

GREATER TZANEEN MUNICIPALITY



ADJUSTMENT BUDGET

2023/2024 – 2025/2026

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.

EPWP- Expanded Public Works Programme

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.

INEP- Integrated National Electrification Programme

MDRG – Municipal Disaster Recovery Grant

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

MIG- Municipal Infrastructure Grant Programme

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.

SETA- Sector Education and Training Authority

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.

ROLLOVER- funds transferred from previous financial year.

SANRAL – South African National Roads Agency SOC Ltd

SCM- Supply Chain Management

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 2023/2024 adjustment budget and to obtain Council's approval to revise the approved 2023/2024 Annual Budget through an Adjustment Budget. The adjustment budget emanates from the mid-year budget and performance assessment as per section 72 of the MFMA and changes made to the EPWP grant by the Department of Public Works and Infrastructure, INEP grants by the Department of Mineral resources and Energy, MIG grant and Municipal Disaster Recovery Grant (MDRG) by government gazette no 50134 issued on the 16th of February 2024 by National Treasury

Council is also informed of the amendments made to the SCM policy, that emanates from government gazette no 49863 issued on the 14th of December 2023 by National Treasury and for Council to approve the revised SCM policy.

2. BACKGROUND

On 29 May 2023 Council approved the 2023/2024 annual budget and attachments. The approved budget should be implemented in terms of Section 69 of the Municipal Finance Management Act. Section 69(2) further indicates that in the process of implementing the budget and when necessary, the accounting officer must prepare an adjustments budget and submit it to the Mayor for consideration and tabling in the Municipal Council.

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 budget steering 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.

Mopani District Municipality

Apart from the legislative requirements Council is also informed that the 2023/2024 Water and Sewer Budgets approved by Council were submitted to Mopani District Municipality for approval and submission to National Treasury for consideration. Any adjustments to the budgets of these services will be amended in Councils records through virements and adjustments.

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 2023/2024 MIG projects to accommodate the reduction as per government gazette no 50134 be approved:

Project Name	2023 2024 Original Budget (R)	Requested Adjustment (R)	Revised Budget (R)
Upgrading of Nkowakowa B (Hope of Christ, Bombelani School, Giyani Soshangani and Xirhombarhomba) Streets	1,000,000	(1,000,000)	0
Paving of Topanama Access Road	1,000,000	1, 500,000	2,500,000
Paving of Thapane Street from gravel to paving	1,000,000	1, 500,000	2,500,000
Lenyenye Street from gravel to paving	1,000,000	(1,000,000)	0
Paving of Zangoma to Mariveni Road	33,430,006	(1,144,000)	32,286,006
Upgrading of Marirone to Motupa Street from gravel to paving	19,300,000	0	19,300,000
Paving of Nkowakowa Section D (Tommy Spaza Shop via Bridge,	1,000,000	(1,000,000)	0

Mashaba via Vodacom and Raymond Makelana) Streets			
Dan Access road from R36 (Scrapyard) to D5011 (TEBA)	22,144,120	(20,144,120)	2,000,000
Bulamahlo Community Hall	23,306,024	235,120	23,541,144
Leretjeng Sport Ground	0	7,000,000	7,000,000
Supply and Installation of 10 high mast - at Burgersdorp (28), Petanenge (24), Wally (03), Moleketla (09), Sunnyside 4way (35), Shiluvane (27), Hweetji (26), Mawa Block 12 (02), Wisani (32), Mohlakong (07)	0	6,500,000	6,500,000
Purchase of Waste removal truck	4,095,000	0	4,095,000
PMU Management (4.5% & 4.8% of Total MIG)	5,646,850	0	5,646,850
TOTAL MIG	112,922,000	(7,553,000)	105,369,000

- b) That the following amendments on the INEP projects to accommodate the reduction be approved by council to ensure that the SDBIP can be aligned with the projects:

Project Name	2023 2024 Original Budget (R)	Requested Adjustment (R)	Revised Budget (R)
Electrification of Akanani	900,000	0	900,000
Electrification of Jopie	30,000	(791)	29,209

Electrification of Mackery	1,200,000	0	1,200,000
Electrification of Mandlakazi	1,000,000	0	1,000,000
Electrification of Mokgwathi PH2	3,741,177	0	3,741,177
Electrification of Mugwazeni PH 2	8,431,823	0	8,431,823
Electrification of Rikhotso 1	1,727,000	1,053	1,728,053
Electrification of Rwanda	438,000	(262)	437,738
Electrification of Thabina Valley 2	1,700,000	0	1,700,000
11kV Waterbok to Selwane village MV line	6,000,000	(5,200,000)	800,000

25,168,000

(5,200,000)

19,968,000

- c) That the municipal disaster recovery grant amount as per government gazette no 50134 be utilized solely to fund the following prioritized projects:

