

GREATER TZANEEN MUNICIPALITY



ADJUSTMENT BUDGET

2022/2023 – 2024/2025

Adjusted Medium Term Revenue and Expenditure Framework

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GLOSSARY

Adjustment Budget - Prescribed in Section 28 of the MFMA. The formal means by which a Municipality may revise its Annual Budget during the year.

Allocations – Money received from Provincial or National Government or other Municipalities or public donations.

Budget – The financial plan of the Municipality

Capital Expenditure – Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's Asset Register.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by National to Provincial and Local Government.

Equitable Share – A general grant paid to Municipalities. It is predominantly targeted to help with free basic services.

Fruitless and Wasteful Expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality.

MFMA - The Municipal Finance Management Act no. 53 of 2003. The principle piece of Legislation relating to Municipal Financial Management.

MTREF – Medium Term revenue and Expenditure Framework. A medium-term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current year's financial position.

OPERATING EXPENDITURE – Spending on the day-to-day expenses of the Municipality such as salaries and wages.

PROPERTY RATES – Local Government tax on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP – Service Delivery and Budget Implementation Plan.

UNAUTHORISED EXPENDITURE – Generally, spending without, or in excess of, an approved budget.

VIREMENT – A transfer of budget within the same vote/department.

VOTE – One of the main segments of a budget. The vote structure at Greater Tzaneen Municipality is made up as follows:

1. Department of the Municipal Manager
2. Corporate Services Department
3. Engineering Services Department
4. Electrical Engineering Services Department
5. Chief Financial Officer Department
6. Planning and Economic Development Department
7. Community Services Department

PART 1

SECTION 1 – INTRODUCTION

1. PURPOSE OF THE REPORT

The purpose of this report is to inform Council of the 2022/2023 adjustment budget and to obtain Council's approval to revise the approved 2022/2023 Annual Budget through an Adjustment Budget.

2. 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 Municipal Finance Management Act determines that the accounting officer of the Municipality must by 25 January assess the performance of the Municipality during the first half of the financial year and make recommendations as to whether any adjustment budget is necessary. If an adjustment budget is required, it must be supported by revised projections of revenue and or expenditure to the extent that this may be necessary.

The Mayor established a Budget Steering Committee to provide technical assistance to him. The Steering Committee consists of the following persons:

- a) The Councilors responsible for financial matters
- b) The Mayor
- c) The Speaker
- d) The Chief Whip
- e) The Municipal Manager
- f) The Chief Financial Officer
- g) All the Directors
- h) The Manager responsible for budgeting
- i) The Manager responsible for Planning (IDP)
- j) Any Technical Experts on Infrastructure

This Committee met on a regular basis to ensure a well-balanced and credible Adjustment Budget and is convinced that the adjustments as per the recommendation should be effected.

2.1 Mopani District Municipality

Apart from the legislative requirements Council is also informed that the 2022/2023 Water and Sewer Budgets approved by Council were submitted to Mopani District Municipality for approval and submission to National Treasury for consideration. Any adjustment to these budgets will have to be approved by Mopani District Municipality. Any other changes to the budgets of these services will have to be amended in Councils records as virements.

2.2 GTEDA

With regard to the establishment of our Municipal Entity, GTEDA, Council is informed that the Municipal Budget Circular 74 determines that, to ensure consistency of reporting across Municipalities and individual Municipalities with Entities, the Municipality with Entities must produce:

- A Consolidated Annual Budget, Adjustment Budget and monthly Financial Statements for the parent Municipality and all its Municipal Entities.

This entails that any adjustment to the budget received from GTEDA must be considered by Council and addressed in the Adjustment Budget.

SECTION 2 – LEGAL REQUIREMENTS

Chapter 4 Section 28 of the Local Government Municipal Finance Management Act. No. 56 of 2003 determines the following with regard to the Municipal Adjustment Budget.

“28. Municipal Adjustment Budgets

- 1) A Municipality may revise an approved annual budget through an adjustment budget.***
- 2) An adjustment budget: -***
 - (a) Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;***
 - (b) May appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;***
 - (c) May, within a prescribed framework, authorize unforeseeable and unavoidable expenditure recommended by the mayor of the municipality.***

