

# **GREATER TZANEEN MUNICIPALITY**



## **ADJUSTMENT BUDGET 2025/2026**

### **Adjusted Medium Term Revenue and Expenditure Framework**

# TABLE OF CONTENTS

Table of Contents	PAGE NO.
Glossary.....	3

## PART 1 – ADJUSTMENT BUDGET

Section 1	–	Introduction.....	5
Section 2	–	Legal Requirements.....	6
Section 3	–	Mayor’s Report.....	9
Section 4	–	Adjustment Budget Related Resolutions.....	9
Section 5	–	Executive Summary.....	16
Section 6	–	Adjustment Budget Tables.....	35

## PART 2 – SUPPORTING DOCUMENTATION

Section 7	–	Budget Related Policies.....	35
Section 8	–	Overview of Adjustment Budget Assumptions.....	35
Section 9	–	Adjustments to Budget Funding.....	36
Section 10	–	Adjustment to Expenditure on allocations and grant Programmes.....	36
Section 11	–	Adjustment to allocations and grants made by the Municipality.....	37
Section 12	–	Adjustment to Councillor Allowances and Employee Benefits.....	37
Section 13	–	Adjustments to service delivery and budget Implementation plans – internal departments.....	37
Section 14	–	Adjustment to Capital Expenditure.....	37
Section 15	–	Other Supporting Documents.....	37
Section 16	–	Municipal Manager’s quality Certification.....	38

# 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 2025/2026 adjustment budget and to obtain Council's approval to revise the approved 2025/2026 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. The aim of the adjustment budget is to ensure that the municipality's budget remains aligned with financial reality and to address changes in revenue and expenditure that I raised during the course of the year including performance of the projects. This process allow the municipality to shift financial resources towards areas of high performance or emerging needs that were not anticipated in the beginning of the year.

Council is informed that the municipality applied for a roll-over of R7m for Municipal Disaster Recovery Grant which was received in March 2025, this roll-over was subsequently approved on the 22<sup>nd</sup> of October 2025 through a letter from National Treasury with reference LIM333/12.

Furthermore, the Council is notified that the Minister of Finance issued Government Gazette No 54100 which increases the allocations to provinces and municipalities to fund the recovery and rehabilitation of infrastructure damaged by disasters that were classified in March 2025. To this accord, the municipality received an additional R20m for Municipal Disaster Recovery Grant, which must be used for the repair of infrastructure damaged by disaster. Such funds must be spent within 12 months from receipt of funds.

### **2. BACKGROUND**

On 29 May 2025 Council approved the 2025/2026 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 2025/2026 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**

GTEDA was de-established on 30 June 2025 and therefore no appropriations of budget were made for its function during the 2025/2026 final 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

The following amendments are proposed for 2025/2026 MIG Projects:

Project Name	2025/2026 Original Budget (R)	Requested Adjustment (R)	2025/2026 Revised Budget (R)
Rehabilitation of Dan Access Road from R36 (Scrapyard) to D5011 (TEBA)	17 815 370	1 648 048	19 463 418
Upgrading of Topanama Access Road from Gravel to Paving	1 000 000	376 973	1 376 973
Upgrading of Thapane Street from Gravel to Paving	12 779 212	(5 944 812)	6 834 400
Upgrading of Lenyenye Streets from Gravel to Paving	13 102 405	4 237 912	17 340 317
Upgrading of Nkowakowa Section B & D Streets from Gravel to Paving	34 300 000	(2 300 000)	32 000 000
Upgrading of Access Street from Serututung to Malengenge from Gravel to Paving	31 695 613	0	31 695 613
Paving of Khetoni Access Road	500 000	981 879	1 481 879
Upgrading of Access Streets from Serututung to tickyline from Gravel to Paving	0	1 000 000	1 000 000
Construction Joppie Sport Facility	5 000 000	0	5 000 000
PMU Management (4.5% & 4.8% of Total MIG)	6 115 400	0	6 115 400
<b>TOTAL MIG</b>	<b>122 308 000</b>	<b>0</b>	<b>122 308 000</b>

The following amendments are proposed for 2025/2026 INEP Projects:

Project Name	2025/2026 Original Budget (R)	Requested Adjustment (R)	2025/2026 Revised Budget (R)
Electrification of Burgersdorp (Colbits) Phase 2	6 167 000	238 000	6 405 000
Electrification of Mavele phase 6	1 799 000	0	1 799 000

Electrification of Rwanda phase 2	2 570 000	(238 000)	2 332 000
<b>TOTAL INEP</b>	<b>10 536 000</b>	<b>0</b>	<b>10 536 000</b>

The following adjustments be made to the 2025/2026 MDRG Projects:

Project Name	2025/2026 Original Budget (R)	Requested Adjustment (R)	Rollover (R)	2025/2026 Revised Budget (R)
12861   Maintenance of Storm Water Drainage System at Thoko to Sefolwe Roads	0	0	78 995	78 995
12862   Maintenance of Storm Water Drainage System at Sebone School Road	0	0	52 000	52 000
12863   Management of Pulaneng School Road	0	0	3 558 468	3 558 468
12864   Management of Mopye Road	0	0	3 351 949	3 351 949
Msiphane Taxi Road Culvert Bridges (2No.)	0	7 180 000	0	7 180 000
Mavele Cemetry Road Culvert Bridge	0	4 090 000	0	4 090 000
Dan Ext to Mokgolobotho RDP Road Culvert Bridge	0	3 270 000	0	3 270 000
Nkomaneng Culvert Bridge	0	5 460 000	0	5 460 000
<b>TOTAL MDRG</b>	<b>0</b>	<b>20 000 000</b>	<b>7 041 412</b>	<b>27 041 412</b>

