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**GREATER TZANEEN MUNICIPALITY  
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MASIPALA WA TZANEEN  
MASEPALA WA TZANEEN**

P.o Box 24  
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Tropiese Paradys



Tropical Paradise

## **BUDGET STEERING COMMITTEE MEETING**

**MINUTES OF THE ABOVEMENTIONED COMMITTEE MEETING WHICH WAS HELD ON WEDNESDAY THE 17<sup>TH</sup> MARCH 2021 AT 09H00 IN MOPANI DISASTER CENTER.**

### **1. OPENING AND WELCOME**

Director CW Molokomme opened the meeting with a prayer and the Mayor, Councillor MG Mangena welcomed everyone present in the meeting.

The Mayor indicated that these is the Draft Budget we still go to public Participation to account to the community on the budget.

The Mayor, Councillor MG Mangena indicated that the final Budget will be approved by the Council in May 2021 to

He further indicated that as communities have unlimited needs and the municipality had a limited budget to deliver the projects.

### **2. ATTENDANCE REGISTER AND APOLOGIES**

**PRESENT:** - As per the attendance Register (See Annexure "A")

**APOLOGIES:** -

- The Speaker, Councillor DJ Mmetle
- The Chief Whip, Councillor CS Nhemu

### **3. NEW MATTERS**

The Municipal Manager, Mr BS Matlala reported that requested the Director Electrical to present the Eskom Tariff before the CFO can present on the budget report.

The Director Electrical Engineering Mr S Lelope presented the Presentations as follows:

### **3.1 INCREASE IN ELECTRICITY TARIFFS**

The Director Electrical Engineering Mr S Lelope indicated that the NERSA issue a guideline with the tariffs

The Director Electrical Engineering Mr S Lelope indicated that Eskom already approved the tariffs.

The Director Electrical Engineering Mr S Lelope indicated there is a need to improve on the revenue is to do a cost of supply for the municipalities.

The following increases are approved:

Eskom increase of 16.03%

Municipality Increase 17.5%

This is a consultation paper and there is going to public participation in the beginning of March 2021 to finalise the tariffs.

The Director Electrical Engineering Mr S Lelope indicated that the consultation paper is late it was supposed to be send in the beginning of March 2021.

#### **Resolved**

That the presentation made on the NERSA consultation paper be noted.

### **3.2 3<sup>RD</sup> ADJUSTMENT BUDGET**

The Chief Financial Officer, Miss. Palesa Makhubela presented the adjustment budget as follows:

#### **PURPOSE OF THE REPORT**

The purpose of the report is to inform Council that the MIG allocation of R93 619 000 for the 2020/2021 financial year has been changed to R92 470 000

by National Treasury through Government Gazette no. 44178. This report serves to obtain Councils approval to revise the approved 2020/2021 Annual Budget through a special Adjustment budget

## **BACKGROUND**

Section 23 of the Budget Regulations published on 17 April 2009 in terms of Section 28 of the Municipal Finance Management Act, 2003 determines that an Adjustment Budget may be tabled in the Municipal Council at any time after the mid-year budget and performance assessment has been tabled in council, but not later than 28 February of the current year. It also determines that only one adjustment budget may be tabled in the Municipal Council during a financial year except when additional revenue is allocated to a municipality by National or Provincial Government.

The exception to Section 23 (2) provides that if a National or Provincial Adjustment Budget allocates or transfer additional Revenues to a Municipality, the Mayor of that Municipality must at the next available Council meeting table an Adjustment Budget to Council to appropriate the additional allocation.

## **SECTION 2 – LEGAL REQUIREMENTS**

Chapter 2 Section 23 of the Local Governments Municipal Finance Management Act, 2003 Municipal Budget and Reporting Regulations determined the following with regard to Municipal Adjustment Budgets.

### **TIMEFRAMES FOR TABLING OF ADJUSTMENTS BUDGETS**

*“23. (1) An adjustment budget referred to in Section 28(2)(b), (d) and (f) of the Act may be tabled in the Municipal council at any time after the mid-year budget and performance assessment has been tabled in the council, but not later than 28 February of the current year.*

*(2) Only on adjustments budget referred to in sub-regulation (1) may be tabled in the municipal council during a financial year, **except when the additional revenues contemplated in section 28(2)(b) of the Act are allocations to a municipality in a national or provincial adjustments budget**, in which case sub-regulation (3) applies.*

*(3) **If a national or provincial adjustments budget allocates or transfers additional revenues to a municipality, the mayor of the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustments budget, table an adjustments budget referred to in section 28(2)(b) of the Act in the municipal council to appropriate these additional revenues.**”*

### **SECTION 3 – MAYOR’S REPORT**

The Adjustment Budget Report of the Mayor will be distributed under separate cover.