- (d) *May authorize the utilization of projected savings in one vote towards spending under another vote.*
 - (e) *May authorize the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council.*
 - (f) *May correct any errors in the annual budget; and*
 - (g) *May provide for any other expenditure within a prescribed framework.*
- 3) *An adjustment budget must be in a prescribed form.*
- 4) *Only the Mayor may table an adjustment budget in a municipal council, but an adjustment budget in terms of subsection (2) (b) to (g) may only be tabled within any prescribed limitations as to timings or frequency.*
- 5) *When an adjustment budget is tabled, it must be accompanied by: -*
- (a) *an explanation how the adjustment budget affects the annual budget.*
 - (b) *a motivation of any material changes to the annual budget.*
 - (c) *an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and*
 - (d) *Any other supporting documentation that may be prescribed.*
- 6) *Municipal tax and tariffs may not be increased during a financial year except when required in terms of financial recovery plan.*
- 7) *Section 22(b), 23(3) and 24(3) apply in respect of an adjustment budget, and in such application a reference in those sections to an annual budget must be read as a reference to an adjustment budget.*
29. *Unforeseen and unavoidable expenditure*
- 1) *The Mayor of the municipality may in emergency or other exceptional circumstances authorize unforeseeable and unavoidable expenditure for which no provision was made in an approved budget,*
 - 2) *Any such expenditure:*
 - (a) *Must be in accordance with any framework that may be prescribed.*
 - (b) *May not exceed a prescribed percentage of approved annual budget.*
 - (c) *Must be reported by the mayor to the municipal council at its next meeting; and*
 - (d) *Must be appropriated in an adjustment budget.*

- 3) ***If such adjustment budget is not passed within 60 days after the expenditure was incurred, the expenditure is unauthorized, and section 32 applies.”***

Chapter 5 Section 71 of the Municipal Budget and Reporting Regulations published in terms of Section 168 of the Municipal Finance Management Act, 2003 determines the following:

Authorization of unforeseen and unavoidable expenditure

71. (1) ***The Mayor of a Municipality may authorize expenditure in terms of Section 29 of the Act only if: -***
- (a) ***The expenditure could not have been foreseen at the time the annual budget of the municipality was passed; and***
 - (b) ***The delay that will be caused pending approval of an adjustments budget by the municipal council in terms of Section 28(2)(c) of the Act to authorize the expenditure may: -***
 - (i) ***Result in significant financial loss for the municipality.***
 - (ii) ***Cause a disruption or suspension, or a serious threat to the continuation, of a basic municipal service.***
 - (iii) ***Lead to loss of life or serious injury or significant damage to property; or***
 - (iv) ***Obstruct the municipality from instituting or defending legal proceedings on an urgent basis.***
- (2) ***The Mayor of a municipality may not authorize expenditure in terms of section 29 of the Act if the expenditure: -***
- (a) ***Was considered by the Council, but not approved in the annual budget or an adjustment budget;***
 - (b) ***Is required for: -***
 - I ***Price increases of goods or services during the financial year;***
 - II ***New municipal services or functions during the financial year;***
 - III ***The extension of existing municipal services or functions during the financial year;”***

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 the following adjustments on 2022/2023 MIG projects be approved:

ProjectName	2022/2023 FINAL BUDGET	REQUESTED ADJUSTMENT	ROLLOVER	2022 2023 ADJUSTED BUDGET
Dan Access road from R36 (Scrapyard) to D5011 (TEBA)	7,000,000	-4,500,000		2,500,000
Paving of Risaba, Mnisi, Shando, to Driving school Internal Street	16,100,000	-58,400	2,100,000	18,141,600
Paving of N’wamitwa Bridge via Nhlengeleti School to Taxi Rank,Clinic via Lwandlamuni School to N’wamitwa/Mandlakazi Road from gravel to paving	7,200,000	2,800,000	2,000,000	12,000,000
Paving of Mulati Access road	6,500,000	-259,700	2,600,000	8,840,300
Paving of Moseanoka to Cell C Pharare Internal Streets	31,200,000	38,100		31,238,100
Paving of Main road from Ndhuna Mandlakazi, Efrika, Zangoma,Mpenyisi to Jamba Cross Internal Street (in Ward 13, Mandlakazi)	13,400,000	-2,965,820	1,682,000	12,116,180
Upgrading of Marirone to Motupa Street from gravel to paving	7,000,000	2,500,000		9,500,000
Upgrading of Nkowankowa A Condesa to Hani Street	0	0	518,000	518,000
Paving of Zangoma to Mariveni Road	7,000,000	3,713,644		10,713,644
Leretjeni Sports Complex	11,000,000	0		11,000,000
Bulamahlo Community Hall	3,100,000	-600,000		2,500,000
Installation of High Mast Lights at Nkowankowa	700,000	-100,000		600,000
Installation of High Mast Lights at Mariveni	700,000	-100,000		600,000
Installation of High Mast Lights at Lusaka	700,000	-100,000		600,000

Installation of High Mast Lights at Sethong	700,000	-100,000		600,000
Installation of High Mast Lights at Xihoko	700,000	-100,000		600,000
Installation of High Mast Lights at Mandlakazi	700,000	-100,000		600,000
PMU Management (4.5% & 4.8% of Total MIG)	5,304,000	-67,824		5,236,176
TOTAL MIG	119,004,000	0	8,900,000	127,904,000