The following amendments are proposed for 2025/2026 Own Funding Projects:

PROJECT NAME	2025/2026 Original Budget	Requested Adjustment	Rollover	Revised Budget
6406   G.I.S(Procurement of equipment)	2 000 000	0	0	2 000 000
8560   Township Establishments	4 000 000	0	0	4 000 000
3547   ESD-85_Upgrading of civic centre building	2 000 000	0	0	2 000 000
8806   Extension of civic centre building	2 000 000	0	0	2 000 000
8854   Extension of Cement Store at Stores Tzaneen for redundant assets	800 000	0	0	800 000

8823   Purchase of Chief Whip's Vehicle	700 000	0	0	700 000
3453   CFO-111_Purchase of critical office furniture	1 000 000	0	0	1 000 000
8580   Purchase of IT Equipment	5 000 000	0	2 587 026	7 587 026
12854   Construction Of New Ablution, Storage & Offices in Nkowankowa Testing Ground	0	0	378 765	378 765
6346   Streets in Letsitele	2 000 000	1 000 000	0	3 000 000
6405   Construction of R71 Roundabout	500 000	(500 000)	0	0
6415   Lenyenye Internal Streets (Main street to Industrial Area, Stadium, lthuseng to Main street via Police Station)	5 000 000	0	0	5 000 000
8499   ESD-18_Tzaneen Ext. 13 internal streets	7 000 000	(5 000 000)	0	2 000 000
8501   ESD-21_1st Avenue street in Tzaneen	3 600 000	0	0	3 600 000
8506   ESD-27_Lenyenye Internal Streets (Main street to Industrial Area, Stadium, lthuseng to Main street via Police Station)	5 500 000	0	0	5 500 000
8507   ESD-28_Voster street in Letsitele	2 000 000	0	0	2 000 000
8793   3rd Avenue, Hospital, 2nd Avenue and Middle Streets in Tzaneen	4 700 000	2 200 000	0	6 900 000
8795   Antimony and Plantina street in Tzaneen New Industrial	5 000 000	300 000	0	5 300 000
8818   Nkowankowa Internal Streets (Ntshunxeko, Ntwanano, Khanimambo, Basani and Chivirikane)	5 000 000	500 000	0	5 500 000
8820   Petanenge Pedestrian Crossing Bridge	3 900 000	0	0	3 900 000
8821   Plantation Street in Tzaneen Old Industrial	7 000 000	0	0	7 000 000
8839   Speed Humps	1 000 000	0	0	1 000 000
12848   Upgrading of Topanama Street from Gravel to Paving	0	0	2 500 000	2 500 000
12857   New Petanenge Pedestrian Crossing Bridge	0	0	4 798 362	4 798 362

12858   New Tlhabine Pedestrian Bridge	0	0	2 086 342	2 086 342
6331   Runnymede Sport Facility Phase 2	4 000 000	0	0	4 000 000
8816   Lenyenye Stadium Rehabilitation	3 000 000	0	0	3 000 000
6333   Shiluvane and Mulati library	500 000	75 333	0	575 333
8524   ESD-55_New sleeping quarters at Georges valley Haenertsburg treatment plant	1 000 000	(160 624)	0	839 376
8525   ESD-56_New sleeping quarters at Nkowankowa plumbers workshop	1 000 000	292 935	0	1 292 935
12855   Construction of New Ablution block & Storage at Sanlam taxi rank	0	0	1 177 251	1 177 251
12856   Installation of Smoke Detectors in Civic Centre and Sub-Offices	0	0	1 080 000	1 080 000
12864   Management of Mopye Road	0	1 448 051	3 351 949	4 800 000
12859   New Rummymede Sport Facility Phase 2	0	0	4 825 522	4 825 522
8794   Alcohol screeners for Traffic officers	250 000	0	0	250 000
8799   Combined speed and red-light camera enforcement	500 000	0	0	500 000
8814   Introduction of Paving Street names Markings	500 000	0	0	500 000
8834   Replacement of old Handguns for Traffic Officers	250 000	0	0	250 000
8835   Replacement of traffic signs	700 000	0	0	700 000
8840   Speed Law Enforcement Camera	400 000	0	0	400 000
8851   Workstation counters at all cashiers at main building Licensing	800 000	0	0	800 000
8797   Bush cutters, blower, woodchipper	800 000	0	0	800 000
8803   CSD: Beautification of all Tzaneen Entrances (Welcome to Tzaneen)	800 000	0	0	800 000
8804   CSD: Tzaneen Agatha cemetery	300 000	0	0	300 000

