
REPORT OF THE DEPARTMENT OF THE CHIEF FINANCIAL SERVICES

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1.1 ANNEXURES

Annexure “A”	Supporting Tables A1 to A10 SA1 to SA 37 Supporting Charts	(Yellow)
Annexure “B”	Water & Sewer Budget	(Green)
Annexure “C”	Environmental Health Budget	(Pink)
Annexure “D”	Policies Revenue Related Policies <ul style="list-style-type: none"> - Tariff Policy <ul style="list-style-type: none"> • Electricity • Water • Sanitation • Refuse Removal • Property Rates - Credit Control & Debt Collection - Consumer Deposits - Cash Control Policy Budget Related Policies <ul style="list-style-type: none"> - Budget Implementation and Management Policy - Indigent Policy - Supply Chain Management - Property Rates Policy - Cash Management and Investment Policy - Virement Policy - Adjustment Budget Policy - Preferential Procurement Policy - Borrowing Policy - Funding and Reserves Policy - Policy Relating to Long-Term Financial Planning - Policy Relating to Management and Disposal of Assets - Policy dealing with Infrastructure Investment and Capital Projects 	

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

PURPOSE OF THIS REPORT

The purpose of this report is to request Council to consider the 2019/2020 (MTREF) Medium-term Revenue and Expenditure Framework in terms of Section 24 (1) of the Municipal Finance Management Act 2003, Act no. 56 of 2003.

INTRODUCTION

The (MTREF) Medium – Term Revenue and Expenditure Framework submitted to Council today is the collective effort of the Budget Committee and is in line with the requirements of the Municipal Finance Management Act, 2003 and is the financial assertion of our political mandate. The 2019/2020 budget represents a consolidated budget with the inclusion of GTEDA, a Municipal entity into our budget. Apart from the inclusion of GTEDA, Greater Tzaneen Municipality also drafted the Water and Sewer budgets on behalf of Mopani District Municipality who needs to approve these budgets and submit it to National Treasury for consideration.

The budget has been prepared in terms of the guidelines set by National Treasury's MFMA Circular no. 93 and 89 which states inter alia that municipal revenues and cash flows are expected to remain under pressure in the 2019/2020 financial year and Municipalities must adopt a conservative approach when projecting their expected revenues. Municipalities must also carefully consider affordability of tariff increases especially where it relates to domestic consumers.

Management also understands that our Municipality is not immune to the economic challenges that are experienced globally and will continue to follow a conservative approach in the drafting of this MTREF. This approach includes giving consideration to the cost containment measures suggested by National Treasury in the budget as well as continuous reviews of the operational cost base in an attempt to identify inefficiencies.

The budget was drafted with full consideration of the provisions contained in National Treasury Circulars, Councils financial position, sustainability, affordability and the fact that Municipalities were cautioned by National Treasury to keep increases in tariffs and other

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

The budget has been drafted according to legislation and the Budget Steering Committee believes that the 2019/2020 budget planning initiatives and the accompanying collective budget process resulted in not only a well balanced budget, but also one which is sustainable, equitable and representative of our communities.

Council must also take cognizance that Section 160 (2)(b) of the Constitution of the Republic of South Africa, 1996 (Act no. 108 of 1996) determines that the approval of budgets may not be delegated by a Municipal Council. Section 160 (3) (b) determines that all questions concerning the approval of the budget, are determined by a decision taken by a council with a supporting vote of a majority of its members. In the case of Greater Tzaneen Municipality this means that at least 35 Councillors must vote in favor of the proposed budget.

PART 1 – ANNUAL BUDGET

2. BUDGET SPEECH BY HIS WORSHIP MAYOR MARIPE MANGENA

The budget speech of the Mayor will be distributed under separate cover.

3. **BUDGET RELATED RESOLUTIONS**

RECOMMENDATIONS

- (a) That the Draft Budget of Greater Tzaneen Municipality for the financial year 2019/2020 and the indicative revenue and projected expenditure for the two subsequent years 2020/2021 and 2021/2022 be approved as contained in the following schedules:

Supporting tables:

A1 to A10

SA 1 to SA 37

Supporting Charts

mSCOA: The budget on mSCOA version 6,3 format

- (b) That the Annexures and policies attached to this report be approved.
- (c) That Council takes cognizance thereof that the increase in tariffs on the previous year tariffs with the exception of the Water tariff for the residents of Haenertsburg, are within the guideline set by National Treasury.
- (d) That the budget for water, sewer and environmental health services drafted by the Chief Financial Officer of Greater Tzaneen Municipality be submitted to Mopani District Municipality (MDM) for consideration, approval and submission to National Treasury.
- (e) That the allocation, including GTEDA for capital projects for the 2019/2020 financial year be approved as follows:

Grants	R 89 549 850
Loans	R 20 000 000
Own Sources	<u>R 32 935 000</u>
TOTAL	<u>R142 484 850</u>

- (f) That the expenditure on the public entertainment and subsistence and travel votes be limited to the budgeted amounts and that no overspending on these votes be allowed without the prior approval of the Municipal Manager and the Chief Financial Officer.
- (g) That no overspending be allowed on the entertainment votes without the prior approval of the Municipal Manager and the Chief Financial Officer and the amounts be limited to the guidelines contained in the cost containment measures

- (h) That the Municipal Manager finalizes the Service Level Agreement of the Environmental Health Service with MDM as a matter of urgency.
- (i) That the monthly accounts of poor households (indigent) that qualify for free basic services be approved at R150,00 per month plus water consumption above 6 kilolitre per month.
- (j) That the measurable performance objectives for revenue for each source and for each vote as per **Item 8** be approved.
- (k) CAPITAL BUDGET

- I That the capital budgets from Own sources, Grants and Loans be approved as follows:

Greater Tzaneen Municipality excluded GTEDA

	<u>Own sources</u>	<u>Grants</u>	<u>Loans</u>
2019/2020 Financial year	R32 935 000	R 89 549 850	R20 000 000
2020/2021 Financial year	R31 900 890	R 94 667 500	R30 000 000
2021/2022 Financial year	R32 813 538	R102 030 950	R0

- II That an amount of R89 549 850 be approved from Grants for the 2019/2020 financial year.
- III That a loan of R20 000 000 be taken up to finance Capital Projects during the 2019/2020 financial year.
- IV That Council takes cognizance of the R94 263 000 MIG allocation for capital projects of which R89 549 850 is allocated for Capital and R4 713 150 is allocated for Operational.
- V That Council takes cognizance of the capital allocation in the records of GTEDA to the amount of R235 000.

VI TRANSPORT BUDGET

- I That the transport budget as per **Annexure” H**“and tariffs applicable for each vehicle be approved.
- II That all vehicles be rationalized to the needs of the different departments to ensure optimal and cost effective fleet management to all departments.
- III That all departments adhere to the requirements of utilization and costing set out in the Vehicle Fleet Policy.

(l) PERSONNEL

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

(m) INTEREST ON ARREARS OTHER THAN FOR RATES

That the interest rate in terms of the Local Government, Municipal Systems Act 32 of 2000 be determined the same as the current rate, namely, 18%.

(n) INTEREST ON **ARREAR** RATES

That the interest rate of prime rate plus 1% as promulgated in Government Gazette no. 28113 of 13 October 2005 be approved and that the prime rate of ABSA Bank, where Greater Tzaneen Municipality primary bank account is held, be applicable.

(o) That R2 000 000 (previous year R1 600 000.00) be made available to the Mayor for the 2019/2020 financial year, allocated as follows:

I R1 000 000 Special account which must be subjected to Audit.
(Funds will only be transferred to an organization) (Previous year R600 000)

II R1 000 000 For Bursaries (Previous year R1 000 000)

(p) SOLID WASTE: TARIFFS

That the following tariffs for solid waste be approved:

<u>Solid Waste Tariffs & Charges</u>			
<u>Solid Waste Kerbside Removals</u>		<u>Current</u>	<u>Proposed</u>
1.	<u>Residential waste</u>		
	a. Waste tariff for urban residential premises, for 1 x kerbside-removal p.w.	R 124.71 p.m.	R131.69
	b. Basic waste charge for non-urban residential premises	R 124.71 p.m.	R131.69
2.	<u>Business waste</u>	<u>Current</u>	<u>Proposed</u>
	a. Basic waste charge	R415.69 p.m.	R438.97
	b. Waste tariff per unit of 85 x litres, for 6 x kerbside-removals p.w.	R415.69 p.m.	R438.97

3.	<u>Industrial waste</u>		
	a. Basic waste charge	R 332.55 p.m.	R351.18
	b. Waste tariff per unit of 85 x litres, for 3 x kerbside-removals p.w.	R 332.55 p.m.	R351.18
4.	<u>Institutional waste</u>		
	Basic waste charge	R415.69 p.m.	R440.00 p.m.
	Waste tariff per unit of 85 x litres, for 6 x kerbside-removals p.w.	R415.69 p.m.	R440.00 p.m.
5.	<u>Dead Animals</u>		
	Collection, transportation and disposal of animal carcasses per removal	R294.00 p.m.	R300.00
6.	<u>Condemned Foodstuffs</u>		
	Collection; transportation and disposal of condemned foodstuffs per load of 1 x ton // 1 m ³ or part thereof	R 1,165.00	R1 165.00
7.	<u>Bulky Waste charges for Removals in 6m³ Skip-containers</u>		
	Removal of 6m ³ (or part there-of) of compactable-waste p.w.	R 787.00	R787.00
	Removal of 6m ³ (or part there-of) of non-compactable-waste p.w.	R1,980.00	R1 980.00
8.	<u>Landfill entrance charges for private waste depositions</u>		
	Per entry of a light delivery van or trailer load not exceeding ≤1 ton // 1 m ³ (or part thereof)	R 283-00	R290.00
	Per entry of a lorry load not exceeding 3 tons // 3m ³ , but exceeding ≤ 1 ton // 1m ³ (or part thereof)	R 567-00	R570.00
	Per entry of a lorry load not exceeding 6 x tons // 6m ³ but exceeding ≤ 3 x tons // 3m ³ (or part thereof)	R1 417-00	R1 417.00
	Per entry of a lorry load not exceeding 10 x tons // 10m ³ but exceeding ≤ 6 x tons // 6m ³ (or part thereof)	R2 415-00	R2 415.00
	Per entry of a lorry load exceeding ≤ 10 x tons // 10m ³ (or part thereof)	R3 129-00	R3 129.00

9.	<u>Health Care Risk Waste charges for collection, transportation & disposal</u>	<u>Current</u>	<u>Proposed</u>
	≤ = 5 x lit sharps	R157.00	R 170-00
	≤ = 5 x lit human tissue	R262.00	R 270-00
	≤ = 10 x lit sharps	R357.00	R 370-00
	≤ = 10 x lit human tissue	R357.00	R 370-00
	≤ = 20 x lit sharps	R514.00	R 530-00
	≤ = 20 x lit human tissue	R525.00	R 530-00
	≤ = 85 x lit H.C.R.W. in liner	R178.00	R 190-00
	≤ = 25 x lit H.C.R.W box + liner	R136.00	R 140-00
	≤ = 50 x lit H.C.R.W box + liner	R262.00	R 280-00
	≤ = 140 x lit H.C.R.W box + liner	R682.00	R 690-00
	≤ = 140 x lit Empty liners	R 36.00	R 40-00

(q) WATER SUPPLY: TARIFFS

That the following tariffs for water supply be approved

Tariffs Basic Charges

	CURRENT	PROPOSED
Domestic (AA)	R33.625	R35.508
Business (BA)	R53.111	R56.085
Industrial (CA)	R53.111	R56.085
State (EA)	R90.293	R95.349
Dept (FA)	R33.625	R35.508
Transnet (HA)	R90.293	R95.349
Flats	R54.881	R57.954
Education	R42.500	R44.880

Tariffs for Consumption: Tariff per kilolitre

TARIFFS FOR CONSUMPTION: HAENERTSBURG		
CONSUMPTION ALL CATEGORIES	CURRENT	PROPOSED
1 and More kl (Total Consumption)	R0.00	R7.42

That these tariffs be increased according to the increases implemented by Lepele.