- b) That the following roll over project, financed from Conditional Grants INEP, was not approved by National Treasury, and that the project be financed from municipal services own funding item:

Project name	Number of connections	Budget
Electrification of New Phepene	75	R1 400 000

- c) That the following amendments on the INEP projects (Operational projects on the 2022/2023 budget) be approved by council to ensure that the SDBIP can be aligned with the operational projects:

Project Name	Revised Connections	Original Budget	Adjustment requests	Roll Over	Adjusted Budget
Electrification of Tarentaalrand	50	1,000,000	- 48,000	-	952,000
Electrification of Nkomanini	258	4,300,000	497,115	-	4,797,115
Electrification of Mokgwathi	120	2,400,000	108,663	-	2,508,663
Electrification of Ramotshinyadi	132	2,640,000	86,316	-	2,726,316
Electrification of Maribathema	40	800,000	- 58,800	-	741,200
Electrification of Mugwazeni	100	2,860,000	- 585,294	-	2,274,706
Electrification of New Rita	30	-	-	692,000	692,000

Electrification of Winny Mandela	688	-	-	1,100,000	1,100,000
Electrification of Senakwe	35	-	-	682,000	682,000
TOTAL		14,000,000	-	2,474,000	16,474,000

- d) That the following amendments on the own funding projects be approved by council to ensure that the SDBIP can be aligned with the capital budget:

Project / Initiative	Budget 22/23	Adjustment Requests	Adjusted Budget	Reason For Adjustments
11kv cables Tzaneen CBD in phases (Tzaneen Main - SS1)	5,000,000	- 5,000,000	-	Funds transferred to procure SCADA monitoring system
11 kV and 33 kV Auto reclosers per annum X4 (La_Cotte x 2, California x 1,	1,500,000	-	1,500,000	
Rebuild 66 kV wooden line from Tarentaalrand Main to Tzaneen (20km) in Phases	3,000,000	1,000,000	4,000,000	
Renewal Repairs and maintenance of Bulk meters and Replace current transformers & meter panel Tarentaalrand,	1,500,000	-	1,500,000	
Install Bulk current transformers & meter panel Gravelotte	500,000	-	500,000	
Rebuilding of Duiwelskloof 33kV Feeder (5km)	3,000,000	-	3,000,000	
Rebuilding of New Orleans 11kV lines (2km)	1,000,000	-	1,000,000	
Rebuilding of Henley 11kV lines (2km)	1,000,000	-	1,000,000	
Installation of streetlights from R71 Voortrekker traffic light to Deerpark Traffic Circle	1,000,000	- 1,000,000	-	R71 traffic light to be constructed by SANRAL

SCADA Monitoring system	-	4,000,000	4,000,000	To monitor electrical network
Installation of Air conditioner Municipal Buildings	500,000	-	500,000	
TID rollover Pre-paid	500,000	-	500,000	
Traffic Lights	500,000	-	500,000	
Connections (Consumer Contribution)	10,000,000	-	10,000,000	
Walk-behind Roller X 2	500,000	-	500,000	
Tar cutting machines x 2	60,000	- 20,000	40,000	2 Tar cutting machines already purchased
Purchase of Machinery and Fleet	3,000,000	1,600,000	4,600,000	funds needed to purchase 2 electrical vehicles
Fleet Management System	1,000,000	500,000	1,500,000	additional funds needed until end of June
New Guardroom at Civic Centre	40,000	110,000	150,000	Additional funds needed for completing guardroom
Diagnostic machine for the workshop and replacement of hydraulic jack and toolbox	100,000	- 4,000	96,000	Diagnostic machine already procured
Installation for smoke detectors in municipal buildings	500,000	-	500,000	
Purchase of Waste removal Truck	-	2,500,000	2,500,000	Rollover from previous financial year
Purchase of the Mayor's vehicle	-	750,000	750,000	Rollover from previous financial year

Purchase of the Speaker's vehicle	-	750,000	750,000	Rollover from previous financial year
Revamping of Civic Centre Building Roof	-	2,800,000	2,800,000	Rollover from previous financial year
Rehabilitation of Streets in Nkowankowa	4,000,000	2,000,000	6,000,000	The actual budget needed to complete the project is 5 900 000
Rehabilitation of Streets in Lenyenye	3,200,000	-	3,200,000	
Rehabilitation of Haenertsburg Cemetery road	4,000,000	- 1,000,000	3,000,000	Project to be completed in the next financial year
Construction of R71 Roundabout	1,500,000	- 1,500,000	-	The roundabout will be constructed during 2023/2024 financial year
1 X Power Generator for Letsitele water treatment plant	300,000	-	300,000	
Nkowakowa offices (Old Home Affairs building)	800,000	-	800,000	
Construction of Speed Humps	-	800,000	800,000	urgent requests on streets where there have been accidents.
Paving of Mulati Access road	-	3,500,000	3,500,000	the budget is needed to cover for damaged layers on project due to heavy rain
Paving of Risaba, Mnisi, Shando, to Driving school Internal Street	-	978,510	978,510	the budget needed to cover relocation of existing services on the project
Paving of Moseanoka to Cell C Pharare Internal Streets	-	1 500 000	1500 000	the budget needed to cover relocation of existing services