8829   Refurbishment of Dannie Joubert Street,Tzaneen CBD	400 000	0	0	400 000
8830   Construction of new ablution block in Letsitele Library	250 000	0	0	250 000
8836   Ride on Mowers: Julesburg stadium, Burgersdorp stadium, Lenyenye stadium, Nkowankowa stadium, Tzaneen side walks	800 000	0	0	800 000
8841   Swimming pool upgrade	500 000	0	0	500 000
12846   Construction of Leretjeng Sports Ground_ Own Funding	0	0	1 575 698	1 575 698
6414   Installation of streetlights from R71 Voortrekker traffic light to Deerpark Traffic Circle	1 000 000	(1 000 000)	0	0
6337   Streetlights (Tzaneen Town, Haernerstburg)	4 000 000	0	0	4 000 000
8791   11kV cables Tzaneen CBD in phases (Prison - Heritage)	1 000 000	(1 000 000)	0	0
6264   Connections (Consumer Contribution)	10 000 000	0	0	10 000 000
6317   Rebuilding of Henley 11 kV line (5 km)	500 000	879 132	0	1 379 132
6334   Skirving and Peace Streets replacement of old switchgear with safe technologies	7 500 000	0	0	7 500 000
6482   SCADA Monitoring system	5 000 000	0	2 338 285	7 338 285
8445   EED-102_11 kV and 33 kV Auto reclosers per annum X4 (La_Cotte x 2, California x 1,	1 500 000	0	0	1 500 000
8447   EED-105_Rebuild 66 kV wooden line from Tarentaalrand Main to Tzaneen (20km) in Phases	7 000 000	0	2 135 999	9 135 999
8450   EED-110_Procurement of Network planning software	1 000 000	0	0	1 000 000
8452   EED-113_Installation of STATS meters Tzaneen	500 000	0	0	500 000

Main, Letsitele Main, Western Sub, Rubbervale & 33/11kV Substation in Phases				
8454   EED-115_ Refurbishment of protection systems and panels in Tarentaal rand	2 000 000	400 000	0	2 400 000
8458   EED-119_ Replacement of Box Breakers at Letsitele Main Substation in Phases	1 000 000	0	0	1 000 000
8459   EED-120_ Replacement of Box Breakers in Main Substations at Tzaneen Main in phases	2 000 000	0	0	2 000 000
8464   EED-126_ Replace, Refurbish & Upgrading of underground LV cables, metering kiosks (Tzaneen Town)	1 000 000	(1 000 000)	0	0
8467   EED-129_ Replacement of old metering boxes and meters	4 000 000	0	0	4 000 000
8469   EED-131_ Maintenance Management tools & system	1 000 000	0	0	1 000 000
8564   Electrical Infrastructure Fencing	1 000 000	(553 265)	0	446 735
8579   Electrical Capital Tools	500 000	437 667	0	937 667
8790   Installation of 11x Highmast at (Ward 6,10,19,20,22,23,25,30,31,33 & 34)	10 000 000	0	0	10 000 000
8796   Arc protection fo all indoor switchingg station ( Tzaneen main)	1 000 000	0	0	1 000 000
8813   Installing of Quality of Supply recorders (Tarentaal Rand, Tzaneen Main, Letsitele Main, Henley, Waterbok, Middlekop, Politsi, Blacknoll, Letsitele Valley	500 000	0	0	500 000
8824   Rebuilding Eiland 33kV Line (5.5km)	2 000 000	0	0	2 000 000
8827   Rebuilding of Duiweskloof 33 kv line (5km)	1 500 000	(56 108)	0	1 443 892

8832   Replacement of 33kV isolators at Letsitele main	500 000	0	0	500 000
8849   Upgrading of Middlekop Substation from 2MVA to 5MVA	3 000 000	3 053 265	0	6 053 265
Renewal Repairs and maintenance of Bulk meters and replace current transformers & meter panel Tarentaalrand,	0	0	1 500 000	1 500 000
Installation of streetlights from R71 Prison to Adshade Bridge	0	1 650 000	0	1 650 000
Replacement of 60MVA 132/66/33kV Transformer 2 at Tarentaalrand	0	2 000 000	0	2 000 000
Rehabilitation of Dan Access Road from R36 (Scrapyard) to D5011 (TEBA)_OWN FUNDING	0	500 000	0	500 000
Construction Joppie Sport Facility_OWN FUNDING	0	2 000 000	0	2 000 000
Rehabilitation of Streets in Tzaneen Town	0	15 000 000	0	15 000 000
Rehabilitation of Streets in Nkowankowa	0	2 000 000	0	2 000 000
Rehabilitation of Streets in Lenyenye	0	2 000 000	0	2 000 000
Purchase of Minibus	0	1 500 000	0	1 500 000
Msiphane Taxi Road Culvert Bridges (2No.)_OWN FUNDING	0	190 000	0	190 000
<b>TOTAL OWN FUNDING</b>	<b>156 450 000</b>	<b>28 156 385</b>	<b>30 335 199</b>	<b>214 941 584</b>

### 1. RISK IMPLICATIONS

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

### 2. LEGAL IMPLICATIONS

None

### 3. FINANCIAL IMPLICATIONS

The Revenue and Expenditure budget will be adjusted.

#### **4. RECOMMENDATIONS**

- a) That the amendments on the 2025/2026 MIG projects attached as Annexure A be approved.
- b) That the amendments on the 2025/2026 INEP projects be approved by council.
- c) That the rollover and new allocation of municipal disaster recovery grant be approved by council.
- d) That the amendments on the own funding projects be approved by Council to ensure that the SDBIP can be aligned with the capital budget.
- e) That any adjustments with regards to the operational budget be approved as annexure A and other movements will 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 2026, 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 adjustments be effected on the Municipalities B Schedules to ensure alignment with the mSCOA data strings.
- i) 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 than anticipated Eskom tariffs 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 2025/2026 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 80% 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 MIG capital projects which were effected as part of the budget adjustment process:

- Upgrading of Thapane Street from Gravel to Paving
- 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.