Tariffs for Consumption: Other Towns

		CURRENT	PROPOSED
i	DOMESTIC (AA)		
	0 – 6 kl	R0.832 per kl	R0.879 per kl
	7 – 10 kl	R2.352 per kl	R2.484 per kl
	11 – 25 kl	R4.166 per kl	R4.399 per kl
	26 – 35 kl	R5.587 per kl	R5.900 per kl
	36 – 100 kl	R6.292 per kl	R6.644 per kl
	101 kl and more	R11.730 per kl	R12.386 per kl
ii	BUSINESS (BA)		
	0 – 50 kl	R2.99 per kl	R3.16 per kl
	51 – 100 kl	R4.99 per kl	R5.27 per kl
	101 and more	R6.00 per kl	R6.33 per kl
iii	INDUSTRIAL (CA)		
	0 – 50 kl	R2.99 per kl	R3.16 per kl
	51 – 100 kl	R4.99 per kl	R5.27 per kl
	101 and more	R6.00 per kl	R6.33 per kl
iv	STATE (EA)		
	0 – 50 kl	R7.86 per kl	R8.30 per kl
	51 – 250 kl	R6.47 per kl	R6.83 per kl
	251 and more	R4.61 per kl	R4.87 per kl
v	DEPT (FA)		
	0 – 6 kl	R0.89 per kl	R0.94 per kl
	7 – 10 kl	R2.38 per kl	R2.51 per kl
	11 – 25 kl	R4.18 per kl	R4.42 per kl
	26 – 35 kl	R5.02 per kl	R5.30 per kl
	36 – 100 kl	R6.29 per kl	R6.64 per kl
	101 kl and more	R11.74 per kl	R12.40 per kl
vi	TRANSNET (HA)		
	0 – 50 kl	R7.86 per kl	R8.30 per kl
	51 – 250 kl	R6.47 per kl	R6.83 per kl
	251kl and more	R4.61 per kl	R4.87 per kl
vii	FLATS		
	0 – 75 kl	R0.89 per kl	R0.94 per kl
	76 – 120 kl	R4.67 per kl	R4.93 per kl
	121 – 200 kl	R4.93 per kl	R5.21 per kl
	201 – 250 kl	R5.17 per kl	R5.46 per kl
	251 – 370 kl	R5.43 per kl	R5.73 per kl
	371kl and more	R5.91 per kl	R6.24 per kl
viii	EDUCATION		
	0 – 50 kl	R3.41 per kl	R3.60 per kl
	51 – 200 kl	R2.79 per kl	R2.95 per kl
	201 – 400 kl	R2.00 per kl	R2.11 per kl
	401 kl and more	R3.99 per kl	R4.22 per kl

(r) SEWERAGE: TARIFFS

That the following tariffs for sewer services be approved:

	CURRENT	PROPOSED
Charge per m ² (Basic Charge	R0.319/kl	R0.336/kl
CHARGE PER KL WATER USAGE/MONTH		
Domestic (AA)	R0.814/kl	R0.860/kl
Business (BA)	R1.36/kl	R1.43/kl
Hotel (BB)	R1.13/kl	R1.19/kl
Guest Houses	R1.13/kl	R1.19/kl
Industrial (CA)	R1.36/kl	R1.43/kl
Flats (IA)	R0.814/kl	R0.860/kl
State (EA)	R1.040/kl	R1.098/kl
Education	R0.45/kl	R0.48/kl
Incentives	R0.45/kl	R0.48/kl

(s) GENERAL RATES AND REBATE

PROPERTY RATES TARIFFS

Categories of properties in terms of the policy	CURRENT	PROPOSED
Agricultural Properties		
Tariff on market value	R0.003128	R0.002055
Business and Commercial Properties		
Tariff on market value	R0.012516	R0.013217
Cemeteries and Crematoriums Properties		
Tariff on market value	R0.00	R0.00
Industrial Properties		
Tariff on market value	R0.012516	R0.01327
Municipal Properties		
Tariff on market value	R0.00	R0.00
Vacant Land		
Tariff on market value	R0.012516	R0.01327

Public Benefit Organization Properties		
Tariff on market value	R0.003128	R0.002055
Public Service Infrastructure		
Tariff on market value	R0.003128	R0.002055
Properties for Religious Use		
Tariff on market value	R0.00	R0.00
Residential Properties		
Tariff on market value	R0.012516	R0.01327
State-Owned Properties		
Tariff on market value	R0.012516	R0.01327

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

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

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

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

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

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

That the rebates of 30% as contained in Councils Property Rates Policy on Residential property be applied, and an additional 10% rebate be applied on the charge which will be phased out over the next two years at a rate of 5% per year.

(t) **ELECTRICITY TARIFFS**

That the following electricity tariffs be approved:

TARIFF A

The tariff is removed and is no longer available.

TARIFF B

- This tariff is available for single phase 230V (Capacity not exceeding 16 kVA) and three phase 400V (Capacity not exceeding 75 kVA)
- This tariff will suit medium to high consumption customers.

The following charges will be payable:

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

The following size circuit breakers will be available:

		AGRIC/DOMEST	BUSINESS
16 kVA Single phase	70 Amp	R 415.92	R1 404.02
25 kVA Three phase	45 Amp	R1 655.21	R1 626.76
50 kVA Three phase	80 Amp	R2 194.43	R1 921.16
75 kVA Three phase	100 Amp	R3 052.06	R2 846.17

NOTE 1: The capacity of a supply shall be the capacity as determined by the Electrical Engineering Manager

PLUS

B.2.1 A consumption charge, per kWh consumed
(Business) Three and Single phase R1.3871

B.2.2 A consumption charge, per kWh consumed
(Agricultural/Domestic) Three phase R1.4484

B.2.3 A consumption charge, per kWh consumed
(Agricultural/Domestic) Single phase R1.7487

PLUS

- B.3.1 On three phase Business connections, an additional charge per kWh for every unit consumed above 3 000 units and 1500 units on single phase connection.
(Business 1 & 3 Phase) **R0.0416**

PLUS

- B.3.2 On three phase Agri/Domestic connections, an additional charge per kWh for every unit consumed above 3 000 units.
(Agriculture/Domestic 3 phase) **R0.0434**

PLUS

- B.3.3 On single phase connections and additional charge per kWh for every unit consumed above 1500 units.
(Agriculture/Domestic 1 phase) **R0.0525**

TARIFF C

- This tariff is available for three phase supplies at the available standard voltage with a minimum capacity of 100 kVA
- This tariff will suit high consumption customers

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

C.1.1 Agriculture and Domestic **R2 059.54**

C.1.2 Business **R2 934.83**

- C.2** If the demand is registered during the months of June, July or August per point of supply:
(Agricultural/Domestic) **R348.16**

- C.3** If the demand is registered during the months of September to May per point of supply:
(Agric/Domestic) **R216.39**

- C.4** If the demand is registered during the months of June, July or August per point of supply:
(Business) **R265.80**

C.5 If the demand is registered during the months of September to May per point of supply:

(Business) R130.18

C.6 A consumption charge, per kWh consumed:

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

(Agric/Domestic) R1.0643

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

(Agric/Domestic) R0.8141

C.7 A consumption charge, per kWh consumed:

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

(Business) R1.0899

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

(Business) R0.8040

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

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

0%

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

3%

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

5%

TARIFF D

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

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

The following charges will be payable:

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

R10 244.28

D.2 A demand charge, per kVA registered, per month, per point of supply:

D.2.1 If the demand is registered during the months of June, July or August:

R69.92

D.2.2 If the demand is registered during the months of September to May:

R69.92

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

D.3 A consumption charge, per kWh consumed:

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

D.3.1.1 During Peak Hours **R4,0421**

D.3.1.2 During Standard Hours **R1,1539**

D.3.1.3 During Off-Peak Hours **R0,6750**

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

D.3.2.1 During Peak Hours **R1,2188**

D.3.2.2 During Standard Hours **R0,8709**

D.3.2.3 During Off-Peak Hours **R0,5991**

NOTE 1: Please take note of the time frames that changed for the winter period

For the purpose of this tariff Peak Hours will be from 06:00 to 09:00 and 17:00 to 19:00 on weekdays.

(June, July, August)

Standard Hours will be from 09:00 to 17:00, 19:00 to 22:00 on weekdays and from 07:00 to 12:00 and 18:00 to 20:00 on Saturdays.

(June, July, August)

Off-Peak Hours will be from 22:00 to 06:00 on weekdays, 12:00 to 18:00 and 20:00 to 07:00 on Saturdays and all of Sundays.

(June, July, August)

For the purpose of this tariff Peak Hours will be from 07:00 to 10:00 and 18:00 to 20:00 on weekdays.

(September to May)

Standard Hours will be from 06:00 to 07:00, 10:00 to 18:00 and 20:00 to 22:00 on weekdays and from 07:00 to 12:00 and 18:00 to 20:00 on Saturdays.

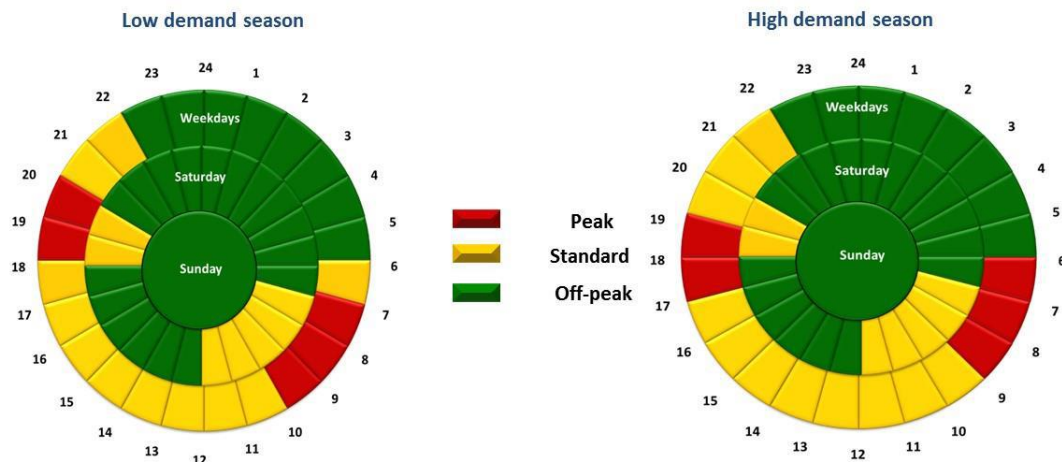
(September to May)

Off-Peak Hours will be from 22:00 to 06:00 on weekdays, 12:00 to 18:00 and 20:00 to 07:00 on Saturdays and all of Sundays.

(September to May)

A Public Holiday will be treated as per the day it falls on.

Times to be such as to relate to GTM peaks/load curve.



D.4 A discount according to the voltage at which the electricity is supplied.

D.4.1 If the electricity is supplied at three phase / 400V :
0%

D.4.2 If the electricity is supplied at a higher voltage than 400V, but not exceeding 11kV:
3%

D.4.3 If the electricity is supplied at a higher voltage than 11kV (if available) but not exceeding 33 kV
5%

NOTE: *With the changes to the TOU winter peak period June, July and August. The Greater Tzaneen Municipality will be reprogramming there electronic meters to align with the new times. We will also password protect our electronic meters for tampering and protection of data on the meter. This will be in line with the NRS 057 "Confidentiality of Metering Data"*

(u) Credit Control

- I That Council's adopted Credit Control Policy be strictly adhered to, to curb outstanding debt.
- II That a monthly report be submitted to Council regarding Councillor arrear's on consumer accounts.

(v) PRE-PAID TARIFF
IBT IMPLEMENTATION

Pre-paid metering which will utilize the latest technologies plc (Power Line Carrier) metering with concentrators for monitoring and administration purposes.

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

DOMESTIC TARIFFS (IBT's)			
DOMESTIC BLOCK 1 0 – 50 kWh (c/kWh)	DOMESTIC BLOCK 2 51 – 350 kWh (c/kWh)	DOMESTIC BLOCK 3 351 – 600 kWh (c/kWh)	DOMESTIC BLOCK 4 >600 kWh (c/kWh)
R1,0308	R1,3248	R1,8703	R2,1993

Commercial Pre paid Single Phase Tariff

Tariff Description	
Commercial Single Phase Pre paid 16 kVA	R1.3871

Commercial Pre paid Three Phase Tariff

Tariff Description	
Commercial Three Phase Pre paid 25 – 75 kVA	R1.3871

- (w) That Council takes note that only a small number of the additional operational requests could be accommodated on the budget and that operational projects will have to be prioritized over the next few years to ensure long term sustainability and optimal service delivery.

SUNDRY TARIFFS 2019/2020

ELECTRICITY

That in terms of the provisions of section 11(3) of the Local Government Municipal Systems Act 2000, the Council by resolution amends the charges payable for the supply of electricity as contained in Municipal Notice No. 19 of 1988 and promulgated in Provincial Gazette no 4565 dated 1 June 1988 with effect from 1 July 2019 by the substitution for part (iii) of the tariff of charges of the following:

By the substitution for clause 2 (1) of the following:

	Current	Proposed
Illegal Connection Fee	R15 000	R15 000

DISCONNECTION CHARGES

Electricity

Electricity Cut – disconnections	R 410.00	R 425.00
Electricity Cut – Removal of meters	R 640.00	R 660.00
Remove installation	R2 700.00	R2 800.00

Water

Water restriction: Business	R -	R 230.00
Water restriction: Residential (15 – 20mm)	R255.00	R 255.00
Water disconnection: non-residential (15 – 40 mm)	R470.00	R 600.00
Water disconnection: non-residential (50-100mm)	R980.00	R 980.00
Water Tanker/Kiloliter	R 24.00	R 25.00
Water Normalize flow Res/Bus	R -	R 300.00
Water Normalize flow Farmers	R -	R 320.00