				(project due to heavy rain) on the project
Purchase of Office furniture	400,000	-	400,000	
G.I.S(Procurement of equipments).	2,000,000	- 2,000,000	-	The project will be moved to 2023/2024 financial year
Upgrading of Nkowankowa A Condesa to Hani Street	-	250,000	250,000	Access Slab not covered in initial scope
Purchase of office equipment	268,840	-	268,840	
TOTALS	50,668,840	12,514,510	63,183,350	

- e) That the following DBSA Project, for Rebuilding and Upgrading of the Ebenezer 33kV feeder line phase 4, be added to the 2022/2023 capital budget as a Roll-Over of remaining DBSA funds in the Previous Financial Year 2021/2022:

Project Name	Budget 2022/2023
Rebuilding and Upgrade of the Ebenezer 33kV Feeder Line Phase 4	6,133,517.73

- f) That the additional revenue from Credit Control, SARS for VAT refunds and proceeds on auction of Municipal assets be included in the revenue budget and be utilized to fund additional requests on capital and operational budget.
- g) That the Directors manage their respective votes/departments in the Municipality in terms of Section 77 of the MFMA to ensure that no overspending occurs at 30 June 2023, and that possible overspending be accommodated through virements.
- h) That no Adjustment be effected on the Water and Sewer budgets.
- i) That no Adjustment be approved for GTEDA and that possible overspending on-line items be accommodated by virements.

- j) That adjustments be effected on the Municipalities B Schedules to ensure alignment with the mSCOA data strings.

SECTION 5 – EXECUTIVE SUMMARY

1. INTRODUCTION

The Budget Regulations provide that an Adjustment Budget may be tabled to Council after the Mid-year performance assessment of the first half of the financial year, if the assessment finds that an Adjustment Budget is necessary.

The additional revenue received from the implementation of Credit Control, SARS for VAT refunds and proceeds on auction of Municipal assets, the movement of INEP and MIG projects and required additional funding in operational budget necessitated the tabling of an Adjustment Budget for the 2022/2023 financial year.

2. DELIBERATIONS

The Adjustment Budget process is governed by the Municipal Finance Management Act 56 of 2003 and the objectives are:

- To manage any adjustment to the approved operational and capital budgets in such a manner that it will enhance the quality of life of the citizens.
- To ensure that all adjustments to the approved budget are done in accordance with legislation.
- To manage the financial affairs of the Municipality in such a manner that sufficient cash resources are available to finance the adjustments to the approved budget of the Municipality.

These objectives are supported by Section 18 of the MFMA which provides a budget rule indicating that Municipal expenditure can only be funded by realistic anticipated revenue to be collected. This rule empowers municipal councils to adopt budgets that are implementable seeing that the revenue projections must take into account socio – economic conditions, revenue collection capacity and the ability of consumers to pay for services.

2.1. ADJUSTMENT BUDGET CONDITIONS

Seeing that only one adjustment budget per year is allowed forces municipalities to plan ahead and to make sure that the spending patterns are kept below the actual money received. Legislation determines that if there is a material under collection of revenue during the current financial year the revenue and expenditure estimates must be adjusted downwards. If there are additional revenues to those budgeted for it can only be used to revise or accelerate spending programs already budgeted for.

The budgeted and actual figures of the 2022/2023 financial year are discussed below to ensure that Greater Tzaneen Municipality complies with all legislative requirements.

2.2 APPROVED OPERATIONAL BUDGET 2022/2023

2.2.1 BUDGETED INCOME (2022/2023)

Description	2022/2023 Budget
Tzaneen Budget	R1 587 903 772
MDM Water & sewer Budget	R 89 333 629
Total Budget	<u>R1 677 237 401</u>

2.2.2 BUDGETED EXPENDITURE 2022/2023

The 2022/2023 expenditure budget which has been approved by Council can be summarized as follows: (This budget includes the capital budget from Grants and Own sources)

Description	2022/2023 Budget
Operational Budget Tzaneen	R1 400 247 688
Operational Budget Water& sewer MDM	R 72 253 637
Capital Budget: Grants & Own Sources	R 169 672 840
Total Budget	<u>R1 642 174 165</u>