Project Name	2023 2024 Original Budget (R)	Requested Adjustment (R)	Revised Budget (R)
Thako to Sefolwe Road	0	6,000,000	6,000,000
Maboshe High School Road (Tickyline Village)	0	4,000,000	4,000,000
Sebone School Road (Mokgolobotho Village) Phase 1	0	250,000	250,000

0 10,250,000 10,250,000

- 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 Name	2023 2024 Original Budget (R)	Requested Adjustment (R)	Rollover (R)	Revised Budget (R)
Connections (Consumer Contribution)	10,000,000	0	0	10,000,000
Rebuilding and Upgrade of the Ebenezer 33kV Feeder Line Phase 4 (Own Funding)	0	500,000	0	500,000
SCADA Monitoring system	5,000,000	(300,000)	4,000,000	8,700,000
11 kV and 33 kV Auto reclosers per annum X4 (La_Cotte x 2, California	1,500,000	0	0	1,500,000
Renewal Repairs and maintenance of Bulk meters and Replace current tra	1,000,000	0	0	1,000,000
Installation of STATS meters Tzaneen Main, Letsitele Main, Western S	500,000	400,000	0	900,000
Replacement of Box Breakers at Letsitele Main Substation in Phases	2,000,000	(100,000)	0	1,900,000
Streetlights (Tzaneen Town, Haernerstburg)	1,000,000	0	0	1,000,000
Token Identifier (TID) rollover Pre-paid	500,000	0	0	500,000
Rebuilding of Duiwelskloof 33 kv line (5km)	1,500,000	0	0	1,500,000
Rebuilding of Grysapel 11 kv line (2.5km)	1,000,000	(1,000,000)	0	0
Rebuilding of Pusela 11 kv line (4.5km)	1,000,000	0	0	1,000,000
Rebuilding of Manorvlei/broederstroomdrift 11 kv line (5km)	1,000,000	0	0	1,000,000
Rebuilding of New Orleans 11 kv line (5km)	0	1,000,000	0	1,000,000
Installation of streetlights from R71 Voortrekker traffic light to Deerpark Traffic Circle	1,000,000	(1,000,000)	0	0

Capital Tools	0	500,000	0	500,000
Electrical Infrastructure Fencing	2,000,000	0	0	2,000,000
New Guardroom at Civic Centre	0	0	150,000	150,000
Power Generator for Tzaneen wastewater treatment works	300,000	700,000	0	1,000,000
Rehabilitation of Haenertsburg Cemetery Road	5,000,000	500,000	3,000,000	8,500,000
Rehabilitation of Main CBD Street and Parking in Letsitele	2,500,000	0	0	2,500,000
Construction of Petenenge pedestrian crossing bridge	1,500,000	0	0	1,500,000
Construction of Tlhabine Pedestrian crossing Bridge	1,500,000	0	0	1,500,000
Construction of Ga-Schultz Low Level Bridge	2,000,000	0	0	2,000,000
Construction machinery Grader	9,000,000	(2,500,000)	0	6,500,000
Construction of Speed humps	0	2,000,000	0	2,000,000
New ablution block, offices and storage facility at Tzaneen testing grounds	1,200,000	0	0	1,200,000
Nkowankowa testing grounds	1,000,000	0	0	1,000,000
Public toilets in Nkowakowa	200,000	0	0	200,000
Public toilets in Letsitele	200,000	0	0	200,000
Tzaneen Waste water treatment works	500,000	0	0	500,000
New Change rooms at Tzaneen dam	1,000,000	0	0	1,000,000
Tzaneen cemetery	200,000	0	0	200,000
New sleeping quarters for electrical department	1,500,000	0	0	1,500,000

New Change rooms at Tzaneen plumbers workshop	500,000	0	0	500,000
Ablution block with change room at Lesedi Regional Cemetery (Lenyenye)	150,000	0	0	150,000
Guardroom at Nkowa kowa testing ground	200,000	0	0	200,000
Guardroom at Tzaneen testing ground	200,000	0	0	200,000
Civic Centre Roof	0	500,000	1,143,662	1,643,662
Construction of R71 Roundabout	1,500,000	(1,500,000)	0	0
Paving of Moseanoka to Cell C Pharare Internal Streets	0	0	3,400,000	3,400,000
Paving of Risaba, Mnisi, Shando, to Driving school Internal Street	0	0	998,000	998,000
Leretjeng Sport Ground	5,500,000	0	0	5,500,000
Purchase of brushcutters	150,000	0	0	150,000
Grass cutting Machines	800,000	0	0	800,000
Environmental Impact Study at Lesedi Regional Cemetery (Lenyenye_1	400,000	0	0	400,000
Earthworks with full Environmental Impact Assessment study and designs	300,000	0	0	300,000
Furniture for sport and recreation facilities at Juliesberg, Burgersdo	300,000	0	0	300,000
Purchase of Municipal pool cars	3,700,000	0	500,000	4,200,000
Purchase of storage container for Expenditure Division	450,000	0	0	450,000
Purchase of critical office furniture	400,000	300,000	0	700,000
Purchase of IT Equipment	0	2,302,755	0	2,302,755