SERVICE CONTRIBUTION TARIFF

TABLE B

2016/2017 ELECTRICAL ENGINEERING CONTRIBUTIONS																	
	Description		230V Electrification ABC Reticulation	230V Urban able relic	400V Urban Cable reticulation	400V Urban at Mini	11kV Urban on Ring	11kV Urban Switch Station	11kV Urban at Sub	400V Rural at Pole Transformer	11kV Rural on Radial	11kV Rural at Sub	33kV on Radial	33kV at Sub	66kV on Radial	66kV At Sub	132kV at Sub
1	132kV ESKOM Bays	R21															1
2	132kVSub (2 incomer bays)	R31	0A	0.55	0.55	0.55	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.85	0.85	1
3	132kVTransformer Bay	R54	DA	0.55	0.55	0.55	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.85	0.85	
4	132/66kVTransformers	R356	0.55	0.7	0.7	0.7	0.85	0.85	0.85	0.7	0.85	0.85	0.85	0.85	1	1	
5	66kVBasic Substation (2 incomer bays + 1 bus coupler	R44	0.55	0.7	0.7	0.7	0.85	0.85	0.85	0.7	0.85	0.85	0.85	0.85	1	1	
6	66kV Feeder bays	R44	0.55	0.7	0.7	0.7	0.85	0.85	0.85	0.7	0.85	0.85	0.85	0.85	1		
7	66kVTransmission lines	R598	0.55	0.7	0.7	0.7	0.85	0.85	0.85	0.7	0.85	0.85	0.85	0.85	1		
8	66/33kVPower transformer	R911	0.7							0.7	0.85	0.85	1	1			
9	66/11kVPowertransformer	R608		0.85	0.85	0.85	1	1	1								
10	Control & MV switch room	R43	0.7	0.85	0.85	0.85	1	1	1	0.85	0.85	0.85	1	1			
11	33kVswitchgear; 1250A; CB (Transformer bay)	R190	0.7							0.85	0.85	0.85	1	1			
12	11 kV switchgear; 1250A; 25kACB + Incoming cable	R62		0.85	0.85	0.85	0.85	0.85	0.85								
13	33kVswitchgear; 1250A; CB (Feeder bay)	R111	0.7							0.85	0.85	0.85	1				
14	33kVO/H Line	R702	0.12							0.85	0.85	0.85	1				
15	33/11 kV Power transformer	R532	0.85							0.85	1	1					
16	11 kV Primary ring cable	R1,143		0.85	0.85	0.85	0.85	0.85									
17	11 kV Switch Station	R98		0.85	0.85	0.85	0.85	0.85									
18	11 kV switchgear , 8DDA; 25kA CB	R186		0.85	0.85	0.85	1	1									
19	11kVswitchgear,630A;25k ACB	R129		0.85	0.85	0.85	1										
20	11 kV Cable Ring	R1,668		0.85	0.85	0.85	1										
21	11 kV O/H Line	R1,23D	0.21							0.85	1						
22	500kVA Miniature substation	R1,173		1	1	1											
23	100 kVA pole Transformer	R919	1							1							
24	U/G LV Reticulation	R3,064		1	1												
25	O/HLV ABC Reticulation	R544	1														
	2016/2017 Fee (R/kVA)		R3,744	R8,359	R8,359	R5,295	R4,686	R2,889	R1,648	R4,732	R4,371	R3,140	R2,902	R2,089	R1,115	R472	R52

EVENTS

N.B All events that need to erect a tent at the soccer pitch:

- Tent that take capacity of 50 people **R6 000-00** non refundable
- More than the capacity of 50 people **R10 000-00** non refundable

R5 000-00 fine to be levied on vehicles driving on the synthetic track.
More than one tent and stage and the pitch, pitch protectors must be hired, transported and installed by the event organizers.

TARIFFS

		CURRENT	PROPOSED
Major soccer game	-	R7 150	R7 580
Sport bodies at club level: Stadium	-	R 730	R 780
Sport bodies at inter-district level	-	R1 360	R1 445
Athletics (Adults)	-	R1 360	R1 445
Athletics (Schools)	-	R1 360	R1 445
Meeting at Nkowankowa Community Hall		R150-00 per hour	
Government and Agencies meetings and workshops		R 680	R710 p/day.
That 20% gate takings in respect of all events for which gate takings are collected be levied.			
It is also recommended that Nkowankowa stadium be strictly used for sport.			
Soccer teams in the following divisions:	NFD	-R780	R810
	VODACOM	-R660	R700
	CASTLE	-R370	R380
Sporting codes such as:	Tennis, Netball, Volleyball	- R3 180	R3 380
once annually			
Aerobics, Boxing, etc.			
Annually training for 1 hour a day.			

NB: Training from Mondays to Thursdays in the clubhouse and conference room to allow cleaning for the weekend bookings.

Burgersdorp Stadium	-	R460/day	R480/day
Lenyenye Stadium	-	R460/day	R480/day
Julesburg Stadium	-	R460/day	R480/day
Julesburg Hall	-	R200/day	R200/day

BURGERSDORP STADIUM

Major Games	-	R600/day	R600/day
change room or ablution			
Small Clubs	-	R250/day	R250/day

Development Teams and schools to use for free (Due to Presidential intervention during Visit)

N.B. Programme to be submitted to office for control purpose

COMMUNITY HALLS AT NKOWANKOWA AND LENYENYE TARIFFS PER DAY

		2018/2019	2019/2020
Film shows	-	R1 500	R1 600
Arts and Culture Activities	-	R1 805	R1 920
Political Rally	-	R1 805	R1 920
Traditional Dance	-	R1 500	R1 600
Charitable Organization & NGO	-	R 610	R 650
Wedding Ceremony	-	R1 805	R1 920
Funeral Service	-	R 905	R 960
Church Activities	-	R 905	R 960
Meetings	-	R 140	R 160/hour
Festivals	-	R20 000 and 20% of all gate takings	
Minitzani Hall	-	R 185	R 200/day
Clubhouse	-	R 340	R 360/day
Project room (Muhlaba hall)	-	R 170	R 170/day
Erection of tent on Va khegula ground for event-		R1 300	R1 300
Nkowankowa Stadium yard parking only	-	R 10/car	R 10/car
Conference Room Nkowankowa Stadium		R 370/day	R 370/day
Rent of Tumer room (Heanertsburg Library)		R 185/day	R 200/day
Project room (Muhlaba hall)		R 185/day	R200/day
Developed park hire for church services, party, etc..	-	R 600/day	R600/day

NB: All night events to pay for two days because the event goes over to the second day and the venue cannot be booked out for the next day too.

SWIMMING POOL USAGE

Swimming pool opens from 10:00- 18:00 Wednesday to Sunday

Admission fee R25, 00 per day except infants from 3 years down and pensioners in possession of their pension card.

Monthly Tickets from R145, 00 per person

School going kids R80,00 per month

Season Tickets from R900, 00 per person

Local School galas or Aquatic sport events will pay R400, 000

Provincial and National school galas or aquatic sport events pay R700.00

All other functions at the swimming pool (not schools function) R3 000.00 per booking. Swimming pool will be open for everybody, unless its closed to the public, pre arrangement must be made, as closed days, are for maintenance of the pool.

Swimming instruction done at remuneration by trainees during hours, which was previously approved per season, per instructor be R3 500.00 for 3 lanes at 10 persons per lane for 2 hours a day or R25.00 per person, 10 persons per lane for 2 hours for all categories i.e. Juniors, Seniors etc.

School children in groups enter for free of charge per child to use the swimming pool during school hours, provided that permission has previously been obtained and provided that:

- ☐ A teacher of the relevant school shall exercise direct supervision over the children at the swimming bath;
- ☐ The children shall not be allowed to stay in the water for a period exceeding 60 minutes, and children from any school day, shall leave the premises not later than 13h00.

R500.00 per hour per life guard shall be payable for life saving guard services attendance after swimming hours to defray overtime costs.

Swimming development and coaching requirements must be met by any interested person OR Organization, to conduct swimming and coaching development in the Greater Tzaneen Municipality.

INDOOR AND OUT DOOR SPORT CENTER NKOWANKOWA C SECTION

Developmental games are free at soccer and net ball courts;

Soccer games R200 for 2 hours;

Net ball games R200 for 2 hours;

Aerobics classes are free to organized groups in the yard not in the hall;

Use of gym equipment R100 per month except week ends and public holidays;

Use of gym equipment per year R900 (Special arrangement to be made for weekends and public holidays);

Indoor sport activities Clubs to pay R2000 annually Basketball courts; etc.

BURIAL SERVICE

That in terms of the provision of Section 11 (3) of the Local Government Municipal System Act 2000 the Council by resolution amends the charges payable for burial services promulgated under Municipal Notice 63/1996 of 18 October 1996 as set out in the under mentioned schedule with effect from 1 July 2019:

SCHEDULE

BURIAL SERVICES IN GREATER TZANEEN MUNICIPALITY

1. When the deceased lived in the municipal area at the time of the passing:

	CURRENT	PROPOSED
--	----------------	-----------------

1.1 Per grave for any person under 10 years:	R550	R 650
--	------	-------

1.2 Per grave for any person 10 years and over:	R950	R1 050
---	------	--------

1.3 Opening for second burial:	R550	R 650
--------------------------------	------	-------

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

Children under 10 years per grave	R1 270	R1 370
-----------------------------------	--------	--------

Adults 10 years and over per grave	R2 530	R2 700
------------------------------------	--------	--------

Re-opening for second burial	R1 350	R1 450
------------------------------	--------	--------

3. Niches: Per niche per deceased
- | | | |
|--|-------|-------|
| | R 520 | R 650 |
|--|-------|-------|

4. Memorial work: Removal or re-affixing to per memorial work
- | | | |
|--|-------|--|
| | R 380 | |
|--|-------|--|

4. Removal of ashes from a niche: Per removal
- | | | |
|--|--|-------|
| | | R 280 |
|--|--|-------|

CHARGES PAYABLE FOR THE USE OF THE PUBLIC LIBRARIES 2019/2020

Members of the Tzaneen Library R70.00 or R150/family or R50.00 Pensioners

Members of the Haenertsburg,
Letsitele, Shiluvane or Mulati
Libraries

R40.00 or R80/family or R30.00 Pensioners

Deposit	R150.00 per person
Duplicate certificate of Membership	R10.00
Overdue Library material	R2.00 per book per week
Block loans	R200.00 per year plus membership of person responsible for block loan.

PHOTOCOPIES

A4 Photocopy	R1.00 per page
A3 Photocopy	R2.00 per page

RENT OF HALLS

Rent of the Tzaneen Library Study Hall (After hours)	R420.00 per day or part thereof
Rent of Haenertsburg Boardroom	R110.00 per day or part thereof
Rent of Shiluvane 2 nd Study Room (During working hours)	R110.00 per day or part thereof
Rent of Mulati 2 nd Study Room (During working hours)	R110.00 per day or part thereof

WATER CONNECTIONS

That in terms of the provisions of Section 11 (3) of the Local Government Municipal System Act 2000, the Council by resolution amends the charges payable for the supply of water contained in Municipal Notice 36 dated 22 September 1982 and published in Official Gazette no. 4226 dated 22 September 1982, with effect from 1 July 2019 by the substitution for item 3 of the following:

Miscellaneous Charges

1(a) For each separate 19 mm new water connection:
 (Old tariff 2018/2019) VAT included = R3 390.00)
 Proposed Tariff 2019/2020 VAT included = R3 579.84

1(b) For each new 50 mm water connection
 (Old tariff 2018/2019) VAT included = R12 489.00)
 Proposed Tariff 2019/2020 VAT included = R13 188.38

1(c) For each new 80 - 110 mm water connection
 (Old tariff 2018/2019) VAT included = R14 831.00)
 Proposed Tariff 2019/2020 VAT included = R15 661.54

1 (d) For each water re-connection & disconnection:
 (Old tariff 2018/2019) VAT included = R1 248.00)
 Proposed Tariff 2019/2020 VAT included = R1 317.89

1 (e) Water tanker/kilo litre:
 (Old tariff 2018/2019) VAT included = R16.50)
 Proposed Tariff 2019/2020 VAT included = R17.42

WATER LABORATORY TARIFFS

CHEMICAL ORGANIC DETERMINANDS

Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Chemical Oxygen Demand (0.45µm Filtered)	FCOD	mg/L O ₂	R 229.15	No

CHEMICAL INORGANIC DETERMINANDS

Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Ammonia Nitrogen	NH ₃	mg/L N	R 72.86	No
Chloride	Cl	mg/L Cl	R 81.31	No
Fluoride	F	mg/L F	R 84.48	No
Free Chlorine	ClFre	mg/L Cl ₂	R 179.52	No
Nitrate Nitrogen	NO ₃	mg/L N	R 138.34	No
Orthophosphate	PO ₄	mg/L P	R 92.93	No
Sulphate	SO ₄	mg/L SO ₄	R 68.64	No

**CHEMICAL PHYSICAL
DETERMINANDS**

Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Apparent Colour	Col	PtCo	R 67.58	No
Conductivity	Cond	Ms/m@25°C	R 39.07	No
Dissolved Solids	TDS	mg/L@180°C	R 74.97	No
PH	PH		R 39.07	No
Suspended Solids	TSS	mg/L@105°C	R 87.65	No
Total Alkalinity	Talk	mg/LCaCO ₃	R 74.97	No
Turbidity	Turb	FTU	R 64.42	No

Calculation Methods (requires additional determinands, please confirm with laboratory)				
Ryznar Index	RyzInd		R 28.51	No

OTHER

Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Calcium Hardness	CaHard	mg/L	R 71.81	No
Magnesium Hardness	MgHard	mg/L	R 71.81	No
Total Hardness	Thard	mg/L CaCO ₃	R116.16	No

**CHEMICAL METALIC
DETERMINANDS**

Dissolved Metals				
Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Aluminium	Al	mg/LAl	R 64.42	No
Calcium	Ca	mg/L Ca	R 64.42	No
Iron	Fe	mg/L Fe	R 64.42	No
Magnesium	Mg	mg/LMg	R 64.42	No
Manganese	Mn	mg/LMn	R 64.42	No
Potassium	K	mg/LK	R 64.42	No
Sodium	Na	mg/L Na	R 64.42	No
Zinc	Zn	mg/ L Zn	R 64.42	No

**WATER
MICROBIOLOGICAL**

Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
E.Coli (Faecal/Total Coliforms to be included-compulsory)	Ecol	cfu/100ml	R 61.25	No
Total Coliforms	TC	cfu/100ml	R 153.12	No

SEWER CONNECTIONS

SEWERAGE SUNDRY TARIFFS

That in terms of the provisions of section 11 (3) of the Local Government Municipal System Act 2000, the Council amends by resolution the charges payable in terms of the Drainage and Plumbing By-Laws and By-Laws for the Licensing and regulating of Plumbers and Drain Layers published under Municipal Notice No. 35 dated 22 September 1982, and promulgated in Official Gazette No. 4226 dated 22 September 1982 as follows with effect from 1 July 2019.