### **SECTION 4 – ADJUSTMENT BUDGET RELATED RESOLUTIONS**

- a) That Council approves the 3<sup>rd</sup> Adjustment Budget for the 2020/2021 financial year.
- b) That the reduction of the MIG allocation from R93 619 000 to R92 470 000 for the 2020/2021 financial year be affected on Council’s 2020/2021 Capital Budget.
- c) That the reduction of R1 149 000 on the MIG allocation be approved as follows:

FINANCIAL YEAR 2020/2021: REDUCTION IN MIG ALLOCATION

#### **GREATER TZANEEN MUNICIPALITY**

#### **MIG REVISED SCHEDULE 20/21 FINANCIAL YEAR**

- d) That the Adjustment Budget Report and Supporting documentation be submitted to National Treasury and Provincial Treasury after approval by Council in terms of Section 28(7) of the Act.

### **3.3 DRAFT ANNUAL BUDGET 2021/22 FINANCIAL YEAR**

The Chief Financial Officer, Miss. Palesa Makhubela presented the Draft 2021/22 Annual Budget and the resolutions as follows:

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

The total projected revenue for the 2021/2022 financial year amounts to R1,620 billion. 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 R432 million which represents the equitable share allocation to the Greater Tzaneen Municipality.

An amount of R137 million will be levied by way of property tax and R783 million will be sourced from user charges. National allocations to fund operational activities amount to R26,4 million which includes the Finance Management Grant of R2,0 million, the EPWP grant of R8,4 million and the INEP allocation of R16 million

An

PROJECT NAME	BUDGET FOR THE 2020/21 FINANCIAL YEAR (Rands)	REVISED BUDGET FOR THE 2020/21 FINANCIAL YEAR (Rands)
Mawa Low Level bridge	R 1 442 382,58	R 1 442 382,58
Lenyenye Taxi Rank	R 5 082 626,73	R 5 082 626,73
Mulati Access Road Paving	R 4 372 696,75	R 4 372 696,75
Upgrading of Codesa Street to Hani Street	R 2 000 000,00	R 2 000 000,00
Paving of Marirone to Motupa Street	R 0,00	R 0,00
Upgrading of Mopye High School Access Road	R 11 175 910,22	R 11 175 910,22
Nelson Ramodike High School Access Road	R 24 157 665,24	R 24 157 665,24
Upgrading of Relela Access Road	R 11 978 929,21	R 11 978 929,21
Upgrading of Matapa to Leseke Access Road	R 13 940 315,54	R 12 791 315,54
Paving of Moseanoka to Cell C Pharare Internal Streets in Ward 28	R 2 825 180,93	R 2 825 180,93
Paving of Risaba, Mnisi, Shando, to Driving School in ward 5	R 3 882 840,67	R 3 882 840,67
Paving of Main road from Nduna, Mandlakazi, Efrika, Zangoma, Mpemyisi to Jamba Cross Internal Street (in ward 13) and Nwamitwa Bridge via Nhlengeleti School to Taxi Rank, Clinic via Lwandlamoni School to Nwamitwa/Mandlakazi Road (in Ward 12)	R 6 699 502,13	R 6 699 502,13
Supply and Installation of High Mast lights in Dan Village	R 1 380 000,00	R 1 380 000,00
<b>PMU</b>	R 4 680 950,00	R 4 680 950,00
	<b>R 93 619 000,00</b>	<b>R 92 470 000,00</b>

amount of R1, 459 Billion has been made available on the operational budget for expenditure. This substantial increase is largely due to the increase in salaries and bulk purchases. The Expenditure amount includes R393 million for salaries, R77 million for other materials excluding labour costs and R 481 million for the purchase of bulk electricity and water.

An amount of R130 million has been allocated for capital expenditure for the 2021/2022 financial year. This amount includes the MIG allocation of R94,7 million which will be spend on roads and storm water drainage systems.

The summary of the operating and capital budgets are as follows:

<b>OPERATING AND CAPITAL EXPENDITURE BUDGET</b>	<b>2020/2021 FINAL SPECIAL ADJUSTED BUDGET</b>	<b>2021/2022 DRAFT BUDGET</b>	<b>2022/2023 DRAFT BUDGET</b>	<b>2023/2024 DRAFT BUDGET</b>
<b>TOTAL OPERATING REVENUE</b>	1 575 930 815	1 619 992 244	1 718 100 754	1 798 971 012
<b>TOTAL OPERATING EXPENDITURE</b>	1 390 274 569	1 459 142 006	1 503 895 719	1 591 927 605
<b>TOTAL CAPITAL EXPENDITURE</b>	153 141 943	130 148 950	160 103 800	176 440 150
<b>TOTAL OPEX AND CAPEX BUDGET</b>	<b>1 543 416 512</b>	<b>1 589 290 956</b>	<b>1 663 999 519</b>	<b>1 768 367 755</b>

The increase in operating revenue is mainly attributable to an increase in grant allocations and tariff increases. The operating expenditure increase is mainly attributable to the annual increase that is linked to CPI, salaries and the increase in bulk electricity cost.