G.I.S(Procurement of equipment)	2,000,000	0	0	2,000,000
Purchase of Office Equipment (GTEDA)	279,594	0	0	279,594
Supply and installation of 5 high mast at ward 1, 11, 16, 17 & 22	0	3,500,000	0	3,500,000
<hr/>				
	73,429,594	5,802,755	13,191,662	92,424,011

- e) That any adjustments with regards to the operational budget be processed through the virement process.
- f) 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 2024, and that possible overspending be accommodated through virements.
- g) That any adjustments with regards to the water and sewer services operational budget will be effected through the virement process.
- h) That no Adjustment be approved for GTEDA and that possible overspending on-line items be accommodated by virements.
- i) That adjustments be effected on the Municipalities B Schedules to ensure alignment with the mSCOA data strings.
- j) That a reduction of R302 000.00 on the EPWP Grant be effected on the revenue and expenditure budget and this reduction be subsidized from the Operational Project of EPWP Own Funding.
- k) That Council takes note of the changes made on the supply chain management regulations, that was issued out on the 14th of December 2023 through Government Gazette no 49863.
- l) That council approves the revised supply chain management policy of Greater Tzaneen Municipality.
- m) That the revenue and expenditure budget be adjusted to accommodate the changes made.

SECTION 5 – EXECUTIVE SUMMARY

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.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Higher anticipated Eskom tariffs, announcements of possible load shedding for the foreseeable future, use of alternative energy sources (off grid) by large power uses, shortages of water and the burden of the distressed economy on consumers will have a negative impact on the sustainability of our revenue sources.

However, the financial performance indicators reflect that the municipality is in a healthy fiscal position, notwithstanding the threats and risks of the economy. Sound financial management and budget control remains the corner principle of the municipality. The spending during the past six months was incurred within budgetary parameters in order as part of sound and sustainable budget management process.

The Municipality's service delivery priorities were reviewed as part of the planning and adjustment budget process. A critical review was undertaken of

expenditure on nonessential and 'nice-to-have' items. The Adjustment Budget for 2023/24 is based on the realisation that revenues and cash flows remain under pressure and the municipality must adopt a conservative approach when projecting expected revenues and cash receipts.

The Adjustment budget was compiled by ensuring that the financial management processes are transparent, aligned to the accountability cycle and facilitate good governance that is accountable to the local community. In the previous financial year, the collection rate was above 90% and for the six months of this financial year is 84% on average. The municipality will embark on several credit control measures to improve and maximize revenue.

The impact on the budget adjustment is as a result of prioritization of all the Municipal services delivery programmes which includes operation and capital, as a result the main focus was to rationalize and realign our capital expenditure programmes to meet our service delivery mandate in a year under the review, while we had to make enough provision for operations to sustain municipality to run its own operational activities.

The following are the key capital projects which were affected as part of the budget adjustment process: Leretjeng sport ground, installation of high masts and Lenyenye street from gravel to paving.

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.

Due to the current fiscal challenges faced by government, the National Treasury has reduced the EPWP integrated grant from R 5 412 000 to R5 110 000 and this adjustment will be effected in the revenue and expenditure budget.

On the 16th of November 2023, the Municipality was informed by the Department of Minerals Resources and Energy that the allocation to the Municipality for the INEP grant for the 2023/2024 financial year has been reduced from R 25 168 000 to R 19 968 000 which constitute a decreased of R 5 200 000. This reduction is due to the current fiscal challenges faced by government.

On the letter dated 19 December 2023, the Municipality was informed by the Department of Public works and infrastructure that the allocation to the Municipality for the EPWP grant for the 2023/2024 financial year has been reduced from R 5 412 000 to R 5 110 000 which constitute a decreased of R 302 000. due to the current fiscal challenges faced by government.

Government gazette no 50134 issued by National on 16 February 2024 adjusted the MIG grant downwards from R112 922 000 to R105 369 000 which constitutes a decrease of R 7 553 000. MIG projects will be reprioritized to accommodate changes made

Government gazette no 50134 issued by National on 16 February 2024 Provided additional amount of R10 250 000 for disaster response, to assist with the reconstruction and rehabilitation of municipal infrastructure damaged by the floods.

Under the framework of the MDRG, R10 250 000 in 2023/2024 is ring- fenced for the reconstruction and rehabilitation of municipal infrastructure damaged by the floods that occurred between February and March 2023. This funding will only be utilized for approved projects as listed in the post disaster verification assessment reports and business plans approved by the National Disaster Management Centre

The Minister of Finance as at 14 December 2023, gazetted the amended supply chain management regulations through government gazette no 49863 and which required all state institutions to amended their Supply Chain management policies as to ensure compliance. The goal of this Policy is to provide a mechanism to ensure sound, sustainable and accountable SCM within the Greater Tzaneen Municipality.