2.3 CASH FLOW PROJECTIONS 2022/2023

2.3.1 ANTICIPATED ACTUAL INCOME (2022/2023)

Description	Budget 2022/2023	Actual July 2022 to December 2022	Anticipated Actual Income 12 Months
Rates	R 150 886 840	R 69 626 688	R 151 308 987
Service Charges	R 819 227 403	R 552 454 050	R 850 451 130

Rent of facilities and equip.	R 800 000	R 530 006	R 1 060 012
Interest External Investm.	R 4 500 000	R 6 045 150	R 10 752 246
Interest Outstanding Debt	R 33 652 121	R 23 458 338	R 39 097 230
Fines	R 12 008 000	R 333 959	R 11 008 000
Licenses & Permits	R 817 000	R 198 796	R 816 000
Income Agency Services	R 14 664 291	R 731 751	R 14 665 291
Operating Grants & Subs.	R 630 030 000	R 419 932 828	R 630 030 000
Other Revenue	R 10 651 746	R 4 508 667	R 10 652 741
Income	<u>R1 677 237 401</u>	<u>R1 077 820 233</u>	<u>R1 719 841 637</u>

The anticipated actual income for the 2022/2023 financial year amounts to R1,720 Billion which is R42,6 million more than the budgeted amount.

2.3.2 ANTICIPATED ACTUAL EXPENDITURE (2022/2023)

The anticipated actual expenditure can be summarized as follows:

2022/2023 Expenditure Items	2022/2023 Budget	Actual July 2022 December 2022	Anticipated Actual Expenditure 12 months
Employee related costs	R 403 735 094	R190 522 235	R 381 044 470
Remuneration Councillors	R 28 445 008	R 14 865 863	R 28 445 008
Bad Debts	R 60 000 000	R 9 683 885	R 50 890 308
Depreciation	R 121 814 038	R 0	R 120 814 038
Inventory consumed	R 94 168 987	R 43 982 371	R 87 964 742
Interest Ext. Borrowing	R 14 057 098	R 7 249 323	R 14 057 098
Bulk Purchases	R 465 421 255	R246 160 000	R 460 521 255
Contracted Serv.	R 84 277 061	R 38 529 236	R 77 058 472
Grants & Sub	R 45 801 506	R 17 325 873	R 45 801 506
General Expenditures	<u>R 154 781 278</u>	<u>R 64 801 921</u>	<u>R 129 603 842</u>
TOTAL	<u>R1 472 501 325</u>	<u>R633 120 707</u>	<u>R1 396 200 739</u>

The anticipated actual Operating expenditure amounts to R1,396 billion which is R76 million less than budgeted for, this anticipated under expenditure can be attributed to the anticipated under expenditure on the following main items:

- Employee related costs
- General expenditure

2.4 A SUMMARY OF THE ANTICIPATED ACTUAL INCOME AND EXPENDITURE FOR THE 2022/2023 FINANCIAL YEAR

Anticipated Income 30/06/2022	R1 719 841 637
Anticipated Expenditure 30/06/2022	R1 396 200 739
Anticipated Surplus	R 323 640 898
Capital Expenditure	R 164 048 820
Anticipated Surplus	R 159 592 078

Although the anticipated actual revenue is more than the budgeted amount, the anticipated actual expenditure is also more than the budgeted amount.

It is required that Municipalities table a balanced budget, based on realistic anticipated estimates of revenue and expenditure that are consistent with their budgetary resources and experiences. The needs of the communities and residents must be met as far as possible and it should be achieved within the financial capacity and resource constraints of the Municipality. The fact that a surplus of R159.6 million is anticipated provides security that the adjustments on the Adjustment Budget will not result in any shortfall of funding.

2.5 BUDGET VERSUS ACTUAL EXPENDITURE

Before the adjustment requests are summarized Council needs to be informed of the budgeted versus the actual expenditure of the different votes / departments for the first six months.

The budget is approved on this level and must be managed on this level as well.

ACTUAL VOTE/DEPARTMENT	2022/2023 BUDGET	ACTUAL FOR 6 MONTHS
Municipal Manager	R 89 108 661	R 43 432 763

PED	R 34 333 500	R 15 246 218
Budget and Treasury	R 138 360 287	R 61 911 537
Corporate Services	R 79 260 831	R 31 189 365
Engineering Services	R 234 558 283	R 80 703 809
Community Services	R 253 202 211	R 99 423 457
Electrical Services	<u>R 643 677 552</u>	<u>R301 213 558</u>
	<u>R1 472 501 445</u>	<u>R633 120 707</u>

The above-mentioned figures which include provision for bad debt and depreciation, the non-cash items, indicate that the Directors are managing some of the line items on their budgets well and that department are within their budget.