On 08 August 2025, the municipality made an application to National Treasury for the approval of the roll-over of R7 million for Municipal Disaster Recovery Grant which wasn't fully spent by 30 June 2025. This roll-over was subsequently approved by National Treasury on the 22nd of October 2025. Projects within MDRG will be reprioritized and adjusted accordingly.

### **3. MID-YEAR ASSESSMENT**

Seeing that only one adjustment budget per year is allowed, it 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 2025/2026 financial year are discussed below to ensure that Greater Tzaneen Municipality complies with all legislative requirements.

In expectation of the 2025/2026 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 739 946 000 (49%) has been accrued against the budgeted amount of R 1 498 755 000.

From a billing perspective, the implementation of consistent credit control, installation of pre-paid meters and credible billings were major contributing factors behind the 49% billing.

The below table shows the total revenue per items received including grants up to the month of December 2025:

Description	Ref	Budget Year 2025/26				
		Original Budget	Adjustment	Adjusted Budget	YearTD actual	% Spend
<b>R thousands</b>						
<b>Exchange Revenue</b>						
Service charges - Electricity		1 080 674	25 000	1 105 674	527 972	49%
Service charges - Water		-		-	-	
Service charges - Waste Water Management		-		-	-	
Service charges - Waste management		46 980		46 980	16 238	35%
Sale of Goods and Rendering of Services		1 314		1 314	152	12%
Agency services		16 664		16 664	5 799	35%
Interest		-		-	-	
Interest earned from Receivables		57 114	10 000	67 114	36 935	65%
Interest from Current and Non Current Assets		31 907		31 907	15 064	47%
Dividends		-		-	-	
Rent on Land		-		-	-	
Rental from Fixed Assets		1 859	202	2 061	1 073	58%
Licence and permits		506		506	86	17%
Special rating levies		-		-	-	
Operational Revenue		21 533	16 000	37 533	16 514	77%
<b>Non-Exchange Revenue</b>						
Property rates		202 824	6 085	208 909	100 891	50%
Surcharges and Taxes		-		-	-	
Fines, penalties and forfeits		1 490		1 490	247	17%
Licence and permits		-		-	-	
Transfers and subsidies - Operational		579 413	272	579 685	430 435	74%
Interest		35 890	2 000	37 890	18 975	53%
Fuel Levy		-		-	-	
Operational Revenue		-		-	-	
Gains on disposal of Assets		-		-	-	
Other Gains		-		-	-	
Discontinued Operations		-		-	-	
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>2 078 168</b>	<b>59 559</b>	<b>2 137 727</b>	<b>1 170 381</b>	<b>56%</b>
Transfers and subsidies - capital (monetary allocations)		116 193	27 041	143 234	69 732	60%

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

### **Interest Earned from Receivables**

The interest from receivables budget will be increased by R 10 000 000 from the original budget.

### **Service charges electricity revenue**

The service charge electricity budget will be increased by R 25 000 000 from the original budget.

### **Operational Revenue**

The operating revenue will be increased by R 16 000 000 from the original budget.

### **Rental from Fixed Assets**

The rental from fixed assets budget will be increased by R 202 000 from the original budget.

### **Interest on Property Rates**

The interest budget will be increased by R 2 000 000 from the original budget.

### **Property Rates**

The property rates budget will be increased by R 6 085 000 from the original budget.

### **Transfers and Subsidies – Capital**

The budget for transfers and subsidies will be increased by R 27 041 412 from the original budget.

#### **3.1.1.2 Operating Grants Revenue**

A total amount of R 430 435 000 (74%) has been received against the budgeted amount of R 579 413 000.

This is 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 900 608 000 (45%) has been spent against the budgeted amount of R 1 991 530 000. 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 2025:

Description	Ref	Budget Year 2025/26				
		Original Budget	Adjustment	Adjusted Budget	YearTD actual	YTD variance
R thousands						%
<b><u>Expenditure By Type</u></b>	-					
Employee related costs		493 531		493 531	225 826	46%
Remuneration of councillors		31 414		31 414	14 912	47%
Bulk purchases - electricity		763 383		763 383	334 646	44%
Inventory consumed		107 308	23 664	130 972	30 247	28%
Debt impairment		95 277	10 000	105 277	59 582	63%

Depreciation and amortisation	125 252		125 252	62 756	50%
Interest	12 354		12 354	4 770	39%
Contracted services	117 411	15 550	132 961	62 489	53%
Transfers and subsidies	39 774	272	40 046	14 643	37%
Irrecoverable debts written off	-		-	-	
Operational costs	205 825	5 500	211 325	90 737	44%
Losses on Disposal of Assets	-		-	-	
Other Losses	-		-	-	
<b>Total Expenditure</b>	<b>1 991 530</b>	<b>54 986</b>	<b>2 046 516</b>	<b>900 608</b>	<b>45%</b>

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

- **Operational Costs**

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

- **Interest**

The low spending on Interest is due to the settlement of a loan of R30 million which has reduced the amount of interest on loans payable.