3. MID-YEAR ASSESSMENT

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 2023/2024 financial year are discussed below to ensure that Greater Tzaneen Municipality complies with all legislative requirements.

In expectation of the 2023/2024 Adjustment Budget process, an indication of the previous six months' capital and operating outcome and the projection for the remainder of the year are highlighted for consideration.

3.1 Analysis of the previous six months and projection for the remainder of the year:

3.1.1 Operating Budget (excluding water and sewer)

3.1.1.1 Operating Revenue excluding grants

A total amount of R 963 976 213 (60%) has been accrued against the budgeted amount of R 1 613 783 285.

From a billing perspective, the implementation of consistent credit control, installation of pre-paid meters and credible billings were major contributing

factors behind the higher revenue collection than anticipated. As a result, we have exceeded our own cash inflows by 10% as at mid-year.

The below table shows the total revenue per items received including grants up to the month of December 2023:

Row Labels	Current Year Budget	6 Months Actual	% Spend
Revenue By Source/Agency services	15,664,291		0%
Revenue By Source/Fines, penalties and forfeits	21,557,011	11,855,278	55%
Revenue By Source/Interest earned - external investments	9,500,000	11,382,229	120%
Revenue By Source/Interest earned - outstanding debtors	39,734,777	28,551,266	72%
Revenue By Source/Licenses and permits	817,000	181,235	22%
Revenue By Source/Other revenue	12,136,746	3,911,563	32%
Revenue By Source/Property rates	150,141,836	74,416,178	50%
Revenue By Source/Rental of facilities and equipment	1,100,000	766,121	70%
Revenue By Source/Service charges - electricity revenue	763,000,000	408,441,799	54%
Revenue By Source/Service charges - refuse revenue	40,893,774	20,581,889	50%
Revenue By Source/Transfers and subsidies	559,237,850	403,088,655	72%
Revenue By Source/Transfers and subsidies - capital (monetary allocations) (National/Provincial and District)	117,225,150	58,371,905	50%
Grand Total	1,731,008,435	1,021,548,118	59%

Total revenue reported is above the straight line projections and the following items should be adjusted up awards due to actuals exceeding the projections:

Service charges electricity revenue

The operating revenue will be increased by R 53 883 599 from the original budget.

Interest earned- external investments

The operating revenue will be increased by R 10 882 229 from the original budget.

Licenses and permits

Revenue reported as depicted above is below the straight-line projections on the item and a downwards adjustment of R 200 000 from the original budget will be effected.

Agency services

The operating revenue for agency services reflects a zero income received for the first six months period. Considering the analysis of the previous financial year's trend, the item will not be adjusted. As per the practice, actual amounts will be captured at year end once all accounts are reconciled.

3.1.1.2 Operating Grants Revenue

A total amount of R 403 888 655 (72%) has been received against the budgeted amount of R 559 237 850.

This in line with the prior financial year trends and anticipate 100% expenditure in this regard if the trend continues as such.

3.1.1.3 Operating Expenditure

A total amount of R 693 995 086 (40%) has been spent against the budgeted amount of R 1 525 702 777. This is considered satisfactory performance and indicates that service delivery is being addressed provided the circumstances of the economic environment as at mid-year.

However, a significant risk will materialize if the departments continue to over commit on budget allocated and will negatively affect our good revenue performance.

The below table shows the total expenditure per items accrued up to the month of December 2023:

Row Labels	Current Year Budget	6 Months Actual	% Spend
Expenditure By Type/Bulk purchases - electricity	508,243,120	246,672,144	49%
Expenditure By Type/Contracted services	91,720,401	44,209,219	48%
Expenditure By Type/Debt impairment	59,600,000	-	0%
Expenditure By Type/Depreciation and asset impairment	115,814,038	58,025,553	50%
Expenditure By Type/Employee related costs	399,349,012	190,473,904	48%
Expenditure By Type/Finance charges	12,644,819	6,530,595	52%
Expenditure By Type/Inventory consumed	94,806,693	49,725,225	52%
Expenditure By Type/Other expenditure	163,442,102	58,181,456	36%
Expenditure By Type/Remuneration of councillors	29,382,362	15,788,769	54%
Expenditure By Type/Transfers and subsidies	50,700,230	24,388,220	48%
Grand Total	1,525,702,777	693,995,086	45%

The following items are way below the straight-line projection:

- **Debt impairment**

the amount for debt impairment is not yet allocated, in terms of the practice, this amount will be allocated at year end taking into account the assessment of all outstanding debt.

- **Other expenditure**

The low spending is mainly due to insurance premium not yet paid. The premium is payable once annually during the month of January.

3.1.2 Capital Budget

Capital Grants Revenue

A total amount of R 57 571 905 (49%) has been recognized against the budgeted amount of R 117 225 150.