2.6 MFMA REQUIREMENTS

Section 71(i) of the Municipal Budget and Reporting Regulations determines that the Mayor of a Municipality may authorize expenditure that could not have been foreseen at the time the annual budget of the Municipality was approved, if the delay in approval will:

- Result in significant financial loss for the Municipality.
- Cause a disruption or suspension, or a serious threat to the continuation of a basic municipal service.
- Lead to loss of life or serious injury or significant damage to property.
- Obstruct the Municipality from instituting or defending legal proceedings on an urgent basis.

The Mayor did not authorize any over expenditure relating to the above-mentioned requirements during this financial year.

The Act also states that the Mayor may not authorize the expenditure if the expenditure:

- was considered by Council but not approved.
- if there were price increases of goods and services during the financial year.
- for new municipal services or functions.

- for the extension of existing municipal services or functions.

The Mayor did not authorize any over expenditure relating to the above-mentioned requirements during this financial year.

The Municipal Finance Management Act determines that Directors are responsible for managing their respective votes/department and that powers and duties for this purpose have been delegated in terms of Section 79.

Each Director must therefore exercise financial management and take all reasonable steps within their respective departments to ensure that any unauthorized, irregular or fruitless and wasteful expenditure and any other losses are prevented.

The overspending of line items which may result in the overspending of any vote/department will have to be managed to prevent overspending of votes.

2.7 ADJUSTMENT REQUESTS

The requests for adjustments on the 2022/2023 approved budget have been received from Directors.

The MFMA provides that a Municipality may revise its approved budget through an Adjustment Budget provided that the Revenue and Expenditure votes be adjusted downwards if there is a material under collection of revenue.

2.8 ADJUSTMENTS

The adjustments which are tabled to Council for consideration and approval can be divided into three categories:

- Adjustments to accommodate operational requests.
- Adjustments to accommodate Capital requests from own funding.
- Adjustments to accommodate Dora funding capital projects.
- Adjustments to accommodate Dora funding operational projects.
- Adjustments to accommodate DBSA funding capital projects.

2.8.1 Adjustments to Accommodate Operational Requests

GTEDA

No adjustment request has been received from the Municipal Entity GTEDA.

Greater Tzaneen Municipality

All departments were engaged on a continuous basis to identify savings votes to accommodate the additional requests.

2.8.2 Adjustments to Accommodate Capital Requests

After careful consideration, the Budget Steering Committee resolved that the following adjustments/additional allocations with regard to Capital projects from own funding be approved.

Project / Initiative	Budget 22/23	Adjustment Requests	Adjusted Budget	Reason For Adjustments
11kv cables Tzaneen CBD in phases (Tzaneen Main - SS1)	5,000,000	- 5,000,000	-	Funds transferred to procure SCADA monitoring system
11 kV and 33 kV Auto reclosers per annum X4 (La_Cotte x 2, California x 1,	1,500,000	-	1,500,000	
Rebuild 66 kV wooden line from Tarentaalrand Main to Tzaneen (20km) in Phases	3,000,000	1,000,000	4,000,000	
Renewal Repairs and maintenance of Bulk meters and Replace current transformers & meter panel Tarentaalrand,	1,500,000	-	1,500,000	
Install Bulk current transformers & meter panel Gravelotte	500,000	-	500,000	

Rebuilding of Duiwelskloof 33kV Feeder (5km)	3,000,000	-	3,000,000	
Rebuilding of New Orleans 11kV lines (2km)	1,000,000	-	1,000,000	
Rebuilding of Henley 11kV lines (2km)	1,000,000	-	1,000,000	
Installation of streetlights from R71 Voortrekker traffic light to Deerpark Traffic Circle	1,000,000	- 1,000,000	-	R71 traffic light to be constructed by SANRAL
SCADA Monitoring system	-	4,000,000	4,000,000	To monitor electrical network
Installation of Air conditioner Municipal Buildings	500,000	-	500,000	
TID rollover Pre-paid	500,000	-	500,000	
Traffic Lights	500,000	-	500,000	
Connections (Consumer Contribution)	10,000,000	-	10,000,000	
Walk-behind Roller X 2	500,000	-	500,000	
Tar cutting machines x 2	60,000	- 20,000	40,000	2 Tar cutting machines already purchased
Purchase of Machinery and Fleet	3,000,000	1,600,000	4,600,000	funds needed to purchase 2 electrical vehicles
Fleet Management System	1,000,000	500,000	1,500,000	additional funds needed until end of June
New Guardroom at Civic Centre	40,000	110,000	150,000	Additional funds needed for completing guardroom
Diagnostic machine for the workshop and replacement of hydraulic jack and toolbox	100,000	- 4,000	96,000	Diagnostic machine already procured