- **Inventory Consumed**

The low spending on Inventory consumed is due to the finalization of appointments of service providers for maintenance which was concluded in January 2026.

### 3.1.2 Capital Budget

#### Capital Grants Revenue

A total amount of R 69 732 000 (60%) has been recognized against the budgeted amount of R 142 026 000. Spending on grants shows significantly good performance.

#### **Capital Expenditure**

Council approved a capital budget totaling R 272 643 000 for the financial year 2025/2026. The year-to-date expenditure to 31 December 2025 was R 85 040 000 (31%) of the approved amount.

The municipality 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 2025 (prior period) ended at 98% based on the original budget. 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 2025:

0 - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December	
--	--

Vote Description	Ref	Budget Year 2025/26		
		Original Budget	YearTD actual	% Spend
<b>R thousands</b>	1			
<b>Multi-Year expenditure appropriation</b>	2			
Vote 1 - Office of the Municipal Manager		-	-	0%
Vote 2 - Planning and Economic Development		10 000	1 406	14%
Vote 3 - Budget and Treasury		1 000	189	19%
Vote 4 - Corporate Services		5 000	1 738	35%
Vote 5 - Community Services		7 250	-	0%
Vote 6 - Electrical Engineering		58 500	4 176	7%
Vote 7 - Engineering Services		147 197	51 786	35%
<b>Total Capital Multi-year expenditure</b>	4,7	<b>228 947</b>	<b>59 296</b>	<b>26%</b>
<b>Single Year expenditure appropriation</b>	2			0%
Vote 1 - Office of the Municipal Manager		-	-	0%
Vote 2 - Planning and Economic Development		-	-	0%
Vote 3 - Budget and Treasury		1 500	166	11%
Vote 4 - Corporate Services		-	-	0%
Vote 5 - Community Services		-	1 304	0%
Vote 6 - Electrical Engineering		10 500	1 925	18%
Vote 7 - Engineering Services		31 696	22 349	71%
<b>Total Capital single-year expenditure</b>	4	<b>43 696</b>	<b>25 744</b>	<b>59%</b>
<b>Total Capital Expenditure</b>		<b>272 643</b>	<b>85 040</b>	<b>31%</b>
<b>Capital Expenditure - Functional Classification</b>				0%
<b>Governance and administration</b>		<b>10 000</b>	<b>3 409</b>	<b>34%</b>
Executive and council		-	-	0%
Finance and administration		10 000	3 409	34%
Internal audit		-	-	0%
<b>Community and public safety</b>		<b>11 250</b>	<b>1 304</b>	<b>12%</b>
Community and social services		3 400	-	0%
Sport and recreation		3 850	1 304	34%
Public safety		-	-	0%
Housing		4 000	-	0%
Health		-	-	0%
<b>Economic and environmental services</b>		<b>181 393</b>	<b>74 226</b>	<b>41%</b>
Planning and development		6 000	1 406	23%
Road transport		175 393	72 820	42%
Environmental protection		-	-	0%
<b>Trading services</b>		<b>70 000</b>	<b>6 101</b>	<b>9%</b>
Energy sources		70 000	6 101	9%
Water management		-	-	0%
Waste water management		-	-	0%
Waste management		-	-	0%
<b>Other</b>		<b>-</b>	<b>-</b>	<b>0%</b>
<b>Total Capital Expenditure - Functional Classification</b>	3	<b>272 643</b>	<b>85 040</b>	<b>28%</b>
<b>Funded by:</b>				
National Government		116 193	66 353	57%

Provincial Government		-	-	0%
District Municipality		-	-	0%
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		-	-	0%
<b>Transfers recognised - capital</b>		<b>116 193</b>	<b>66 353</b>	
Borrowing	6	-	-	0%
<b>Internally generated funds</b>		<b>156 450</b>	<b>18 687</b>	<b>12%</b>
<b>Total Capital Funding</b>		<b>272 643</b>	<b>85 040</b>	<b>31%</b>

## Cash Flow management

On a high level, the cash flow position as at 31 December 2025 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, except the MDRG Grant which was received late in the previous financial year. The municipality realised a positive surplus of R 213 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 2025 was R319 million as depicted above while R27 million consists of unspent conditional grants. Therefore, the municipality's grants are cash backed as at 31 December 2025.

Furthermore, our current ratio has also improved to 3.6 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 2025/2026 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:

#### 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 **R86.6 million** illustrated as follows:

**LIM333 Greater Tzaneen - Table B4 Budget Statement - Financial Performance - Revenue**

Description	Ref	R thousands		
		Original Budget	Adjustment	Adjusted Budget
<b>Exchange Revenue</b>				
Service charges - Electricity		1 080 674	25 000	1 105 674
Service charges - Water		-		-
Service charges - Waste Water Management		-		-
Service charges - Waste management		46 980		46 980
Sale of Goods and Rendering of Services		1 314		1 314
Agency services		16 664		16 664
Interest		-		-
Interest earned from Receivables		57 114	10 000	67 114
Interest from Current and Non Current Assets		31 907		31 907
Dividends		-		-
Rent on Land		-		-
Rental from Fixed Assets		1 859	202	2 061
Licence and permits		506		506
Special rating levies		-		-
Operational Revenue		21 533	16 000	37 533
<b>Non-Exchange Revenue</b>				
Property rates		202 824	6 085	208 909
Surcharges and Taxes		-		-
Fines, penalties and forfeits		1 490		1 490
Licence and permits		-		-
Transfers and subsidies - Operational		579 413	272	579 685
Interest		35 890	2 000	37 890
Fuel Levy		-		-
Operational Revenue		-		-
Gains on disposal of Assets		-		-
Other Gains		-		-
Discontinued Operations		-		-