Capital Expenditure

Council approved a capital budget totaling R 190 704 744 for the financial year 2023/2024. The year-to-date expenditure to 31 December 2023 was R 89 947 566 (47%) of the approved amount.

We anticipate a significant improvement in capital expenditure going forward or for the next six months as more projects have been approved and also the implementation of many projects has already started. The final expenditure as at 30 June 2023 (prior period) ended at around 93% Therefore, the same figure is also anticipated as the current expenditure is comparable to the same time last year.

The below table shows the total capital expenditure per function incurred up to the month of December 2023:

Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description	Budget Year 2023/24			
	Original Budget	Adjusted Budget	YearTD actual	% Spend
R thousands				
Expenditure appropriation				
Vote 1 - Planning and Economic Development	2,279,594	2,279,594	-	0%
Vote 2 - Budget and Treasury	4,550,000	4,550,000	4,417,736	97%
Vote 3 - Engineering Services	145,875,150	149,825,150	58,428,892	39%
Vote 4 - Electrical Engineering	38,000,000	38,000,000	27,100,938	71%
Total Capital Multi-year expenditure	190,704,744	194,654,744	89,947,566	46%
<u>Funded by:</u>				
National Government	113,275,150	117,225,150	41,060,743	35%
Provincial Government	-	-	-	
District Municipality	-	-	-	

Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)	-	-	-	
Transfers recognised - capital	113,275,150	117,225,150	41,060,743	35%
Borrowing	4,000,000	4,000,000	3,457,644	86%
Internally generated funds	73,429,594	73,429,594	45,429,179	62%
Total Capital Funding	190,704,744	194,654,744	89,947,566	46%

Cash Flow management

On a high level, the cash flow position as at 31 December 2023 reflects a stable position relative to the sensitive external economic environment faced by the municipality and the fact that the conditional grants projects were fully spent at year end. The municipality realised a positive surplus of R 241 million after payments towards capital expenditure and repayments to our loans and all other expenses.

Strict credit control, especially with government debtors had a positive impact on the cash flows.

The final cash balance as at 31 December 2023 was R241 million as depicted above while R68 million consists of unspent conditional grants. Therefore, the municipality's grants are cash backed as at 31 December 2023.

Furthermore, our current ratio has also improved to 3.5 which above the Treasury norm of 1.5. Our Eskom debt remains current to date.

The significant risk to our good cash flow performance will be over expenditure trends to the budget allocated.

At the mid-year, the municipal budgets have not been exceeded.

3.2 Re-allocation of funds

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.

ADJUSTMENT REQUESTS

The requests for adjustments on the 2023/2024 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.

ADJUSTMENTS

The adjustments which are tabled to Council for consideration and approval can be divided into four 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 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.

3.2.1 Revenue impact

The revenue budget will see an upward adjustment of **R64** million explained as follows:

Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands	A	3 A1	8 F	9 G	10 H
<u>Revenue By Source</u>					
Exchange Revenue					
Service charges - Electricity	763,000,000	763,000,000	53,883,599	53,883,599	816,883,599
Service charges - Water	-	-	-	-	-
Service charges - Waste Water Management	-	-	-	-	-
Service charges - Waste Management	40,893,774	40,893,774	1,500,000	1,500,000	42,393,774

Sale of Goods and Rendering of Services	2,814,230	2,814,230	(1,500,000)	(1,500,000)	1,314,230
Agency services	15,664,291	15,664,291	-	-	15,664,291
Interest	-	-	-	-	-
Interest earned from Receivables	39,734,777	39,734,777	-	-	39,734,777
Interest earned from Current and Non Current Assets	9,500,000	9,500,000	10,882,229	10,882,229	20,382,229
Dividends	-	-	-	-	-
Rent on Land	-	-	-	-	-
Rental from Fixed Assets	1,100,000	1,100,000	-	-	1,100,000
Licence and permits	817,000	817,000	(200,000)	(200,000)	617,000
Operational Revenue	9,322,516	9,322,516	301,000	301,000	9,623,516
Non-Exchange Revenue					
Property rates	150,141,836	150,141,836	-	-	150,141,836
Fines, penalties and forfeits	3,508,000	3,508,000	-	-	3,508,000
Licences or permits	-	-	-	-	-
Transfer and subsidies - Operational	559,237,850	559,237,850	1,481,835	1,481,835	560,719,685
Interest	18,049,011	18,049,011	-	-	18,049,011
Fuel Levy	-	-	-	-	-
Operational Revenue	-	-	-	-	-
Gains on disposal of Assets	-	-	-	-	-
Other Gains	-	-	-	-	-
Discontinued Operations	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	1,613,783,285	1,613,783,285	66,348,663	66,348,663	1,680,131,948
Transfers and subsidies - capital (monetary allocations)	113,275,150	117,225,150	(2,503,000)	(2,503,000)	114,722,150
Total Revenue	1,727,058,435	1,731,008,435	63,845,663	63,845,663	1,794,854,098

The revenue adjustment reflects a net increase of R66 million excluding capital transfers and a net increase of **R64** million after capital transfers and reasons for variances explained as follows:

Revenue	Explanation of variances
Service charges electricity revenue	Meter reading services are being addressed on a monthly basis and follow-ups on electricity meters not read/faulty, are done regularly. This initiative has led to revenue billed exceeding the allocated budgeted.
Interest earned- external investments	Interest revenue increased due to short term investments made with different banks during the year and also interest received on municipal primary bank account.
Licences and permits	A down wards trend was detected on the actual received for the first six months. The actual was compared with the actual revenue received in the previous financial year and the reduction of the budget is necessary.