Sewer connection:

(Old tariff 2018/2019) + VAT = R 3 548.00

Proposed Tariff 2019/2020 + VAT = R3 746.68

Sewer Honey sucker:

(Old tariff 2018/2019) + VAT = R 142/m³

+ R0/km from 0 – 60 km

+R3.92/km from 61 – 120 km

+R5.06/km from 121 km plus

Proposed tariff 2019/2020 + VAT = R149/m³

+ R0/km from 0 – 60 km

+R4.14/km from 61 – 120 km

+R5.91/km from 121 km plus

	<u>2018/2019</u>	<u>2019/2020</u>
* Domestic effluent by private tanker =	R 39.00/m ³	R41.18/m ³
* Domestic effluent by private discharger per 200 Liter / Drum	R 13.00/l/d	R13.73/l/d
* Trade effluent from outside Municipal's jurisdiction per tanker	R560.00/t	R591.36/t
* Trade effluent from inside municipal jurisdiction =	R 490.00/t	R577.44/t

CHARGES FOR THE APPROVAL OF BUILDING PLANS

That in terms of the provision of section 11(3) of the Local Government Municipal System Act 2000 the Council by resolution amends the charges payable for the approval of building plans with effect from 1 July 2019 as set out in the schedule hereunder:

The charges payable for a building plan submitted for consideration shall be as follows:

The minimum charge payable for any building plan with the exception of item 3 and 4: 2019/2020 R629-00 (2018/2019) tariff was R572-00).

The charges payable for any building plans shall be R10.00 per m² for 2019/2020 for 2018/2019 tariff was R9-10.

To apply the abovementioned charges, the total area of any new building must be calculated at every floor level on the same erf, including verandas, galleries and balconies.

1. In addition to the charges payable in terms of item 1, a charge of R3.21 per m² (2017/2018 - tariff R2.92) of the reinforced area is payable for every new building in which structural steelwork or concrete is utilized for the main framework as the main structural components of the building.
2. Charges payable for approval of alterations to existing buildings and buildings of special character such as factory chimneys, spires and similar erections, shall be calculated on the estimated value thereof at the rate of R33 for every R550-00 or part thereof, with a minimum charge of R726-00 and a maximum charge of R7 865-00.
3. Building plans for swimming pools will be approved at a charge of R495-00 per plan (2018/2019 tariff – R450-00)

4. Charges payable for the re-inspection of buildings and swimming pools: R706-00 per re-inspection.(2018/2019 Old tariff R642-00)
5. New tariffs for copy of approved building plans R220/ copy.
6. Re- examination of building plans the costs as per item 1.
7. Town maps R240-00 per copy (Old Tariff (R230-00)

SCHEDULE

ELECTRICAL CHARGES

That in terms of the provision of Section 11 (3) of the Local Government Municipal System Act 2000, the Council by resolution amends the charges payable for the supply of electricity as contained in Municipal Notice 19 of 1988, with effect from 1 July 2019 by the addition in part (iii) after clause (2) of the following:

TESTING OF METERS

	<u>OLD TARIFF</u>	<u>NEW TARIFF</u>
I Rural	R2 000.00	R2 120.00
II Town	R1 400.00	R1 484.00
III New Connection charge	R 356.00	R 378.00

PRE-PAID

Tamper Fee	R3 300.00	R4 000.00
Keypad Replacement Fee	R 400.00	R 428.00
Lost Card Fee	R 40.00	R 42.00

Pre-paid: Conventional to 60 Amp pre-paid conversion charge R2 000.00
(If infrastructure is available)

Pre-paid: Upgrade from 20 Amp to 60 Amp R1 870.00
Connection (Consumers to provide COC)
(Rural settlements overhead connections only)

DETERMINATION OF CHARGES PAYABLE IN TERMS OF THE PROVISIONS OF CHAPTER 3, REGULATION 14(1)(b) OF THE SPATIAL PLANNING & LAND USE MANAGEMENT ACT, 2013 (ACT 16 OF 2013) AND SECTION 79 OF THE SPLUMA BY-LAW OF GREATER TZANEEN MUNICIPALITY

Notice is hereby given in terms of the provisions of Section 11 (3) of the Local Government Municipal Systems Act 2000, that the Greater Tzaneen Municipality has by Resolution determined charges payable in terms of the provisions of Chapter 3, Regulation 14(1)(b) of the Spatial Planning & Land Use Management Act, 2013 (Act 16 of 2013) and Section 79 of the SPLUMA By-Law of Greater Tzaneen Municipality, with effect from 1 July 2019 as set out in the Schedule below.

SECTION A:

FEES EXCLUDING ADVERTISEMENT AND INSPECTION

		<u>OLD TARIFF</u>	<u>NEW TARIFF</u>
i	Application for township establishment, extension of boundaries of an approved township, or amendment or cancellation in whole or in part of a General Plan of a township	R6 850.00	R7 240.00
ii	Application for consent use/special consent, excluding Spaza shops	R1 830.00	R1 935.00
iii	Application for consent use for spaza shops provided for in terms of an existing scheme	R 250.00	R265.00
iv	Application for amendment of an existing scheme or land use scheme by the rezoning of land	R3 980.00	R4 210.00
v	Application for removal, amendment or suspension of a restrictive or obsolete condition, servitude or reservation registered against the title of land and simultaneous rezoning	R3 980.00	R4 210.00
vi	Application for subdivision for property in 5 or less portions	R2 245.00	R2 375.00
vii	Application for subdivision for property in more than 5 portions	R2 363.00 for the first 5 portions plus R210 in respect of each further portion	R2 500.00 for the first 5 portions plus R222 in respect of each further portion
viii	Application for consolidation of any land	R 900.00	R 954.00

ix	Exemption of Municipal Approval ito Section 63 of the SPLUMA By-Law of GTM	R0.00	R 500.00
x	Application for permanent closure of any public place	R2 230.00	R2 355.00
xi	Application for amendment of land use on communal land (former application for Permission to Occupy (PTO) i.e. applications for churches, crèches, taverns, etc	R147.00	R 155.50
xii	Application for any consent or approval required in terms of a condition of title/condition of establishment of a township/existing scheme or any consent or approval provided for in a Provincial law	R334.00	R 353.00
xiii	Application for Tribunal's reasons	R752.00	R 795.00
xiv	Comments of Tribunal regarding applications in terms of Act 21/1940, Act 70/1970 and recommendation of layouts on R293 or any other consent i.t.o. legislation not listed herein.	R2 245.00	R2 375.00
xv	Amendment of pending subdivision application –	R1 925.00	R2 035.00
xvi	Amendment of pending Township application –		
	• Amendment not material	R1 925.00	R2 035.00
	• Material amendment	R6 427.00	R6 790.00
xvii	Phasing of Township Application –	R1 925.00	R2 035.00
xviii	Consideration of a Site Development Plan i.t.o. Tzaneen Town Planning Scheme, 2000	R1 925.00	R2 035.00
xix	Application for extension of time –		
	All applications	R 957.00	R1 011.00
	1 st Application (Year 1)	R 957.00	R1 011.00
	2 nd Application (Year 2)	R1 925.00	R2 035.00
	3 rd Application (Year 3)	R2 882.00	R3 045.00
xx	Hard copy of Spatial Development Framework document	R5 575.00	R5 900.00
xxi	Hard copy of SPLUMA By-Law of Greater Tzaneen Municipality	R2 104.00	R2 225.00
xxii	Copy of record of Municipal Planning Tribunal i.t.o. Section 44(2) of the SPLUMA By-Law of Greater Tzaneen Municipality	R2 104.00	R2 225.00
xxiii	Lodging of an objection	R0.00	R5 500.00
xxv	Granting of intervener status ito Section 127 of the SPLUMA By-Law of Greater Tzaneen Mun.	R0.00	R7 800.00
xxiii	Lodging of an Appeal	R7 364.00	R7 800.00

SECTION B:

ADVERTISEMENT AND INSPECTION FEES

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

	<u>OLD TARIFF</u>	<u>NEW TARIFF</u>
i Notice of application in Provincial Gazette and Newspapers	R3 965.00	R4 170.00
ii Inspection and hearing regarding any application	R1 740.00	R1 830.00

ALLOCATION AND RATES FOR HAWKERS BUSINESSES

<u>Site Allocation</u>	<u>Type of Business</u>	<u>Rates</u>
Market Stall	Hairdressing	R10/d
	Food and Soft drinks	R20/d
	Fruit and Vegetables	R10/d
	Accessories and other Appliances (Cell/Jeweler/hair/books)	R10/d
	Clothing	R20/d
Pavements/Sidewalks	Fruit and Vegetables	R5/d
	Accessories (Cell/Jewelery/Hair)	R5/d
	Clothing and Toys	R10/d
Trolleys/Designated Cart	Food and Soft drinks	R10/d
	Accessories	R5/d
	Fruit and Vegetables	R5/d
Junction/Road side	Food and Soft drinks	R10/d
	Fruit and Vegetables	R10/d
	Décor materials	
	(flower pots/flowers, etc.)	R10/d

Open designated site Hawkers fee centre of town	R 40.00
Adv. of Board handling fee	R 500.00
Adv. Board Approval fee	R 500.00
Hawkers Bush Mechanics	R 500.00
Hawkers Car wash	R 500.00
Taxi & Busses	R1 000.00

REVENUE

Refer to drawer cheques (R/D) – Admin Fee
Current R200.00 and Proposed R200.00

Unpaid debit orders – Admin fee
Current R200.00 and Proposed R200.00

Supply of information (faxes)
Current R13.00 and Proposed R15.00

Supply of Duplicate statements
Current R13.00 and Proposed R15.00

Furnishing of Clearance Certificate Electronically
Current R115.00 and Proposed R130.00

Furnishing of Clearance Certificate Manually
Current R170.00 and Proposed R190.00

Furnishing of Valuation Certificate
Current R135.00 and Proposed R140.00

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

Applying for Clearance Figures Electronically
Current R105.00 and proposed R120.00

Applying for Clearance Figures Manually
Current R170.00 and proposed R190.00

Final reading levy
 Current R70.00 and Proposed R80.00
 Credit Control Action – Friendly Reminders and
 Final Demand Notice
 Current R55.00 and Proposed R45.00

Credit Control Action – SMS Notification
 Current R5.00 and Proposed R3.00

Copy of the Valuation Roll
 Current R1 000.00 and Proposed R1 000.00

MINIMUM INITIAL CONSUMER DEPOSITS PER CATEGORY:

	CURRENT	PROPOSED
Flats with electricity only	R 950.00	R1 000.00
Flats with electricity and water	R1 100.00	R1 300.00
Residential and agricultural properties:		
Single phase	R1 400.00	R1 700.00
Three phase	R3 700.00	R4 200.00
Business:		
Single phase	R3 700.00	R5 000.00
Three phase	R5 100.00	R7 000.00
Minimum deposit adjustment for disconnected accounts	R 100.00	R100.00
Minimum deposit adjustment for dishonoured cheques and returned debit orders	R 100.00	R100.00

Threshold for indigent households to be equal to the pensioners allowance as promulgated every year.

All above tariffs are VAT excluded.

RENTAL OF UNIMPROVED PORTIONS OF THE FARM LETABA FLYING CLUB 512

Hanger number	Area/m²	Current Rental per Month	Proposed Rental per Month
1A	437	R1 212.38	R1 212.38
1	118	R 327.37	R 327.37
2	215	R 596.49	R 596.49
3	660	R1 831.06	R1 831.06
4	225	R 624.23	R 624.23
5	175	R 485.51	R 485.51
6	123	Club Hanger	
7	137	R 380.08	R 380.08
8	215	R 596.49	R 596.49
9	283	R 785.14	R 785.14
10A	207	R 574.29	R 574.29
10	190	R 527.13	R 527.13
11	215	R 596.49	R 596.49
12	193	R 535.45	R 535.45
13	483	R1 340.01	R1 340.01
14	231	R 640.88	R 640.88
15	473	R1 312.26	R1 312.26
16	422	R1 170.77	R1 170.77
17	400	R1 109.73	R1 109.73
23	204	R 565.97	R 565.97
24	391	R1 084.77	R1 084.77
25	219	R 599.26	R 599.26
28	123	R 341.24	R 341.24
29	188	R 521.59	R 521.59
30	180	R 0.00	R 347.40
31	225	R 0.00	R 434.25
Main Hanger	992	No Contract	R1 914.56
Main Building	298	R 826.75	R 826.75

LANDING FEES

	CURRENT	PROPOSED
Single motor aircraft:	R100 per landing	R110 per landing
Double motor aircraft:	R155 per landing	R170 per landing
Helicopter:	R 65 per landing	R 80 per landing
Parking fees:	R 45 per night	R 55 per night
Indigent Management Fee	R100.00	R150.00

ENVIRONMENTAL HEALTH FEES

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

LICENCING TARIFFS

Poster

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

Election Posters

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

Pamphlets

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

Advertisement – Properties

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

Banners

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

Driving School Registrations

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

Dog Tax

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

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

It is hereby notified in terms of Section 80B(8) of the Local Government Ordinance, 1939 (Ordinance 17 of 1939), read with Section 10G(7) of the Local

Government Transition Act, 1993, read with Section 11 (3) of the Local Government Municipal Systems Act 2000, that the Greater Tzaneen Municipality has by special resolution further amended the charges payable for the furnishing of information and documents, contained in Municipal Notice no. 24 dated 29 July 1981, and published in Provincial Gazette, No. 4157 of 29 July 1981, with effect from 1 July 2019 as follows:

- | | | |
|----|--|--------|
| a) | Written information: for every folio of 150 words or part thereof: | R8,00 |
| b) | Continuous search for information: | |
| | - For the first hour | R50,00 |
| | - For every additional hour or part thereof | R28,00 |
| c) | Photostat Copies (per copy) | R0,75 |
| d) | Faxes: | |
| | i Faxes received (per A4 copy) | R3,75 |
| | ii Faxes dispatched (per A4 copy) | R3,75 |
| e) | Duplicating Work: | |
| | Per folio | R0,35 |
| | Per master | R0,35 |

4. THE BUDGET

EXECUTIVE SUMMARY

INTRODUCTION

Since 2011, South Africa has experienced weak economic growth, high unemployment, low commodity prices, declining investment levels, greater household dependency on credit, the depreciating of the rand, high inflation rates and rising food and fuel prices.