Total Revenue (excluding capital transfers and contributions)		2 078 168	59 559	2 137 727
Transfers and subsidies - capital (monetary allocations)		116 193	27 041	143 193

The revenue adjustment reflects a net increase of R59.5 million excluding capital transfers and a net increase of R86.6 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 equaling the allocated budgeted. Revenue peak season is between May and June which will see high increases in revenue billed.
Operational Revenue	Increase in Operational Revenue is due to increases in administrative handling fees which include electricity connection fees.
Rental from Fixed Assets	Rental from fixed assets increased due to high demands of rental of municipal properties in the current year.
Interest earned - Receivables	The increase in interest on receivables is due to interest charged on late payment of municipal consumer account.
Interest earned - Property Rates	The increase in interest on receivables is due to interest charged on late payment of municipal consumer account.
Property Rates	Higher than anticipated property rates billing is due to efforts of revenue enhancement on Property Rates billing to ensure all accounts are billed accordingly.

Transfers and subsidies- capital allocations	The Municipality had an unspent amount of R7 million relating to MDRG. The rollover of this amount was subsequently approved by Treasury in October 2025. <b>New allocation of R20m for MDRG.</b>
Transfers and subsidies – operational allocations	<b>Cleanest town</b> The increase on the cleanest town grant is due to roll over of funds not fully spent at year end and additional revenue received for cleanest town.

### 3.2.2 Additional request -expenditure by type

The expenditure budget will see an upward adjustment of R 55 million explained as follows:

**LIM333 Greater Tzaneen - Table B4 Budget Statement - Financial Performance - Expenditure**

Description	Ref	Original Budget	Adjustment	Adjusted Budget
<b>R thousands</b>				
<b>Expenditure By Type</b>	-			
Employee related costs		493 531		493 531
Remuneration of councillors		31 414		31 414
Bulk purchases - electricity		763 383		763 383
Inventory consumed		107 308	23 664	130 972
Debt impairment		95 277	10 000	105 277
Depreciation and amortisation		125 252		125 252
Interest		12 354		12 354
Contracted services		117 411	15 550	132 961
Transfers and subsidies		39 774	272	40 046
Irrecoverable debts written off		-		-
Operational costs		205 825	5 500	211 325
Losses on Disposal of Assets		-		-
Other Losses		-		-
<b>Total Expenditure</b>		<b>1 991 530</b>	<b>54 986</b>	<b>2 046 516</b>

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

Expenditure	Explanation of Variance
-------------	-------------------------

Inventory Consumed	The budget was increased to respond to demands for repairs and maintenance due to disaster response measures.
Transfers and subsidies	The budget was increased to accommodate rollover of cleanest town grant and additional funds appropriated.
Debt Impairment	Debt impairment budget was increased to cater for the change in methodology and based on the 6 months performance.
Contracted Services	Increase is due to additional requirements for contracted services and the yearly CPI increases.

### 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 MIG projects were reprioritized as per below:

Project Name	2025/2026 Original Budget (R)	Requested Adjustment (R)	2025/2026 Revised Budget (R)
Rehabilitation of Dan Access Road from R36 (Scrapyard) to D5011 (TEBA)	17 815 370	1 648 048	19 463 418
Upgrading of Topanama Access Road from Gravel to Paving	1 000 000	376 973	1 376 973
Upgrading of Thapane Street from Gravel to Paving	12 779 212	(5 944 812)	6 834 400
Upgrading of Lenyenye Streets from Gravel to Paving	13 102 405	4 237 912	17 340 317
Upgrading of Nkowakowa Section B & D Streets from Gravel to Paving	34 300 000	(2 300 000)	32 000 000
Upgrading of Access Street from Serututung to Malengenge from Gravel to Paving	31 695 613	0	31 695 613
Paving of Khetoni Access Road	500 000	981 879	1 481 879
Upgrading of Access Streets from Serututung to tickyline from Gravel to Paving	0	1 000 000	1 000 000
Construction Joppie Sport Facility	5 000 000	0	5 000 000

PMU Management (4.5% & 4.8% of Total MIG)	6 115 400	0	6 115 400
<b>TOTAL MIG</b>	<b>122 308 000</b>	<b>0</b>	<b>122 308 000</b>

A rollover of R7 million for Municipal Disaster Recovery Grant (MDRG) as approved by Treasury to assist with the reconstruction and rehabilitation of municipal infrastructure damaged by the floods is explained below, and an addition of R20 million as gazette by Minister of Finance:

Project Name	2025/2026 Original Budget (R)	Requested Adjustment (R)	Rollover (R)	2025/2026 Revised Budget (R)
12861   Maintenance of Storm Water Drainage System at Thoko to Sefolwe Roads	0	0	78 995	78 995
12862   Maintenance of Storm Water Drainage System at Sebone School Road	0	0	52 000	52 000
12863   Management of Pulaneng School Road	0	0	3 558 468	3 558 468
12864   Management of Mopye Road	0	0	3 351 949	3 351 949
Msiphane Taxi Road Culvert Bridges (2No.)	0	7 180 000	0	7 180 000
Mavele Cemetery Road Culvert Bridge	0	4 090 000	0	4 090 000
Dan Ext to Mokgolobotho RDP Road Culvert Bridge	0	3 270 000	0	3 270 000
Nkomaneng Culvert Bridge	0	5 460 000	0	5 460 000
<b>TOTAL MDRG</b>	<b>0</b>	<b>20 000 000</b>	<b>7 041 412</b>	<b>27 041 412</b>

The capital expenditure internally funded increased by a net of R27.9 million to R 214.7 million which includes rollovers from previous financial year amounting to R30.3 million as explained below:

PROJECT NAME	2025/2026 Original Budget	Requested Adjustment	Rollover	Revised Budget
6406   G.I.S(Procurement of equipment)	2 000 000	0	0	2 000 000
8560   Township Establishments	4 000 000	0	0	4 000 000

3547   ESD-85_Upgrading of civic centre building	2 000 000	0	0	2 000 000
8806   Extension of civic centre building	2 000 000	0	0	2 000 000
8854   Extension of Cement Store at Stores Tzaneen for redundant assets	800 000	0	0	800 000
8823   Purchase of Chief Whip's Vehicle	700 000	0	0	700 000
3453   CFO-111_Purchase of critical office furniture	1 000 000	0	0	1 000 000
8580   Purchase of IT Equipment	5 000 000	0	2 587 026	7 587 026
12854   Construction Of New Ablution, Storage & Offices in Nkowankowa Testing Ground	0	0	378 765	378 765
6346   Streets in Letsitele	2 000 000	1 000 000	0	3 000 000
6405   Construction of R71 Roundabout	500 000	(500 000)	0	0
6415   Lenyenye Internal Streets (Main street to Industrial Area, Stadium, Ithuseng to Main street via Police Station)	5 000 000	0	0	5 000 000
8499   ESD-18_Tzaneen Ext. 13 internal streets	7 000 000	(5 000 000)	0	2 000 000
8501   ESD-21_1st Avenue street in Tzaneen	3 600 000	0	0	3 600 000
8506   ESD-27_Lenyenye Internal Streets (Main street to Industrial Area, Stadium, Ithuseng to Main street via Police Station)	5 500 000	0	0	5 500 000
8507   ESD-28_Voster street in Letsitele	2 000 000	0	0	2 000 000
8793   3rd Avenue, Hospital, 2nd Avenue and Middle Streets in Tzaneen	4 700 000	2 200 000	0	6 900 000
8795   Antimony and Plantina street in Tzaneen New Industrial	5 000 000	300 000	0	5 300 000
8818   Nkowankowa Internal Streets (Ntshunxeko, Ntwanano, Khanimambo, Basani and Chivirikane)	5 000 000	500 000	0	5 500 000
8820   Petanenge Pedestrian Crossing Bridge	3 900 000	0	0	3 900 000
8821   Plantation Street in Tzaneen Old Industrial	7 000 000	0	0	7 000 000

8839   Speed Humps	1 000 000	0	0	1 000 000
12848   Upgrading of Topanama Street from Gravel to Paving	0	0	2 500 000	2 500 000
12857   New Petanenge Pedestrian Crossing Bridge	0	0	4 798 362	4 798 362
12858   New Tlhabine Pedestrian Bridge	0	0	2 086 342	2 086 342
6331   Runnymede Sport Facility Phase 2	4 000 000	0	0	4 000 000
8816   Lenyenye Stadium Rehabilitation	3 000 000	0	0	3 000 000
6333   Shiluvane and Mulati library	500 000	75 333	0	575 333
8524   ESD-55_New sleeping quarters at Georges-valley Haenertsburg treatment plant	1 000 000	(160 624)	0	839 376
8525   ESD-56_New sleeping quarters at Nkowankowa plumbers workshop	1 000 000	292 935	0	1 292 935
12855   Construction of New Ablution block & Storage at Sanlam taxi rank	0	0	1 177 251	1 177 251
12856   Installation of Smoke Detectors in Civic Centre and Sub-Offices	0	0	1 080 000	1 080 000
12864   Management of Mopye Road	0	1 448 051	3 351 949	4 800 000
12859   New Rummymede Sport Facility Phase 2	0	0	4 825 522	4 825 522
8794   Alcohol screeners for Traffic officers	250 000	0	0	250 000
8799   Combined speed and red-light camera enforcement	500 000	0	0	500 000
8814   Introduction of Paving Street names Markings	500 000	0	0	500 000
8834   Replacement of old Handguns for Traffic Officers	250 000	0	0	250 000
8835   Replacement of traffic signs	700 000	0	0	700 000
8840   Speed Law Enforcement Camera	400 000	0	0	400 000
8851   Workstation counters at all cashiers at main building Licensing	800 000	0	0	800 000
8797   Bush cutters, blower, woodchipper	800 000	0	0	800 000