Other revenue	The reduction in other revenue is due to the reallocation of domestic services budget to services charges waste budget.
Service charges waste management	The increase on the adjustment budget is due the reallocation of funds from operating revenue domestic services item.
Transfers and subsidies- capital allocations	<p>The Municipality was informed by the Department of Minerals Resources and Energy that the allocation to the Municipality for the INEP grant for the 2023/2024 financial year has been reduced by R5 200 000.</p> <p>Government Gazette no 50134 was issued by National on 16 February 2024 adjusting MIG downwards with a decrease of R 7 553 000. Furthermore, Gazette no 50134 provides an additional amount of R 10 250 000 for disaster response.</p>
Transfers and subsidies	<p>EPWP grant</p> <p>the Municipality was informed by the Department of Public works and infrastructure that the allocation to the Municipality for the EPWP grant for the 2023/2024 financial year has been reduced by R302 000.</p> <p>SETA grant</p> <p>The increase on the Seta grant is due to roll over of funds not fully spent at year end.</p> <p>Cleanest town</p> <p>The increase on the cleanest town grant is due to roll over of funds not fully spent at year end.</p>

3.2.2 Additional request -expenditure by type

The expenditure budget will see an upward adjustment of R 65 million explained as follows:

Description	Budget Year 2023/24				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands	A	3 A1	8 F	9 G	10 H
<u>Expenditure By Type</u>					
Employee related costs	399,349,012	399,349,012	-	-	399,349,012
Remuneration of councillors	29,382,362	29,382,362	-	-	29,382,362
Bulk purchases - electricity	508,243,120	508,243,120	40,447,663	40,447,663	548,690,783
Inventory consumed	94,806,693	94,806,693	6,104,000	6,104,000	100,910,693
Debt impairment	-	-	-	-	-
Depreciation and amortisation	115,814,038	115,814,038	-	-	115,814,038
Interest	12,644,819	12,644,819	-	-	12,644,819
Contracted services	91,720,401	91,720,401	-	-	91,720,401
Transfers and subsidies	50,700,230	50,700,230	1,481,835	1,481,835	52,182,065
Irrecoverable debts written off	59,600,000	59,600,000	15,400,000	15,400,000	75,000,000
Operational costs	163,442,102	163,442,102	1,746,000	1,746,000	165,188,102
Losses on disposal of Assets	-	-	-	-	-
Other Losses	-	-	-	-	-
Total Expenditure	1,525,702,777	1,525,702,777	65,179,498	65,179,498	1,590,882,275

The impact of the changes on the different categories of the operating expenditure as the result of the adjustments will be as follows:

Bulk purchases - electricity	The budget was increased to accommodate a positive increase on electricity sales revenue
Inventory consumed	The budget was increased to cater for request of maintenance of roads and electricity network
Transfers and subsidies	The budget was increased to accommodate rollover of SETA grant and cleanest town from previous financial year and also the reduction of EPWP grant
Irrecoverable debts written off	The budget was increased to align it to audited financial statements of 2022/2023 due to high impairment noted

Operational costs	The budget increased due to under budgeting of bank charges item
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3.2.3 re-allocation of capital budget amounts and New projects identified

Various departments submitted requests for adjustments due to under or over budgeting of projects and unforeseen needs identified.

The capital expenditure amount from MIG reduced with an amount of R7 553 000 and projects were reprioritized as explained below:

Project Name	2023 2024 Original Budget (R)	Requested Adjustment (R)	Revised Budget (R)	Reason for Variance
Upgrading of Nkowakowa B (Hope of Christ, Bombelani School, Giyani Soshangani and Xirhombarhomba) Streets	1,000,000	(1,000,000)	0	Project not yet registered for MIG funding
Paving of Topanama Access Road	1,000,000	1, 500,000	2,500,000	R500 000 is taken from Upgrading of Nkowakowa B (Hope of Christ, Bombelani School, Giyani Soshangani and Xirhombarhomba) Streets
Paving of Thapane Street from gravel to paving	1,000,000	1, 500,000	2,500,000	R500 000 is taken from Upgrading of Nkowakowa B (Hope of Christ, Bombelani School, Giyani Soshangani and Xirhombarhomba) Streets
Lenyenye Street from gravel to paving	1,000,000	(1,000,000)	0	R500 000 is taken from Paving of Nkowakowa Section D (Tommy Spaza Shop via Bridge, Mashaba via Vodacom and Raymond Makelana) Streets
Paving of Zangoma to Mariveni Road	33,430,006	(1,144,000)	32,286,006	