Installation for smoke detectors in municipal buildings	500,000	-	500,000	
Purchase of Waste removal Truck	-	2,500,000	2,500,000	Rollover from previous financial year
Purchase of the Mayor's vehicle	-	750,000	750,000	Rollover from previous financial year
Purchase of the Speaker's vehicle	-	750,000	750,000	Rollover from previous financial year
Revamping of Civic Centre Building Roof	-	2,800,000	2,800,000	Rollover from previous financial year
Rehabilitation of Streets in Nkowankowa	4,000,000	2,000,000	6,000,000	The actual budget needed to complete the project is 5 900 000
Rehabilitation of Streets in Lenyenye	3,200,000	-	3,200,000	
Rehabilitation of Haenertsburg Cemetery road	4,000,000	- 1,000,000	3,000,000	Project to be completed in the next financial year
Construction of R71 Roundabout	1,500,000	- 1,500,000	-	The roundabout will be constructed during 2023/2024 financial year
1 X Power Generator for Letsitele water treatment plant	300,000	-	300,000	
Nkowakowa offices (Old Home Affairs building)	800,000	-	800,000	
Construction of Speed Humps	-	800,000	800,000	urgent requests on streets where there have been accidents.
Paving of Mulati Access road	-	3,500,000	3,500,000	the budget is needed to cover for

				damaged layers on project due to heavy rain
Paving of Risaba, Mnisi, Shando, to Driving school Internal Street	-	978,510	978,510	the budget needed to cover relocation of existing services on the project
Paving of Moseanoka to Cell C Pharare Internal Streets	-	1 500 000	1500 000	the budget needed to cover relocation of existing services (project due to heavy rain) on the project
Purchase of Office furniture	400,000	-	400,000	
G.I.S(Procurement of equipments).	2,000,000	- 2,000,000	-	The project will be moved to 2023/2024 financial year
Upgrading of Nkowankowa A Condesa to Hani Street	-	250,000	250,000	Access Slab not covered in initial scope
Purchase of office equipment	268,840	-	268,840	
TOTALS	50,668,840	12,514,510	63,183,350	

2.8.3 Adjustments to Accommodate Dora funding capital projects

After careful consideration, the Budget Steering Committee resolved that the following adjustments/additional allocations with regard to Capital projects from MIG funding be approved

ProjectName	2022/2023 FINAL BUDGET	REQUESTED ADJUSTMENT	ROLLOVER	2022 2023 ADJUSTED BUDGET
Dan Access road from R36 (Scrapyard) to D5011 (TEBA)	7,000,000	-4,500,000		2,500,000

Paving of Risaba, Mnisi, Shando, to Driving school Internal Street	16,100,000	-58,400	2,100,000	18,141,600
Paving of N'wamitwa Bridge via Nhlengeleti School to Taxi Rank, Clinic via Lwandlamuni School to N'wamitwa/Mandlakazi Road from gravel to paving	7,200,000	2,800,000	2,000,000	12,000,000
Paving of Mulati Access road	6,500,000	-259,700	2,600,000	8,840,300
Paving of Moseanoka to Cell C Pharare Internal Streets	31,200,000	38,100		31,238,100
Paving of Main road from Ndhuna Mandlakazi, Efrika, Zangoma, Mpenyisi to Jamba Cross Internal Street (in Ward 13, Mandlakazi)	13,400,000	-2,965,820	1,682,000	12,116,180
Upgrading of Marirone to Motupa Street from gravel to paving	7,000,000	2,500,000		9,500,000
Upgrading of Nkowankowa A Condesa to Hani Street	0	0	518,000	518,000
Paving of Zangoma to Mariveni Road	7,000,000	3,713,644		10,713,644
Leretjeni Sports Complex	11,000,000	0		11,000,000
Bulamahlo Community Hall	3,100,000	-600,000		2,500,000
Installation of High Mast Lights at Nkowankowa	700,000	-100,000		600,000
Installation of High Mast Lights at Mariveni	700,000	-100,000		600,000
Installation of High Mast Lights at Lusaka	700,000	-100,000		600,000
Installation of High Mast Lights at Sethong	700,000	-100,000		600,000
Installation of High Mast Lights at Xihoko	700,000	-100,000		600,000
Installation of High Mast Lights at Mandlakazi	700,000	-100,000		600,000
PMU Management (4.5% & 4.8% of Total MIG)	5,304,000	-67,824		5,236,176
TOTAL MIG	119,004,000	0	8,900,000	127,904,000

2.8.4 Adjustments to Accommodate Dora funding operational projects.

After careful consideration, the Budget Steering Committee resolved that the following adjustments with regard to operational projects from INEP funding be approved