This period has seen peoples fortunes dropped considerably, dragging some people down into poverty. Unemployment stood at 27,2% in the 2018 financial year which dropped by 69 000 jobs between March 2018 and June 2018. The unemployment under our youth amounts to 55%.

The capital spending of all Municipalities dropped to only R58,8 Billion of the R74,4 Billion adjusted Capital Budget. Low capital spending has a serious impact on Governments ability to meet the targets for expanded access to service delivery as well as job creation.

The actual Revenue collection rate of Municipalities in 2017/2018 was 79,4% against a target of 90.2%, this raises concerns about the financial sustainability and viability of Municipalities.

In addition, VAT was increased by 1% from 14% to 15% which may have an impact on Municipal consumers paying their Municipal accounts as they are already battling to pay for service in the current economic climate.

As mentioned we are currently in an economic crises with high levels of unemployment. Good Governance and accountability are essential for sustainable and economic growth to ensure amongst others equitable allocation and distribution of the Municipalities resources. The efficient delivery of Municipal services creates a conducive environment for the upliftment of communities.

To achieve sustainable service delivery to communities, Municipalities need leadership that is bold and innovative, try new and creative approaches to ensure that the needs of Communities are met. In this regard the Management of Greater Tzaneen Municipality recognizes the importance of a strong Municipality where viable provision of Basic Services are promoted through creative thinking. The objectives of combating service interruptions are high on the Municipalities agenda and the objectives are;

- The upgrading of the Municipalities Electricity network to ensure the provision of an uninterrupted service to our Consumers.
- Data cleansing and improvement of the Municipalities Revenue collection and Revenue enhancement functions.
- A strong administration to ensure a stable working environment through which future development can be established.

Management considers the upgrading of the Municipalities electrical network as essential as the network is depleted to the point that it is dangerous for the staff operating the network as well as the public and property. The network performance is unacceptable and below standard if taking into account that the lifespan of a wooden pole is calculated to be 20 years and the Municipality has poles in the system that have not been replaced since 1965. Estimates are that 80% to 90% of the overhead network has exceeded its useful life.

The Municipality **attempts to** provide services that are essential for the daily lives of residents such as the distribution of water and electricity as well as the collection and disposal of waste. The provision of services however depends on the availability of financial resources.

Available financial resources are dependent on the collection of revenue which has been identified as one of the major challenges facing Municipalities and will be addressed to ensure financial sustainability.

Apart from segregation of duties the following collection activities will be reviewed:

- Centralization of the collections function;
- Early segmentation of debtors who “can’t pay”, indigent consumers from those who “won’t pay”;
- Use of online customer information systems to provide payment histories and build a debtors payment and risk profile;
- Early determination of a realistic payment plan to recover outstanding debt;
- Management to ensure that collection strategies and policies are constantly updated and effective;
- Segmentation of debtors book to determine different collection approaches for different ages of debt;
- Monitor cost effectiveness of collection actions versus recovery;
- Negotiation of individual voluntary arrangements; and
- Using specialized external debt collection agencies for long outstanding debt.

The collection of revenue is however not the only challenge Municipalities are faced with. Municipalities must conduct their business in such a way that uninterrupted services are provided to its communities over the long run. Financial sustainability can therefore be regarded as the most important challenge Municipalities are faced with and can only be successfully addressed if the Municipality has strong administration in place.

In an attempt to create a strong administration all top management positions have been filled and Management is in the process of reviewing its organizational structure. Management is also of the opinion that a strong leadership will create a culture of Honesty, Ethical Business practices and a good administration. Control weaknesses and risks have been identified and strategies implemented to curb the risks, bearing in mind that this is a process which will continue for some time. Apart from the detail Audit Action Plan to address all issues in the Management letter the Municipality focusses on its Primary function to deliver services to its communities. Challenges faced with the provision of services to communities are:

- Financial sustainability
- Deteriorating infrastructure
- Debt Collection
- Electricity losses
- Unauthorized, irregular and fruitless and wasteful expenditure.

Financial sustainability cannot be achieved by just having good Laws and Regulations. It is achieved through a combination of factors such as adherence to Laws, Regulations and good financial management practices with other elements such as good leadership and strong oversight by Council.

Although expenditure management is not mentioned, Managers need to manage and contain their expenses specifically on legal fees, consultant fees, overtime expenses and travel and accommodation cost.

To ensure Municipal financial viability and sustainability, with emphasis on revenue collection and expenditure management, our Municipality needs to focus on the following activities:

- Productivity of Officials
- Cut Cost – Do more with less resources
- Decrease debt by improving collection rates
- Base Budget on realistic anticipated revenue to be collected
- Management of Councils expenditure budget
- Management of Contractors payment
- Reduction of irregular expenditure
- Eliminate fraud and corruption

The financial strain on our consumers which resulted from the rising unemployment, the increase in service charges and the increase in food prices must not be underestimated. Consumer disposable income is dropping and if their financial position / payment ability is not taken into account with the determination of service charge increases we will have to prepare for an increase in arrear accounts.

The 2019/2020 medium term revenue and expenditure framework proposes a consolidated budget of **R1.443** Billion which includes the budget of our municipal entity, GTEDA as well as budgets for the water and sewer services of which Greater Tzaneen Municipality is only the service provider. These two budgets will be submitted to Mopani District Municipality, the service authority, for approval and submission to Provincial Treasury for consideration. The budget of GTEDA will be discussed separately in the budget report as well as in a consolidated format.

The budget has been developed according to the requirements of the Municipal Finance Management Act (no. 56 of 2003) and will support the Municipality in achieving the strategic objectives contained in our IDP.

The projects in the IDP have been prioritized and will be implemented over the next three years. Due to funding constraints Council could not accommodate all high priority projects in the first year and had to spread it over a three year period which is in line with National Treasuries requirements

BACK TO BASICS FOR LOCAL GOVERNMENT

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

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

mSCOA IMPLEMENTATION

Council was updated on the mSCOA implementation process up to June 2018.

During July 2018 the mSCOA implementation plan was updated to ensure mSCOA compliance and implementation by 1 July 2019. Due to delays caused by service provider the SEBATA EMS System was not fully tested and compliant. After various meetings between GTM and SEBATA the implementation plan was revised.

For the period June 2018 to December 2018 the following activities were conducted:

- Submission of 2018/2019 IDP and Budget data strings to Government Departments;
- Balancing of approved budget schedules to strings submitted;
- Submission of data strings for monthly reports month 1 to 5
- Preparation of Pay Day System integration to SEBATA EMS;
- Assessment and preparation of revenue data to be transfer to EMS Financial system

CONSTRAINTS

- Long change over time from version 6.1 to 6.2;
- System supplied by SEBATA was not fully tested and ready for transfer by EMS to all transaction types which poses a risk on loss of revenue and potential regress in audit opinion;
- The update of the Municipalities IT network and hardware to accommodate the full implementation of EMS which has not been finalized yet.

Revised Project Plan

The project plan as per the Memorandum of Understanding and subsequently signed project charter which was signed on 1 May 2017, was reviewed and adjusted to be in line with the agreed **implementation** date of the SEBATA **EMS** on mSCOA **from** 1 July 2019.

The revised implementation plan includes all the activities to ensure Greater Tzaneen Municipality will be ready on **implementation** date. The task on the plan also include business related tasks which the Municipality is responsible for to ensure that mSCOA is implemented on 1 July 2019.

The tasks will be monitored and reported on, on a weekly basis to ensure that all activities are managed to the extent that the implementation date of 1 July 2019 is met.

(A) SUMMARY OF THE TOTAL SERVICE DELIVERY PACKAGE AND FINANCIAL IMPLICATIONS

One can argue that South Africa is in a bad space today. To many things have gone wrong during recent years. Our economy is not growing and ratings agencies have downgraded lending by South Africa's State Enterprises to almost junk status.

Nobody can however argue that over the past 23 years remarkable achievements have been made in increasing access to basic services, especially for historically disadvantaged communities. The focus must now turn to those remaining communities without access to basic services, particular in informal settlements. The challenge with on-going functionality of Municipal services in some areas needs to be addressed to ensure basic municipal services to all our communities. This must however be done within the requirements of Chapter 7 of our Constitution which determines the following:

- Provide democratic and accountable service to all communities.
- Be responsive to the needs of local communities
- Ensure provision of services to communities in a sustainable manner.
- Promoting social and economic development
- Promoting a safe and healthy environment

Changes to the Draft 2019/2020 Budget

As required by the MFMA and Municipal Systems Act, inputs on the draft 2019/2020 Budget have been obtained from ward committees, Residents, Community Organizations and other stake holder interest groups.

Some of the inputs have been accommodated in the final 2019/2020 budget whilst others had to be referred to future years.

The inputs are discussed as follows:

- a) The decrease in the removal of Condemed foodstuffs and bulky waste charges have been recalculated and corrected. The correct tariffs are contained in resolution Q.
- b) The water tariffs for Haenertsburg have been changed to be in line with the purchase cost of the water. The updated tariffs have been presented to the Community of Haenertsburg during the Public Participation process and is included under Item Q of the resolutions. The change of the Water Tariffs and Tariff Structure for Haenertsburg will be communicated to Mopani District Municipality the Water Service Authority.
- c) The Credit Control Policy has been changed and included in the draft 2019/2020 budget. The finalization of the By-Law will be finalized soon.
- d) The allocations of Grants made by the Municipality on the 2019/2020 Draft Budget have been changed as follows:

<u>Vote</u>	<u>Draft Budget</u>	<u>Final Budget</u>
Museum	R 45 000	R 100 000
Mayor Special Account	R600 000	R1 000 000
Sport Council	R106 644	R 200 000
Arts and Culture	R 24 217	R 150 000
Speakers Special Account	R 0	R 300 000

- e) The high mast lights will be done internally to ensure value for money.

- f) An amount of R2,5 million has been allocated for the Civic Centre, Lift, Office space, Security entrance and Roof replacement.
- g) An amount of R1 million has been made available on the Operational budget for the lease of a Fleet Management System to curb the abuse and unauthorized use of Councils vehicle fleet.
- h) The building control system for an amount of R1 million had to be referred to future budgets due to inadequate funding.
- i) The requests of R1 million for fencing and ablution facilities at Nkowankowa and Lenyenye cemeteries have been accommodated on the Capital budget.
- j) The Property Rates Tariffs structure has been changed as recommended by COGHSTA. These changes are contained in Resolution “S” of the report.
- k) It was also resolved that the Electrical Tariff Structure be changed to reduce the number of tariff and to ensure more cost reflective tariffs. The changes have been effected and the increase of 13,07% on the previous year tariffs have been accommodated. The changes are contained in Resolution “T” of this report.
- l) The measurable performance objectives have been updated to accommodate all the changes to the Draft Budget
- m) All the Budget Steering Committee meeting minutes have been attached to the Final 2019/2020 Budget Report.
- n) Provision for R1 million has been made on the Operating Budget to accommodate the leasing of Laptops, Tablets for Councillors and a projector for every department.
- o) The following provisions have also been made due to the high mileage and maintenance cost being incurred currently.
 - Mayoral car R1 200 000
 - Speakers car R 700 000

The current vehicles will be traded in or auctioned as part of asset disposal process to reduce the capital expenditure.
- p) The Subsistence and Travel Policy will be change to accommodate the Mayor and Speakers vehicles.

- q) The Municipality will also investigate the insourcing of some of its services and depending on the outcome of the investigation some services may be insourced.

OVERVIEW OF THE 2019/2020 MTREF BUDGET

OPERATING AND CAPITAL BUDGET EXPENDITURE	2018/2019 FINAL BUDGET	2019/2020 DRAFT BUDGET	2020/2021 DRAFT BUDGET	2021/2022 DRAFT BUDGET
TOTAL OPERATING REVENUE	1 259 581 395	1 443 856 136	1 528 848 467	1 608 971 285
TOTAL OPERATING EXPENDITURE	1 236 888 923	1 385 546 648	1 450 240 114	1 507 923 773
TOTAL CAPITAL EXPENDITURE	195 199 250	142 484 850	156 568 390	134 844 488
TOTAL OPEX AND CAPEX BUDGET	1 432 088 173	1 528 031 498	1 606 808 504	1 642 768 261

The operating revenue increase is mainly attributable to an increase in grant allocations, tariff increase as well as a slight growth in the supplementary valuation to include new developments and rezoning. The operating expenditure increase is mainly attributable to the annual increase that is linked to CPI and the increase in bulk electricity cost approved by NERSA. The decrease in capital expenditure is the result of a smaller loan taken up to finance capital projects.

Although the budget is approved by National Treasury and Provincial Treasury on vote level/department level the revenue and expenditure **need** to be discussed on item level to get an overall picture of the 3 year budget.

The following table is a summary of all revenue and expenditure on item level:

CONSOLIDATED BUDGET PER ITEM FOR GTM AND GTEDA INCLUDING WATER AND SEWER SERVICES.