Upgrading of Marirone to Motupa Street from gravel to paving	19,300,000	0	19,300,000	R3 000 000 is taken from Dan Access Road from R36 (Scrapyard) to D5011 (TEBA)
Paving of Nkowakowa Section D (Tommy Spaza Shop via Bridge, Mashaba via Vodacom and Raymond Makelana) Streets	1,000,000	(1,000,000)	0	Project not yet registered for MIG funding
Dan Access road from R36 (Scrapyard) to D5011 (TEBA)	22,144,120	(20,144,120)	2,000,000	The contractors who submitted for tender are high and the budget registered at COGHSTA is low, and we are planning to readvertise the project. Designs to be reviewed so that it can align with the available budget.
Bulamahlo Community Hall	23,306,024	235,120	23,541,144	R3 000 000 is taken from Dan Access road from R36 (Scrapyard) to D5011 (TEBA)
Leretjeng Sport Ground	0	7,000,000	7,000,000	
Supply and Installation of 10 high mast - at Burgersdorp (28), Petanenge (24), Wally (03), Moleketla (09), Sunnyside 4way (35), Shiluvane (27), Hweetji (26), Mawa Block 12 (02), Wisani (32), Mohlakong (07)	0	6,500,000	6,500,000	The budget is taken from Dan Access road from R36 (Scrapyard) to D5011 (TEBA)
Purchase of Waste removal truck	4,095,000	0	4,095,000	
PMU Management (4.5% & 4.8% of Total MIG)	5,646,850	0	5,646,850	
TOTAL MIG	112,922,000	(7,553,000)	105,369,000	

An addition of R10 250 000 for Municipal Disaster Recovery Grant (MDRG) to assist with the reconstruction and rehabilitation of municipal infrastructure damaged by the floods is explained below:

Project Name	2023 2024 Original Budget (R)	Requested Adjustment (R)	Revised Budget (R)
Thako to Sefolwe Road	0	6,000,000	6,000,000
Maboshe High School Road (Tickyline Village)	0	4,000,000	4,000,000
Sebone School Road (Mokgolobotho Village) Phase 1	0	250,000	250,000
	0	10,250,000	10,250,000

The capital expenditure funded by INEP grant reduced by R 5.2million as explained below:

Project Name	2023 2024 Original Budget	Requested Adjustment	Revised Budget	Reason for Variance
11kV Waterbok to Selwane village MV line	6,000,000.00	(5,200,000)	800,000	Reduction of INEP Grant as per addendum

The capital expenditure funded from own funding increased by net of R18.9 million to R 92.4 million as explained below:

Project Name	2023 2024 Original Budget	Requested Adjustment	Rollover	Revised Budget	Reason for Variance
Connections (Consumer Contribution)	10,000,000	0	0	10,000,000	
Rebuilding and Upgrade of the Ebenezer 33kV Feeder Line Phase 4 (Own Funding)	0	500,000	0	500,000	Accommodate critical scope on the line, using deferred
SCADA Monitoring system	5,000,000	(300,000)	4,000,000	8,700,000	Budget reduced in order to urgent required capital tools
11 kV and 33 kV Auto reclosers per annum X4 (La_Cotte x 2, California	1,500,000	0	0	1,500,000	
Renewal Repairs and maintenance of Bulk meters and Replace current tra	1,000,000	0	0	1,000,000	
Installation of STATS meters Tzaneen Main, Letsitele Main, Western S	500,000	400,000	0	900,000	Material price Escalation due to imported products
Replacement of Box Breakers at Letsitele Main Substation in Phases	2,000,000	(100,000)	0	1,900,000	Possible saving due to reduction of scope in the current financial
Streetlights (Tzaneen Town, Haernerstburg)	1,000,000	0	0	1,000,000	
Token Identifier (TID) rollover Pre-paid	500,000	0	0	500,000	
Rebuilding of Duiwelskloof 33 kv line (5km)	1,500,000	0	0	1,500,000	
Rebuilding of Grysapel 11 kv line (2.5km)	1,000,000	(1,000,000)	0	0	Project change control due to operational requirements
Rebuilding of Pusela 11 kv line (4.5km)	1,000,000	0	0	1,000,000	
Rebuilding of Manorvlei/broederstroomdrift 11 kv line (5km)	1,000,000	0	0	1,000,000	Project change control due to operational requirements
Rebuilding of New Orleans 11 kv line (5km)	0	1,000,000	0	1,000,000	
Installation of streetlights from R71 Voortrekker traffic	1,000,000	(1,000,000)	0	0	The project deferred due to SANRAL delaying