Project Name	Revised Connections	Original Budget	Adjustment requests	Roll Over	Adjusted Budget
Electrification of Tarentaalrand	50	1,000,000	- 48,000	-	952,000
Electrification of Nkomanini	258	4,300,000	497,115	-	4,797,115
Electrification of Mokgwathi	120	2,400,000	108,663	-	2,508,663
Electrification of Ramotshinyadi	132	2,640,000	86,316	-	2,726,316
Electrification of Maribathema	40	800,000	- 58,800	-	741,200
Electrification of Mugwazeni	100	2,860,000	- 585,294	-	2,274,706
Electrification of New Rita	30	-	-	692,000	692,000
Electrification of Winny Mandela	688	-	-	1,100,000	1,100,000
Electrification of Senakwe	35	-	-	682,000	682,000
TOTAL		14,000,000	-	2,474,000	16,474,000

2.8.5 Adjustments to Accommodate DBSA funding capital projects

After careful consideration, the Budget Steering Committee resolved that the following adjustments with regard to capital projects from DBSA funding be approved.

Project Name	Budget 2022/2023
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Rebuilding and Upgrade of the Ebenezer 33kV Feeder Line Phase 4	6,133,517.73
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2.9 mSCOA

Adjustments need to be effected on Council's B schedules to ensure alignment with the mSCOA Data Strings as discussed with National treasury.

SECTION 6 – ADJUSTMENT BUDGET TABLES

The Adjustment budget tables are attached to this document as Tables B1 to B10.

The Budget Tables are:

Table B1	-	Adjustment Budget Summary
Table B2	-	Adjustments Budgeted Financial Performance (revenue and Expenditure by standard classification)
Table B3	-	Adjustment Budgeted Financial Performance (revenue and expenditure by municipal vote)
Table B4	-	Adjustments Budgeted financial Performance (revenue and expenditure)
Table B5	-	Adjustments Budgeted Capital Expenditure by vote, standard classification and funding.
Table B6	-	Adjustments Budgeted Financial Position
Table B7	-	Adjustments Budgeted Cash flows
Table B8	-	Adjustments Cash backed reserves/accumulated surplus Reconciliation
Table B9	-	Adjustments Budget Asset Management
Table B10	-	Adjustments Budget Basic Service delivery measurement

PART 2 – SUPPORTING DOCUMENTATION

SECTION 7– BUDGET RELATED POLICIES

There are no changes to the Budget Related Policies. All Financial Policies will be reviewed before the approval of the Annual Budget.

SECTION 8 – OVERVIEW OF ADJUSTMENT BUDGET ASSUMPTIONS

There are no changes to the Budget Assumptions proposed in the Adjustments budget.

SECTION 9 – ADJUSTMENT BUDGET FUNDING

FUNDING OF THE BUDGET

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated Revenue to be collected.
- Borrowed funds, but only for the Capital Budget referred to in Section 18.

This means that Council must “balanced” its budget by ensuring that budgeted outflows will be offset by a combination of planned inflows.

A CREDIBLE BUDGET

Amongst other things, a credible budget is a budget that:

- Budget allocations which are consistent with the revised IDP.
- Is achievable in terms of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are consistent with current and on past performance and supported by documented evidence.
- Does not jeopardize the financial viability of the Municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and

SECTION 10 – ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

GRANT ALLOCATIONS

Details of each Grant to be received and spent are shown in the schedules SB7 to SB9 attached to the report.

SECTION 11 – ADJUSTMENTS TO ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

ALLOCATIONS MADE BY THE MUNICIPALITY

No allocations outside the budgeted amounts have been made by the Municipality.

SECTION 12 – ADJUSTMENTS TO COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

SALARIES, ALLOWANCES AND BENEFITS

Details of Councillors allowances and Employee benefits are included in supporting table SB11 attached.

SECTION 13 – ADJUSTMENTS TO THE QUARTERLY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS – INTERNAL DEPARTMENTS

Detail will be submitted to Council.

SECTION 14 – ADJUSTMENTS TO CAPITAL EXPENDITURE

Capital expenditure details are listed in Supporting Table SB 18 to SB 19.

SECTION 15 – OTHER SUPPORTED DOCUMENTS

No other supporting documents apart from those mentioned under Annexures are attached.

SECTION 16 – MUNICIPAL MANAGER'S QUALITY CERTIFICATION

I, _____, Municipal Manager of Greater Tzaneen Municipality, hereby certify that the Adjustment Budget and Supporting Documentation have been prepared in accordance with the Municipal Finance Management Act and the Regulations made under the Act, and that the Adjustments Budget and supporting documentation are consistent with the Integrated Development Plan of the Municipality.

MR. D Mhangwana
GREATER TZANEEN MUNICIPALITY

SIGNATURE: _____

23 February 2023