Row Labels	Sum of 2018 2019 Budget	Sum of 2019 2020 Budget	Sum of 2020 2021 Budget	Sum of 2021 2022 Budget
01-Income	-1 259 581 395	-1 443 856 136	-1 528 848 467	-1 608 971 285
001PROPERTY RATES	-120 000 000	-140 000 000	-147 560 000	-155 528 240
003PENALTIES IMPOSED AND COLLECTION CHARGES ON RATES	-6 800 000	-8 400 000	-8 853 600	-9 331 694
005SERVICE CHARGES	-569 927 100	-649 756 757	-684 033 622	-720 161 437
009RENT OF FACILITIES AND EQUIPMENT	-1 772 100	-1 972 100	-2 078 593	-2 190 837
011INTEREST EARNED - EXTERNAL INVESTMENTS	-3 801 000	-4 301 000	-4 533 254	-4 778 050
012INTEREST EARNED - OUTSTANDING DEBTORS	-25 000 000	-25 000 000	-26 350 000	-27 772 900
016FINES	-4 501 136	-38 501 136	-40 580 197	-42 771 528
018LICENSES & PERMITS	-771 000	-817 000	-861 118	-907 618
020INCOME FROM AGENCY SERVICES	-51 164 291	-53 664 291	-56 562 163	-59 616 520
022OPERATING GRANTS & SUBSIDIES	-496 609 722	-550 175 729	-587 719 318	-617 831 162
024OTHER REVENUE	-12 235 046	-6 968 123	-7 344 402	-7 740 999
026GAIN ON DISPOSAL OF PROPERTY PLANT & EQUIPMENT	-2 500 000	-2 500 000	-2 635 000	-2 777 290
031INCOME FOREGONE	35 500 000	38 200 000	40 262 800	42 436 991
			1 450 240	1 507 923
02-Expense	1 236 888 923	1 385 546 648	114	773
051EMPLOYEE RELATED COSTS - WAGES & SALARIES	310 095 503	327 010 401	344 668 963	363 281 087
053EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTIONS	71 376 468	71 731 252	75 604 739	79 687 395
055EMPLOYEE COSTS CAPITALIZED	0	-13 949 720	-14 703 005	-15 496 967
056EMPLOYEE COSTS ALLOCATED TO OTHER OPERATING ITEMS	-187 303 458	-184 540 562	-194 505 752	-205 009 063
058REMUNERATIONS OF COUNCILLORS	27 425 152	28 302 991	29 831 353	31 442 246
060BAD DEBTS	38 000 000	82 100 000	86 533 400	91 206 204
062COLLECTION COSTS	1 200 000	1 200 000	1 264 800	1 333 099
063INVENTORY SURPLUS/LOSS	0	0	0	0
064DEPRECIATION	133 475 496	134 113 513	135 382 693	139 661 518
1091DEPRECIATION	133 475 496	134 113 513	135 382 693	139 661 518
066REPAIRS AND MAINTENANCE	246 876 489	260 717 772	274 796 531	289 635 544
068INTEREST EXPENSE - EXTERNAL BORROWINGS	26 509 913	14 658 314	12 552 036	9 964 209
072BULK PURCHASES	344 300 000	407 300 000	429 294 200	452 476 087
074CONTRACTED SERVICES	66 513 542	84 468 542	89 029 843	93 837 455
076GRANTS & SUBSIDIES PAID	23 651 000	27 894 000	28 145 000	15 333 000
077GRANTS & SUBSIDIES PAID-UNCONDITIONAL	7 153 673	8 127 812	8 566 714	9 029 316
078GENERAL EXPENSES - OTHER	127 615 145	136 412 333	143 778 599	151 542 644
03-Abc	0	0	0	0
043INTERNAL RECOVERIES	-218 407 398	-218 867 398	-230 686 237	-243 143 294
087INTERNAL CHARGES	218 407 398	218 867 398	230 686 237	243 143 294
04-App	-172 506 777	-84 175 362	-77 960 037	-33 796 977
089CASH REQUIREMENTS	22 662 208	40 032 099	59 668 420	74 771 584
094CONTRIBUTIONS FROM OPERATING TO CAPITAL	0	0	0	0
095TRANSFERS FROM / (TO) RESERVES	-195 168 985	-124 207 461	-137 628 457	-108 568 561
05-Cap	195 199 250	142 484 850	156 568 390	134 844 488
600INFRASTRUCTURE	192 699 250	129 549 850	144 937 500	122 585 530
602COMMUNITY	0	0	0	0
606INVESTMENT PROPERTY	0	0	0	0
608OTHER ASSETS	2 500 000	12 935 000	11 630 890	12 258 958
610SPECIALISED VEHICLES	0	0	0	0
Grand Total	1	0	0	0

The total budget for Greater Tzaneen Municipality for the 2019/2020 financial year is growing from R1,444 billion to R1,609 billion in the 2021/2022 financial year. The Municipality's commitment to respond to the communities demand for a better life is reflected in a budget in which the key priorities are the renewal repairs and maintenance of our electricity distribution network and related critical infrastructure maintenance.

The Revenue and Expenditure Budgets are summarized as follows:

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

The total revenue for the 2019/2020 financial year amounts to R1,444 billion, which represents an increase of R184 million over the 2018/2019 financial year. This increase is mainly due to the increase in property rates, service charges and external grants from Government.

The total revenue budget includes an amount of R383 million which represents the equitable share allocation to the Greater Tzaneen Municipality.

An amount of R140 million will be levied by way of property tax and R650 million will be sourced from user charges. National allocations to fund operational activities amount to R27,9 million which includes the Finance Management Grant of R2,1 million, the EPWP grant of R5,7 million and the INEP allocation of R20 million

An amount of R1,385 Billion has been made available on the operational budget for expenditure. This substantial increase is largely due to the increase in salaries, repairs and maintenance and bulk purchases. The Expenditure amount includes R398 million for salaries, R260 million for repairs and maintenance and R407 million for the purchase of bulk electricity and water.

An amount of R142 million has been allocated for capital expenditure for the 2019/2020 financial year. This amount includes the MIG allocation of R89,5 million which will be spend on roads and low level bridges. Capital from loans amount to R20 million. A summary of the detailed capital budget is attached as Annexure "R" to this report.

GTEDA BUDGET

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

The total revenue of GTEDA's Budget amounts to R8,6 million which represents an increase of R786 thousand or 10% on the 2018/2019 Annual Budget. The total revenue amount consist of a Grant from GTM.

The total operational expenditure amounts to R8.4 million of which R4.7 million of the total expenditure represents salaries and an amount of R2.8 million of total expenditure represents general expenditure.

An amount of R235 thousand has been provided for Office Equipment in the capital budget.

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

The total revenue for the 2019/2020 financial year amounts to **R1,359** billion, which represents an increase of **R182** million over the 2018/2019 financial year. This increase is mainly due to the increase in property rates, **service charges** and external grants from Government.

The total revenue budget includes an amount of R383 million which represents the equitable share allocation to the Greater Tzaneen Municipality.

An amount of R140 million will be levied by way of property tax and **R616** million will be sourced from user charges. National allocations to fund operational activities amount to R27,9 million which includes the Finance Management Grant of R2,1 million the EPWP grant of R5,7 million and the INEP allocation of R20 million.

An amount of **R1,309** billion has been made available on the operational budget for expenditure. This substantial increase is largely due to the increase in salaries, repairs and maintenance, and bulk purchases. The Expenditure amount includes R357,7 million for salaries, R208 million for repairs and maintenance and **R403** million for the purchase of bulk electricity.

WATER AND SEWER

Although Greater Tzaneen Municipality is not the Water and Sewer Authority, our Engineers will continue with critical as well as planned maintenance on the ageing water and sewer infrastructure. The Municipality will continue to meet the pressing water and sanitation challenges to ensure a better life for all its communities.

No Capital expenditure has been budgeted for the water and sewer services as Capital Expenditure will be done by Mopani District Municipality who is the water and sewer services authorities.

ROADS AND STORMWATER

An amount of R162 million has been set aside over the next three (3) years for the repairs and maintenance, construction and refurbishment of roads and storm water across the Municipality.

This amount can be summarized as follows:

Financial Year	Repair and Maintenance
2019/2020	R51 285 052
2020/2021	R54 054 445
2021/2022	R56 973 385

The repairs and maintenance allocations represents repairs and maintenance on roads and storm water and includes labour cost. The amounts allocated for Capital Projects from the MIG Funding are allocated as follows:

Financial Year	Capital Project from MIG
2019/2020	R 89 549 850
2020/2021	R 94 667 500
2021/2022	R102 030 950

ELECTRICITY SERVICES

The electricity service has been allocated an amount of R264,5 million over the MTREF 2019/2020 to 2021/2022 for electrification, bulk infrastructure and maintenance of the electricity network. This amount includes labour cost. The amount is allocated as follows:

Financial Year	Operational Expenditure	Capital Expenditure
2019/2020	R83 584 885	R35 000 000
2020/2021	R88 098 469	R45 000 000
2021/2022	R92 855 786	R15 000 000

The Capital amount of **R142** million for the 2019/2020 financial year includes a loan of R20 million.

The bulk electricity purchases amounts to **R403** million for the 2019/2020 financial year.

Electricity losses remain a challenge for the Municipality as it increased to 22% in the 2017/2018 financial year. This challenge has a negative effect on the revenue raised from the highest contributor of the Municipalities internally generated funds and meter reading audits will be performed to curb the losses and the loan of R20 million from DBSA will be utilized to upgrade our distribution network.

SOLID WASTE

Each year the Municipalities solid waste function is brought under pressure due to the fact that +- 33 600 Rural households have access to a basic removal service less frequent than once a week. +- 66 550 Rural households are using communal dump services.

An increase of 5.6% on the previous financial years tariff is proposed, which will provide for an amount of R30 million as service charges on the 2019/2020 Budget.

It will not be possible to address this problem in the short term but additional allocations in future budgets will be considered to ensure that all the communities are provided with at least a basic refuse removal service.

LIQUIDITY

The key liquidity metrics are currently deemed to be adequate however to ensure future viability the Municipality needs to determine creative ways in which it can generate funds to comply with the requirements of MFMA Circular 71 which determines that the cash/cost coverage ratio of a Municipality must remain between 1 and 3 months. The ratio of Greater Tzaneen Municipality is less than 1 month. The Municipality was encouraged by Treasury to adopt a surplus operational budget which provides for a surplus of between one and three months actual expenditure.

To comply with this requirement the Budget Steering Committee recommended that the surplus of between 1 and 3 months must be phased in over a period of time.

The following provision has been made over the next three years:

<u>Year</u>	<u>Surplus Allocation</u>
2019/2020	R32 163 038
2020/2021	R65 181 830
2021/2022	R80 582 718

MULTI-YEAR PROJECTIONS (INCLUDING WATER AND SEWER)

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

ITEM	2019/2020	2020/2021	2021/2022
Revenue	R1 443 856 136	R1 528 848 467	R1 608 971 285

The table above reflects the multi-year projections on revenue which is mainly based on the inflation forecast contained in National Treasuries budget Circular 89 and 93 as well as the Grants contained in the Division of Revenue Act (DORA) 2019/2020.

The operating revenue increased from R1 443 856 136 in the 2019/2020 financial year to R1 608 971 285 in the 2021/2022 financial year. The main contributors to these increases are:

Grants

Grants are contained in the Division of Revenue Act and the following Grants have been published.

2019/2020	-	R550 175 729
2020/2021	-	R587 719 318
2021/2022	-	R617 831 162

Service Charges

The increase in service charges with the exception of water tariffs for Haenertsburg, 123 Households are based on the inflation forecast contained in National Treasuries budget Circular 93. The Water tariffs for Haenertsburg are based on the cost of purified water purchased

ITEM	2019/2020	2020/2021	2021/2022
Service charges	R649 756 757	R684 033 622	R720 161 437

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

The operating expenditure has increased from R1,385 million in the 2019/2020 financial year to R1,507 million in the 2021/2022 financial year. This increase is primarily the result of increases in several expenditure items.

CAPITAL

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

TARIFFS

CATEGORY	2019/2020	2020/2021	2021/2022
Property Rates	5.6%	5.4%	5.4%
Electricity	13.07%	5.4%	5.4%
Refuse	5.6%	5.4%	5.4%
Water Haenertsburg	101.7%	5.4%	5.4%
Water (Other users)	5.6%	5.4%	5.4%
Sewerage	5.6%	5.4%	5.4%

The Municipality strives to project increases that are not above the CPI as advised by National Treasury. This is however hampered by a combination of increases in input cost associated with providing services and the ongoing attempt to ensure that cost reflective tariffs are approved and implemented.

The high increase in the water tariff of Haenertsburg is due to the fact that the levy is based on the purchase cost of purified water distributed to Haenertsburg. The increase will be phased in over a period of three years.

The Municipality will however continue focusing on Budget Management to reduce any inefficiency and thereby reduce the impact on our residents. It must also be mentioned that the Municipalities revenue base is not at the required level due to high rural areas that are part of the Municipalities responsibility. This requires creative and innovative ways of ensuring affordable and cost reflective tariffs as well as efficient service delivery.

The Municipality strives for equal service levels for all communities it serves.

COMPLIANCE INFORMATION

Property Rates

Property rates are based on the inflation forecast contained in National Treasuries Budget Circular 93 and is calculated on Councils general valuation roll implemented on 1 July 2017. Supplementary valuations will continue throughout the year. The increases in property rates are equal to the inflation forecast in all three financial years.

Service Charges

The increases in the service charge tariffs with the exception of the Water Tariff Charge to consumers in Haenertsburg are within the upper limit set by National Treasury for the 2019/2020 financial year and according to the inflation forecast for the 2020/2021 and 2021/2022 financial years.

The effective budget management is however dependant on whether the risk Council is exposed to are identified and addressed and if sufficient control measures have been put in place to curb the risks Council are exposed to.

To address these problems Council has established a Risk Management Unit and an Internal Audit Unit who's duties and responsibilities are as follows:

Risk Management and Compliance Monitoring

In terms of the Municipal Management Act no 56 of 2003, Chapter 8, Section 62 (i) (c), The Accounting Officer of a Municipality must maintain an effective, efficient and transparent system of Financial and Risk Management and Internal Control.