8803   CSD: Beautification of all Tzaneen Entrances (Welcome to Tzaneen)	800 000	0	0	800 000
8804   CSD: Tzaneen Agatha cemetery	300 000	0	0	300 000
8829   Refurbishment of Dannie Joubert Street, Tzaneen CBD	400 000	0	0	400 000
8830   Construction of new ablution block in Letsitele Library	250 000	0	0	250 000
8836   Ride on Mowers: Julesburg stadium, Burgersdorp stadium, Lenyenye stadium, Nkowankowa stadium, Tzaneen side walks	800 000	0	0	800 000
8841   Swimming pool upgrade	500 000	0	0	500 000
12846   Construction of Leretjeng Sports Ground_ Own Funding	0	0	1 575 698	1 575 698
6414   Installation of streetlights from R71 Voortrekker traffic light to Deerpark Traffic Circle	1 000 000	(1 000 000)	0	0
6337   Streetlights (Tzaneen Town, Haernerstburg)	4 000 000	0	0	4 000 000
8791   11kV cables Tzaneen CBD in phases (Prison - Heritage)	1 000 000	(1 000 000)	0	0
6264   Connections (Consumer Contribution)	10 000 000	0	0	10 000 000
6317   Rebuilding of Henley 11 kV line (5 km)	500 000	879 132	0	1 379 132
6334   Skirving and Peace Streets replacement of old switchgear with safe technologies	7 500 000	0	0	7 500 000
6482   SCADA Monitoring system	5 000 000	0	2 338 285	7 338 285
8445   EED-102_11 kV and 33 kV Auto reclosers per annum X4 (La_Cotte x 2, California x 1,	1 500 000	0	0	1 500 000
8447   EED-105_Rebuild 66 kV wooden line from Tarentaalrand Main to Tzaneen (20km) in Phases	7 000 000	0	2 135 999	9 135 999

8450   EED-110_Procurement of Network planning software	1 000 000	0	0	1 000 000
8452   EED-113_Installation of STATS meters Tzaneen Main, Letsitele Main, Western Sub, Rubbervale & 33/11kV Substation in Phases	500 000	0	0	500 000
8454   EED-115_Refurbishment of protection systems and panels in Tarentaal rand	2 000 000	400 000	0	2 400 000
8458   EED-119_Replacement of Box Breakers at Letsitele Main Substation in Phases	1 000 000	0	0	1 000 000
8459   EED-120_Replacement of Box Breakers in Main Substations at Tzaneen Main in phases	2 000 000	0	0	2 000 000
8464   EED-126_Replace, Refurbish & Upgrading of underground LV cables, metering kiosks (Tzaneen Town)	1 000 000	(1 000 000)	0	0
8467   EED-129_Replacement of old metering boxes and meters	4 000 000	0	0	4 000 000
8469   EED-131_Maintenance Management tools & system	1 000 000	0	0	1 000 000
8564   Electrical Infrastructure Fencing	1 000 000	(553 265)	0	446 735
8579   Electrical Capital Tools	500 000	437 667	0	937 667
8790   Installation of 11x Highmast at (Ward 6,10,19,20,22,23,25,30,31,33 & 34)	10 000 000	0	0	10 000 000
8796   Arc protection fo all indoor switchingg station ( Tzaneen main)	1 000 000	0	0	1 000 000
8813   Installing of Quality of Supply recorders (Tarentaal Rand, Tzaneen Main, Letsitele Main, Henley, Waterbok, Middlekop, Politsi, Blacknoll, Letsitele Valley	500 000	0	0	500 000

8824   Rebuilding Eiland 33kV Line (5.5km)	2 000 000	0	0	2 000 000
8827   Rebuilding of Duiweskloof 33 kv line (5km)	1 500 000	(56 108)	0	1 443 892
8832   Replacement of 33kV isolators at Letsitele main	500 000	0	0	500 000
8849   Upgrading of Middlekop Substation from 2MVA to 5MVA	3 000 000	3 053 265	0	6 053 265
Renewal Repairs and maintenance of Bulk meters and replace current transformers & meter panel Tarentaalrand,	0	0	1 500 000	1 500 000
Installation of streetlights from R71 Prison to Adshade Bridge	0	1 650 000	0	1 650 000
Replacement of 60MVA 132/66/33kV Transformer 2 at Tarentaalrand	0	2 000 000	0	2 000 000
Rehabilitation of Dan Access Road from R36 (Scrapyard) to D5011 (TEBA)_OWN FUNDING	0	500 000	0	500 000
Construction Joppie Sport Facility_OWN FUNDING	0	2 000 000	0	2 000 000
Rehabilitation of Streets in Tzaneen Town	0	15 000 000	0	15 000 000
Rehabilitation of Streets in Nkowankowa	0	2 000 000	0	2 000 000
Rehabilitation of Streets in Lenyenye	0	2 000 000	0	2 000 000
Purchase of Minibus	0	1 500 000	0	1 500 000
Msiphane Taxi Road Culvert Bridges (2No.)_OWN FUNDING	0	190 000	0	190 000
<b>TOTAL OWN FUNDING</b>	<b>156 450 000</b>	<b>28 156 385</b>	<b>30 335 199</b>	<b>214 941 584</b>

### 3.2.4 The impact of the adjustments will be as follows:

- Total Revenue including capital and operating transfers has increased by R 86 559 000 from R 2 194 361 000 to R 2 280 648 000. Total Operational Expenditure has increased by R 54 986 000. The total operating expenditure of the

Municipality has been adjusted from R 1 991 530 000 to R 2 046 516.

- Capital Expenditure increased by R85 532 996 from R 278 758 000 to R 364 290 996.

## **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: \_\_\_\_\_

26 February 2026