The total grant allocations for Greater Tzaneen Municipality in the 2021/2022 financial year which are in line with DORA are reflected below:

<b>MUNICIPAL GRANTS FOR 2021/2022</b>			
<b>Description</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
<b>EQUITABLE SHARE</b>	432 618 000	457 630 000	449 515 000
<b>MIG</b>	99 741 000	108 004 000	112 937 000
<b>FMG</b>	2 000 000	2 000 000	2 000 000
<b>EPWP</b>	8 463 000	0	0
<b>INEP</b>	16 020 000	14 000 000	16 000 000
<b>TOTAL</b>	<b>558 842 000</b>	<b>581 634 000</b>	<b>580 452 000</b>

## **CAPITAL EXPENDITURE**

### **PROPOSED TARIFF INCREASES**

Proposed tariff increase on service charges are as follows:

<b>CATEGORY</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
Property Rates	3.9%	4.2%	4.4%
Electricity	16.00%	8.9%	8.9%
Refuse	9.66%	4.2%	4.4%
Water (Haenertsburg)	3.9%	4.2%	4.4%
Water (Other users)	3.9%	4.2%	4.4%
Sewerage	3.9%	4.2%	4.4%

The increase in refuse removal tariffs are mainly due to the increase in the running costs of the solid waste services

## **TOTAL EXPENSES**

Total expenditure of R1, 459 billion has been provided for in the 2021/2022 financial year's operational estimates.

## **SALARIES, WAGES AND ALLOWANCES**

The total salary bill which amounts to R393 million includes the budgeted positions to be filled during the 2021/2022 financial year. The positions will be filled through the process of service delivery priorities and the approved municipal organogram.

## **BUDGET RELATED POLICIES**

The following budget related policies are attached to this document for approval by Council as part of the 2021/2022 budget–

### **Revenue Related Policies**

- Tariff Policy
  - Electricity
  - Water
  - Sanitation
  - Refuse Removal
  - Property Rates
- Credit Control & Debt Collection
- Consumer Deposits
- Cash Control Policy
- Impairment of debt policy

### **Budget related**

- Budget Implementation and Management Policy
- Indigent Policy
- Supply Chain Management
- Property Rates Policy
- Cash Management and Investment Policy
- Virement Policy
- Adjustment Budget Policy
- Preferential Procurement Policy

- Borrowing Policy
- Funding and Reserves Policy
- Policy Relating to Long-Term Financial Planning
- Policy Relating to Management and Disposal of Assets
- Policy dealing with Infrastructure Investment and Capital Projects
- Subsistence and Travelling policy
- Cost containment policy
- Insurance policy

### **POLICY IMPLICATIONS**

Compliance to section 22 of the Municipal Finance Management Act, the budget must be submitted to National Treasury and the Provincial Treasury together with the quality certificate approved by the accounting officer.

### **LEGAL IMPLICATIONS**

Currently None

### **RISK IMPLICATIONS**

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

### **ENVIRONMENTAL IMPLICATIONS**

None

### **CHANGE MANAGEMENT IMPLICATIONS**

Ensure compliance to MFMA and timely submission of draft budget on schedule A, version 6.5 in line with Municipal Budget and Reporting Regulations

### **CONSIDERATION**

That the Capital and Operational Estimates for the 2021/2022 financial year be approved and that the Accounting Officer proceeds with the publication of the Draft Annual Budget as outlined in section 22 of the Municipal Finance Management Act 56 of 2003

### **Summarized resolutions are as follows:**

1. That the Capital and Operational Estimates for the 2021/2022 financial year as more fully recorded in **Annexure A - T** attached to the report in this regard be approved and that the Accounting Officer proceeds with the publication of the Annual Budget as outlined in section 22 of the Municipal Finance Management Act 56 of 2003.



2. That the 2021/2022 to 2023/2024 financial year's budget related policies be approved as more fully set out in **Part 2 of supporting documents in the budget**
3. That the draft 2021/2022 tariff listing for municipal services be approved
4. That it be noted that the draft 2021/2022 Estimates will after approval by the Council in terms of section 22 of the Municipal Finance Management Act, be submitted to National Treasury and the Provincial Treasury, together with the quality certificate approved by the accounting officer.
5. That an amount of R 9 857 217.05 be allocated to GTEDA Municipal entity
6. That the budget resolutions contained in the budget report be approved

### **RESOLVED**

- (A) That the management must go back and check the issue of Codesa road.
- (B) That the High mast budgeted for the outer years be moved closer
- (C) That all Directors must go to public participation when the projects are handed over to the communities.
- (D) That the Portfolio Committee members be taken for site visits to check the projects.
- (E) That a budget Steering Committee meeting be held tomorrow 18 March 2021 for CFO to present the changed requested on the projects.
- (F) That the Energy Forum meeting be arranged to review the projects priority list and that the water Committee meeting also be arranged to review the water related issues.

### **4. Announcement**

The Municipal Manager announced that Directors should remain after the Budget Steering Committee.

### **5. CLOSURE**

The meeting was adjourned at 12H10