Compliance Monitoring

The Municipal Finance Management Act 56 of 2003, Section 60 (1) '***states that the Municipal manager of the municipality is the Accounting Officer of the Municipality, exercise the functions and powers assigned to an Accounting Officer in terms of this Act; and provide guidance and advice on compliance with this Act to the political structures, political office-bearers and officials of the municipality and any municipal entity under the sole or shared control of the municipality***',

The Risk and Compliance Management Unit of Greater Tzaneen Municipality has been established within the office of the Municipal Manager and Reports administratively to the Municipal Manager and functionally to the Risk Committee.

This Unit is active and is inter-alia responsible for the following functions:

- Develop and implement Risk Management Policies and Strategies.
- Develop Risk Management framework and incorporate inter-alia Policies, implementation plan and the risk identification and methodology.

- Training of all stakeholders in Risk Management and
- Continuously driving Risk assessments.
- Develop and implement compliance monitoring plan, policies and strategies;
- Perform internal controls evaluation and develop action plan to assist and improve on controls;
- Conduct compliance monitoring with relevant legislations, laws and regulations, policies and procedures.

Internal Audit

Greater Tzaneen Municipality established an Internal Audit Unit in terms of section 165 of the Municipal Finance Management Act (MFMA). The Unit reports to the Municipal Manager administratively and functionally to the Audit Committee. Some of their duties are summarized as follows:

- To advise the Accounting Officer and report to the Audit Committee on matters relating to:
 - Internal Control
 - Accounting procedures and practices
 - Risk and Risk management
 - Performance Management, and
 - Loss control and compliance with legislation

Cost Containment Measures

To ensure value for money and to curb cost, Municipalities are urged to take cognizance of the cost containment measures which have been prescribed for Government Departments, constitutional institutions and public entities.

Section 62 (1) (a) of the Municipal Finance Management Act No. 56 of 2003 (MFMA) stipulates that the Accounting Officer of a Municipality is responsible for managing the financial administration of a Municipality and must for this purpose take all reasonable steps to ensure that the resources of the Municipality are used effectively, efficiently and economically.

In terms of the legal framework, the elected **Councillors** and Accounting **Officer** are required to institute appropriate measures to ensure that the

limited resources and public funds are appropriately utilized to ensure value for money is achieved.

The purpose of Circular 82 is to guide Municipalities and Municipal Entities on cost containment measures that must be implemented in an effort to address the impact of the country's economic challenges and to promote growth, address unemployment and equality, amongst others.

Greater Tzaneen Municipality has adopted the cost containment measures as well as the annual updating thereof.

Schedule of Key Deadlines

The schedule of key deadlines is a extract from the Municipalities IDP Budget and PMS Calendar and details the key events and activities involved in the budget process. It is a statement that outlines the key elements of the Budget process the Municipality will embark on in drafting the 2019/2020 Budget. This schedule is meant to ensure that all Legislative requirements are complied with during the preparation and approval of the 2019/2020 Budget.

The IDP, Budget and PMS processes are done within Legislative and Policy context with amongst other the following:

- Constitution of the Republic of South Africa (Act 108 of 1996)
- The Municipal Systems Act (Act 32 of 2000)
- Municipal Planning and Performance Management regulations 2001
- Municipal Finance Management Act (Act 56 of 2003)
- Spatial Planning and Land Use Management Act, 2013, Act No. 16 of 2013.

TARGET DATES	ACTIVITIES	CONVENER	STAKEHOLDERS
July - August	Development of the IDP, Budget and PMS Process Plan	IDP Officer	IDP, Budget and PMS Offices
31 August 2018	Table the Process Plan to Council	Mayor	Members of Council
3 September 2018	Review Financial Position	CFO	MM & Directors
17 September 2018	Draft Initial allocations to functions: Budget	CFO	MM & Directors
15 October 2018	Start preparing draft budget and plans for the next 3 years	All Directors	MM, Directors and Managers
October 2018	Preparations and submission of 3-5 Year proposed projects	All Directors	Directors, Managers and all Officials
23-25 January 2019	Budget request submitted to Chief Financial Officer and MM	Directors	CFO

22 February 2019	Submit Budget requests to Budget Steering Committee. Finalize projects to be included in the Draft Budget	CFO (Manager Financial Services & Reporting	CFO
15 March 2019	Present Draft Budget to Budget Steering Committee	CFO	Budget Steering committee
26 March 2019	Finalize Draft Budget Report and Schedules	CFO, Manager Financial Services	CFO
20 March 2019	EXCO meeting (Integration and Draft IDP and Budget	Cluster Chairperson and CORP	Finance Cluster Committee
28 March 2019	Finance Cluster & Council Adopts the Draft IDP and Budget	Mayor and EXCO	EXCO and All Councillors
April 2019	Public Participation on Draft IDP and Budget	PPP, IDP and Budget	Community and Stakeholders
5 April 2019	Publish Preliminary Budget and Draft IDP in newspapers and make it available on Councils website	CFO	Communication
5 April 2019	Submit draft IDP and Budget to National Treasury, Provincial Treasury, COGHSTA and Mopani District Municipality	CFO	National Treasury, Provincial Treasury, COGHSTA and Mopani District Municipality
20 May 2019	Present Final Budget to Budget Steering Committee	CFO	Budget Steering Committee
21 May 2019	EXCO (Submit Final IDP/Budget changes to Finance Study Group for consideration)	Cluster Chairperson and CORP	Finance Cluster Committee
24 May 2019	Finance Cluster and Council to approve Final Budget and IDP	Mayor and EXCO	EXCO and All Councillors
7 June 2019	Publish Final Budget and IDP in newspaper and Website	IDP, Communication	Communities
7 June 2019	Submit IDP and Budget to National Treasury, Provincial Treasury, DPLG and Mopani District Municipality	MM & CFO	IDP Officer and Budget Manager

Budget Steering Committee

Section 4 of the Municipal Budget and Reporting Regulations provides that the Mayor of the Municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging his responsibility regarding the budget process.

The Budget Steering Committee was established and is functional. The Agenda and minutes of this Committee is attached to this report as Annexure “T”.

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

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

National Treasury also cautioned Municipality's not to materially and unreasonably prejudice national economic policies particularly those on inflation and that cognizance must be taken of the Municipal Budget Circular no. 93 and 89 of the 2019/2020 and 2018/2019 MTREF which determines the following:

Revising rates tariffs and other charges.

“National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality. For this reason Municipalities must justify in their budget documentation all increases in excess of the 5.6 per cent upper boundary of the South African Reserve Bank's inflation target.”

The upper boundary of tariff increases prescribed by National Treasury in Circular no 93 is 5.6% for rates, tariffs and other charges.

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

PROPERTY RATES

Property rates is a major source of revenue for the Municipality and contribute to cover cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the Municipalities budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the differential rate ratio for public service infrastructure, public benefit organization and

agricultural properties relative to residential properties to be 0.25:1. The implementation of these Regulations was effected in previous budget processes and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA)
- 100% Rebate will be granted to registered indigents in terms of the Municipality's Indigent Policy.

An increase of 5,6% on the previous year Property Rates Tariffs are proposed. Due to the high increase in property values on the valuation roll implemented on 1 July 2017 an additional rebate of 10% on the property rates tariffs for the 2019/2020 financial year will be effected as approved by Council during the 2018/2019 budget process.

The categories of property rates and the proposed rates for the 2019/2020 financial year is contained in item 3 of this report.

TARIFF INCREASES TO CONSUMPTIVE TARIFF-BASED SERVICES ARE:

• Electricity (average)	13,07% (As per NERSA guideline)
• Water (all towns except H/burg)	5,6%
• Water Haenertsburg	101,7%
• Sanitation	5,6%
• Solid Waste	5,6%

Not all tariff increases are within the guidelines set by National Treasury
The Budget Steering Committee resolved that the water tariff for the residents of Haenertsburg be increased by 101,7% and that it be phased in over a period of three years as follows:

2019/2020 at a discount of 40%

2020/2021 at a discount of 20%

2021/2022 at a discount of 0% (Full implementation)

ELECTRICITY

Council is advice that NERSA approved an increase of 13,07% on the previous year electricity tariff. The increase in tariffs have been

communicated through the consultation paper – Municipal Tariff Guideline, Benchmarks and proposed timelines for financial year 2019/2020.

The increase of 13,07% will be sufficient to provide the electricity service but it is challenged by the ongoing high increases in electricity bulk purchases over the past few years that resulted in decrease in demand as some consumers have moved to alternative sources of energy and/or invested in energy saving equipment.

The Municipality has therefore taken all the cost drivers associated with rendering the electricity service, including the statistical data and distribution losses in consideration with the calculation of the electricity tariffs.

WATER

Water tariffs have been increased by 101,7% for residents in Haenertsburg and 5,6% for other users on the 2018/2019 approved tariffs. Not all the increase are in line with the guidelines received from National Treasury. In calculating the water tariffs the following were taken into account.

- Purchase price of purified water for Haenertsburg
- Affordability of the tariff increases
- Breakeven point of the services
- Essential Operational Requirements
- Equitable share allocation from MDM

The fact that the Municipality purchases untreated water and performs its own purification enables the Municipality to approve affordable tariffs. With regard to water distributed to residents in Haenertsburg the Municipality purchases purified water which is sold to consumers at the purchase price. Since this is the first year of implementation of these tariffs the high increase is phased in over a period of three years.

SANITATION

The proposed sewer tariff increase is 5,6% for the 2019/2020 financial year. There is however a concern regarding the ageing sanitation infrastructure and the impact that it may have on future operational budgets. The tariff increase of 5,6% is necessary to address essential operational requirements.

SOLID WASTE

The proposed Solid Waste Tariff increase is 5,6% for the 2019/2020 financial year. The increase is necessary to recover the cost of services

provided to consumers which include refuse collection cost, disposal cost, weighbridge cost and other ad hoc services.

EMPLOYEE COST

Though the percentage is within the norm of 25% to 40% as per MFMF Circular 71 guideline from National Treasury the fact that it shows an upward trend when compared with the previous year needs to be noted. It must also be noted that Councilors allowances and contracted services are not included in this percentage.

Salaries have been increased by 7.1% in the 2019/2020 financial year as recommended by the Budget Steering Committee. Provision has also been made for critical positions that have not been budgeted previously as well as positions that became vacant during the past 12 months.

BULK PURCHASES

The Bulk Purchases represent 10% of the total expenditure budget and is directly informed by the purchase of electricity from ESKOM and water from the Department.

REPAIRS AND MAINTENANCE

Aligned to the priority given to the maintaining of Council's Assets the 2019/2020 Operating Budget provides for growth in the repairs and maintenance as well as the renewal repairs and maintenance vote.

The Municipality is striving to achieve a budget allocation of not less than 15% of the total operating expenditure budget. This goal has been set to cater for the ageing infrastructure and to ensure that the historic deferred maintenance is not repeated. The Municipality has embarked on a programme of replacing and maintaining electricity infrastructure which have reached and/or exceeded its useful lives. These replacements will be funded by loans obtained from DBSA.

GENERAL EXPENDITURE

The General Expenditure which comprises of various line items constitute 10% of the total operational Expenditure. To comply with the provisions of Circulars 93, 86 and 89 guideline issued by National Treasury a line by line analysis have been done to improve efficiency and to ensure a credible budget

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

• Employee cost	27,3%
• Bulk Purchases	30,8%
• Repairs & Maintenance	15,8%
• General Expenses	10,2%

(C) PAST AND CURRENT PERFORMANCE ACHIEVEMENTS

MUNICIPAL MANAGER'S DEPARTMENT:

The office of the Municipal Manager comprise of the Internal Audit, Disaster Management, Performance Management, Integrated Development Planning and Risk Management divisions. The following are the main achievements:

- Council approved the 2018/19 IDP on 25 May 2018, along with the budget, and it was submitted to the MEC for COGHSTA and Provincial Treasury
- Annually the SDBIP is drafted and approved on time. The 2018/19 SDBIP was approved by the Mayor on the 22nd June 2018 and quarterly progress reports are submitted to Council.
- The 2017/2018 Annual Performance Report was submitted to the Auditor General, Treasury and COGHSTA on the 31st August 2018.
- The midyear performance report for 2017/2018 was submitted to the Auditor General, Treasury and COGHSTA on the 24th of January 2019.
- The Annual Report for 2016/2017 was reviewed by MPAC and approved by Council by March 2018. The Draft Annual report for 2017/2018 was presented to Council on the 31st of January 2019 and advertised for public comments.
- The MM and Directors have signed performance agreements for the 2018/2019 financial year.
- The Annual Performance Assessment of individuals took place for the 2017/2018 Financial year.
- Risk Management Plan (Annual Risk Assessment) is done on annual basis and was approved by Council. Strategic and Operational Risk Registers have since been developed and progress is being monitored on quarterly basis. Risk Committee meetings are taking place on quarterly basis.

- The following Internal Audit strategic documents have been reviewed and approved: Internal Audit Charter, Audit Committee Charter, three year strategic and annual risk based plans and Internal Audit methodology.
- An Audit Committee was appointed by Council on 1 June 2015 for a three year period. All quarterly Audit Committee meetings were held.
- The Annual Disaster Management Report for 2014/15 was approved by Council on the 29th of October 2015. Disaster Awareness Campaigns are conducted at schools and incidences are responded to within 72 hours.

Risk and Compliance Management unit:

The following are the main achievements for Risk and Compliance Management Unit:

- A Risk Management Plan (Annual Risk Assessment) is done on annual basis and was approved by Council. Strategic and Operational Risk registers have since been developed and progress is being monitored on quarterly basis. Risk committee meetings are taking place on quarterly basis.
 - A Compliance Officer was appointed as part of Risk and Compliance Unit.

