINING COSTS	55 000	60 000	69 600
1378TEAM BUILDING			
1379ACCOUNTING FEES	35 000	37 100	39 326
1380SOCIAL INCLUSION	21 050	22 313	23 652
1381BURSARIES	27 743	29 408	31 172
<b>04-Capital</b>	<b>235 000</b>	<b>0</b>	<b>0</b>
<b>608OTHER ASSETS</b>	<b>235 000</b>	<b>0</b>	<b>0</b>
5023OFFICE EQUIPMENT	235 000	0	0
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>0</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 ACTING DIRECTOR CORPORATE SERVICES:**

**COMMENTS FROM ACTING DIRECTOR ENGINEERING SERVICES:**

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

**COMMENTS FROM PLANNING AND ECONOMIC DEVELOPMENT: MR. BM MATHEBULA**

**COMMENTS FROM COMMUNITY SERVICES: MR. O.Z MKHOMBO**

**COMMENTS FROM THE CFO: ME NM LION**

**COMMENTS FROM THE MUNICIPAL MANAGER: MR SR MONAKEDI**

**COMMITTEE OUTCOME OR STUDY GROUP OUTCOMES**

**RESOLVED TO RECOMMEND**