light to Deerpark Traffic Circle					the construction of the R71 Deerpark Traffic Circle.
Capital Tools	0	500,000	0	500,000	Urgent Capital tools required for newly appointed personnel
Electrical Infrastructure Fencing	2,000,000	0	0	2,000,000	
New Guardroom at Civic Centre	0	0	150,000	150,000	Funds required to pay the final certificate for the project
Power Generator for Tzaneen wastewater treatment works	300,000	700,000	0	1,000,000	Additional funds required to purchase generator for wastewater treatment works
Rehabilitation of Haenertsburg Cemetery Road	5,000,000	500,000	3,000,000	8,500,000	R3 00 000 was rolled over but this project also need additional R500 000. The remaining R500 000 will be taken from purchase of graders.
Rehabilitation of Main CBD Street and Parking in Letsitele	2,500,000	0	0	2,500,000	
Construction of Petenenge pedestrian crossing bridge	1,500,000	0	0	1,500,000	
Construction of Tlhabine Pedestrian crossing Bridge	1,500,000	0	0	1,500,000	
Construction of Ga-Schultz Low Level Bridge	2,000,000	0	0	2,000,000	
Construction machinery Grader	9,000,000	(2,500,000)	0	6,500,000	Adjusted to pool cars. R2 000 000 taken to speed humps and R500 000 to Civic centre roof project.
Construction of Speed humps	0	2,000,000	0	2,000,000	R2 000 000 taken from Purchase of graders to construct speed humps around municipal area
New ablution block, offices and storage facility at Tzaneen testing grounds	1,200,000	0	0	1,200,000	
Nkowankowa testing grounds	1,000,000	0	0	1,000,000	

Public toilets in Nkowakowa	200,000	0	0	200,000	
Public toilets in Letsitele	200,000	0	0	200,000	
Tzaneen Waste water treatment works	500,000	0	0	500,000	
New Change rooms at Tzaneen dam	1,000,000	0	0	1,000,000	
Tzaneen cemetery	200,000	0	0	200,000	
New sleeping quarters for electrical department	1,500,000	0	0	1,500,000	
New Change rooms at Tzaneen plumbers workshop	500,000	0	0	500,000	
Ablution block with change room at Lesedi Regional Cemetery (Lenyenye)	150,000	0	0	150,000	
Guardroom at Nkowa kowa testing ground	200,000	0	0	200,000	
Guardroom at Tzaneen testing ground	200,000	0	0	200,000	
Civic Centre Roof	0	500,000	1,143,662	1,643,662	Funds required to pay the final certificate for the roof project
Construction of R71 Roundabout	1,500,000	(1,500,000)	0	0	Project will no longer be implemented in the current financial year
Paving of Moseanoka to Cell C Pharare Internal Streets	0	0	3,400,000	3,400,000	Funds rolled over from previous financial year to finalize the project
Paving of Risaba, Mnisi, Shando, to Driving school Internal Street	0	0	998,000	998,000	Funds rolled over from previous financial year to finalize the project
Leretjeng Sport Ground	5,500,000	0	0	5,500,000	
Purchase of brushcutters	150,000	0	0	150,000	
Grass cutting Machines	800,000	0	0	800,000	
Environmental Impact Study at Lesedi Regional Cemetery (Lenyenye)_1	400,000	0	0	400,000	
Earthworks with full Environmental Impact Assessment study and designs	300,000	0	0	300,000	

Furniture for sport and recreation facilities at Juliesberg, Burgersdo	300,000	0	0	300,000	
Purchase of Municipal pool cars	3,700,000	0	500,000	4,200,000	From Waste Truck Roll Over
Purchase of storage container for Expenditure Division	450,000	0	0	450,000	
Purchase of critical office furniture	400,000	300,000	0	700,000	Additional funds required to purchase office furniture for employees
Purchase of IT Equipment	0	2,302,755	0	2,302,755	Project to be funded from Operational Budget
G.I.S(Procurement of equipment)	2,000,000	0	0	2,000,000	
Purchase of Office Equipment	279,594	0	0	279,594	
Supply and installation of 5 high mast at ward 1, 11, 16, 17 & 22	0	3,500,000	0	3,500,000	Installation of high mast

73,429,594 5,802,755 13,191,662 92,424,011

3.2.4 The impact of the adjustments will be as follows:

- Total Revenue including capital and operating transfers has increased by **R 63,845,663** from R 1 731 008 435 to **R 1,794,854,098**. Total Operational Expenditure has increased by R 65 179 498. The total operating expenditure of the Municipality has been adjusted from R 1 525 702 777 to R 1 590 882 275
- Capital Expenditure increased by **R16 491 417** from R 194 654 744 to **R 211 146 161**.

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

The supply chain management policy was amended after the Minister of Finance gazetted the supply chain regulations. All other 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: _____

21 February 2024