INTERNAL AUDIT

The following Internal Audit strategic documents have been reviewed and approved: Internal Audit Charter, Audit Committee Charter, three year strategic and annual risk based plans and Internal Audit methodology.

An Audit Committee was appointed by Council on 1 June 2015 for a three year period. All quarterly Audit Committee meetings were held.

DISASTER MANAGEMENT

Incidents

Incidents that are likely to occur within the Greater Tzaneen Municipality's jurisdictional area are fires, windstorm and rainfall. Assessment was done on houses damaged and disaster relief materials were given as follows:

226 Blankets
135 Mattresses
25 Tents

Awareness Campaigns on Floods and Fire were conducted as follows:

Senakwe Village, Ward 1, Mogapeng Village, Ward 27, Ga-Wally Village, Ward 3, Nwamitwa Village, Ward 12, Mariveni Village, Ward 23, Mokgwathi Village, Ward 2, Sapekoe Middlekop Estates, Ward 24, Petanenge Village, Ward 24 and Muhlave Cross, Ward 18.

Projects Done:

- Risk assessment on land degradation conducted at Runnymede and Mbhekwane Villages.
- Risk assessment on flood lines conducted at Lephephane Villages.
- Project sites visit at Grace Mugodeni and Morutji Villages.

Special events attended:

- Letaba Expo Show: Letaba Showground
- Cultural Event: Mabje-a-Kgoro Primary School
- Piesang Fees: Tzaneen NG Kerk
- N'wamitwa Day Celebration: N'wamitwa Headkraal
- SALGA Limpopo Provincial Assembly: Karibu Leisure Resort
- World AIDS Day and 16 days of Activism against Women and Children: Nkambako Village
- Ku Luma vukanyi: Khalanga Cultural Village
- Handing Over of School Uniform by South African Police Service: Bankuna High School.
- Entrepreneurship Public Participation Programme: Tivumbeni Multi-Purpose Centre
- State of the Municipal Address: Letaba Showgrounds

RISK MANAGEMENT

Risk Management Plan (Annual Risk Assessment) is done on annual basis and was approved by Council. Strategic and Operational risks are monitored on quarterly basis. Risk committee meetings are also taking place on quarterly basis.

A compliance officer was appointed as part of Risk and Compliance unit. The compliance monitoring reports are submitted to Council on quarterly basis.

PERFORMANCE MANAGEMENT

The 2017/18 SDBIP was approved by the Mayor on 22nd of June 2018 and quarterly progress reports were submitted to Council.

The 2017/2018 Annual Performance report was submitted to the Auditor General, Treasury and COGHSTA on the 31st August 2018.

The mid-year performance report for 2018/2019 was submitted to the Auditor General, Treasury and COGHSTA on the 24th of January 2019. The Draft Annual Report for 2017/2018 was presented to Council on the 31st of January 2019 and advertised for public comments and to be reviewed by MPAC.

Annual Performance assessments were conducted for the 17/18 financial year for the 2 Director positions which was filled. No performance bonus were paid out.

The Municipal Manager and Directors all signed Performance Agreements for 2018/19 and monthly progress reports are being submitted on an Electronic System.

IDP

Council approved the 2018/19 IDP on 25 May 2018, along with the budget, and it was submitted to the MEC for COGHSTA and Provincial Treasury.

LEGAL SERVICES:

- ❖ The Legal Division has a responsibility and duty to administer and manage the flow of litigation within the Municipality and to ensure that the Municipality is represented and defended in all the litigation processes instituted by the Municipality and also litigation processes instituted against the Municipality by other parties. The Legal Division draft all legal documents in the Municipality and provide legal advice in written verbal or verbal opinions.
- ❖ The Legal Division offers a full spectrum of services but concentrate on three main business streams:
 - (a) Civil and Criminal Litigation
 - (b) Corporate legal services and Dispute Resolutions
 - (c) Drafting of By-Laws, Contracts, Legal Opinions and Policies
- ❖ The Legal Division conducted successful legal compliance workshops from 2013/2014 financial year to date for Councillors and top

management to uplift their skills, understanding and legal effects of the decisions the Councillors and Management are taking and will start conducting Divisional Workshops to avoid litigation against the Municipality.

- ❖ The Legal Services established Legal Tariffs by means of which the legal fees our service providers charge the institution will be contained to a maximum of R500 000 per full session for an invoice as opposed to R1 to R2 million before the tariffs were created.
- ❖ The Municipality settled several completed cases in 2017/2018 financial year. All of which were successfully contested and won, the initiative of which saved the Municipality over R200 million of legal fees.

FINANCIAL SERVICES DEPARTMENT:

Multi Year Budgets (3 Years)

- The 2019/2020 Preliminary, Operational and Capital Budgets, which are based on the new financial structure as prescribed by National Treasury are in progress.
- The contents of the budgets and the budget processes that were followed are according to the requirements as set out in Chapter 4 of the Municipal Finance Management Act.
- mSCOA data strings on the budget will also be submitted to National Treasury as required by legislation. mSCOA will be implemented on 1 July 2019.

Financial Reporting

All the Financial Reports required by the MFMA are completed and submitted to the MEC, NT, Mayor and Council on or before the dates stipulated in the Act.

Financial Statements

The 2017/2018 Financial Statements were compiled during August 2018 in accordance with the new format required by National Treasury and Council received a qualified Audit opinion. Consolidated financial statements were also compiled to accommodate Councils Municipal Entity. A qualified Audit opinion was also received from the Audit general for the Consolidated Financial Statements.

Revenue

The municipality managed to collect R357 290 540 for the first 6 months. Revenue generated through services represents 90% of the total income.

The Municipality averages payment rate of 95%.

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

Billing data integrity is in the process of being validated, a new service provider for meter reading and credit control has been appointed for a period of three years, commenced from October 2018.

Supply Chain Management

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

Assets

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

Stores and Fleet Management

This division has been established within the budget and treasury office and is responsible for the management of inventory and fleet administration.

ENGINEERING SERVICES DEPARTMENT

The Engineering Services Department of Greater Tzaneen Municipality is divided into four (4) divisions namely; Roads and Storm water, Water and Sanitation, Building Control and Mechanical Workshop and Project Management Unit (PMU); and are headed by respective Managers.

The services rendered within the divisions relate to administration, operation, maintenance and implementation of services like blading of roads, tarring of roads, storm water systems, community halls, public toilets, various municipal buildings, libraries, sports facilities / stadiums,

water reticulation, water reticulation, water purification, wastewater treatment, sewer reticulation, etc.

Water and Sewer

Greater Tzaneen Municipality (GTM) is the Water Services Provider (WSP) as per the signed Service Level Agreement (SLA) between Mopani District Municipality (MDM) as the Water Services Authority (WSA). The division is responsible for the operation and maintenance of both water and sewer systems within the following areas: Tzaneen, Letsitele, Haenertsburg, Nkowankowa and Lenyenye towns.

Road and Storm water

This division is responsible for maintenance of roads, installation and unblocking of storm water drainage systems and grading of internal gravel roads within the Municipal area. Routine and periodic maintenance are done to improve the safety on roads and storm water drainage in order to reduce number of road accidents and improve access to households and public amenities.

Building Control and Mechanical Workshop

This division is responsible for the maintenance of all Municipal buildings, maintenance and management of fleet within Greater Tzaneen Municipality. The Municipal buildings include the community halls, public toilets, libraries, sport facilities, living quarters for officials and other Municipal building related matters.

Project Management Unit

Project Management Unit (PMU) is responsible for project implementation of both own funded capital and Municipal Infrastructure Grant (MIG) funded projects. The projects include the upgrading of gravel roads to tar or paving, storm water management systems, building of community halls and sports facilities. The Municipality is mainly dependent on the MIG for funding the projects implemented within the PMU of which the allocation for the current financial year is R92 315 000 inclusive of VAT.

ELECTRICAL ENGINEERING DEPARTMENT

Greater Tzaneen Municipality (GTM) distributes power to an area of approximately 3200 m². The distribution area is not the same as the municipal jurisdiction area. The distribution area encroaches into neighbouring Municipalities of Ba-Phalaborwa, Greater Giyani and Greater Letaba. The Municipality has a license to distribute power to areas around

Haenertsburg, Georgesvalley, Makgobaskloof, Politsi, Campsies Glen, Agatha, Tzaneen, Letsitele Valley, Yamorna/Ledzee, Broederstroomdrift, Deerpark, Riverside, Letsitele, Gravelotte, Waterbok, Letaba Ranch. The larger part of the distribution network supplies farming areas through overhead power lines.

Some of the major challenges in the municipality, related to the Electrical Engineering Department (EED) are the following:

1. Increased power outages due to insufficient vegetation control. (The distribution area is characterised by natural vegetation that requires continuous trimming).
2. Increased power outages due to ageing infrastructure.
3. Theft of infrastructure (mainly transformers and copper cables).
4. Ageing Fleet
5. Insufficient Customer Communication System

VEGETATION CONTROL

The Municipality's distribution area is characterised by natural vegetation which contributes to the natural beauty of our area. However, conservation of this natural vegetation sometimes creates conflict with the requirements of overhead power lines. It is therefore important to balance the needs to preserve the natural beauty of our area and the minimum requirements of the overhead power lines. Continuous efforts are being made to control the vegetation in collaboration with private landowners to ensure the balancing of both needs. The Municipality utilises internal staff and sometimes outsources the service to eliminate backlogs. A pool of contractors has been appointed to mitigate the challenges of backlogs and appointments are done as and when required.

AGEING INFRASTRUCTURE

In order to mitigate the challenges of ageing infrastructure, the Municipality acquired a loan of R90m from the Development Bank of Southern Africa (DBSA). The loan is for renewal and maintenance of the dilapidated network. Although the amount acquired is not the ideal amount required, it is anticipated that the funds will serve as a starting point to stabilise the network. The Municipality is committed to further recapitalisation of the network from funds that will be generated by the stable network. Various projects have been identified for implementation over the MTREF period. Implementation of the projects will also contribute to temporary job opportunities in the municipality.

INFRASTRUCTURE THEFT

Infrastructure theft is a serious threat to the sustainability and reliability of the network. The Municipality's network is spread over a wide area to supply power to some of the very important food producers (farmers) in our area. Theft of this infrastructure is bordering on sabotage of the livelihood of our communities. The escalating theft of cables and transformers requires a joint effort by all affected stakeholders to curb this scourge.

AGEING FLEET

The electrical fleet has reached the end of its lifespan/usable term and need replacement. The redundant and old vehicles threaten service delivery due to their prolonged breakdowns and unavailability. The Municipality set aside funds in the 2018/19 budget to replace all dilapidated fleet in the department.

INSUFFICIENT CUSTOMER COMMUNICATION SYSTEM

Insufficient communication with consumers has been identified as one of the major challenges in the EED. Although a 24 hour service is available for fault reporting, the manual system used poses a challenge both for reporting in terms of the license requirements and efficiency in dealing with customer complaints and queries. A telephone management system is required to.

The Municipality is proud to announce that all villages in the GTM jurisdiction have access to the electricity grid. However, due to continuous natural growth of villages, electrification of extensions is ongoing.

CORPORATE SERVICES DEPARTMENT

1. ADMINISTRATION AND RECORDS

3 x scheduled and 5 Special Council meetings were held.

A Committee on Renaming of Streets was established adding to the 9 Portfolio and Standing Committees established. All Committees of Council are fully functional and their schedule of meetings were approved by Council.

The register of Council and MPAC are circulated to Management for updates and thereafter submitted to Council for noting on a quarterly basis.

1420 Volume of non-correspondence records older than 10 to 20 years were destroyed in consultation with the Provincial Archives and a certificate was awarded for destruction.

2. INFORMATION TECHNOLOGY

The Municipal Corporate Governance of ICT Policy was adopted by Council together with the IT Strategic Plan (IT Plan). The implementation of the Municipal Corporate Governance of ICT Policy is ongoing and currently on par with the targets set by CoGTA. The ICT Steering Committee is functional and meeting on quarterly basis:

1. Upgrade of Internet Services from 10 MB to 80 MB;
2. Lease of ICT LAN infrastructures (Network Firewalls and Switches);
3. Lease of Server Infrastructure (Servers and Storage);
4. Testing of Office 365;
5. Extension of Mimecast contract to secure Municipal IT service from target threats from e-mails.
6. Managed printing services

The ICT Steering Committee is functional and meeting on quarterly basis.

3. HUMAN RESOURCES

Recruitment which took place during the course of the financial year led to a total staff of 651. Human Resources managed to conduct workshops on Labour Relations, Employee Assistance Programme, Occupational Health and Safety and employee benefits of Council to all employees.

At least 149 employees were successfully trained, inclusive of 29 employees who are enrolled for MFMA to comply with National Treasury's minimum Competency Regulations.

Ten (10) employees were successfully inducted.

Fifty (50) employees were awarded study bursaries to study different courses related to Local Government as per the Bursary Policy.

Ten (10) interns were appointed, and thirty nine (39) students were offered experiential training as part of their course curriculum in order to qualify for their National Diploma.

Lack of adequate budget is the general challenge for the effectiveness of the division to comply with OHS matters. Poor attendance during workshops and wellness.

ORGANISATIONAL DEVELOPMENT

Council approved 2018/19 financial year organisational structure on the 25th May 2018 along with the IDP and budget, and it was submitted to COGHSTA.

4. COMMUNICATIONS AND MARKETING

The Mayor conducted live radio interviews with Capricorn FM, Mughana Lonene FM and Thobela FM following the previous State of the Municipal Address. 1500 Municipal calendars were procured and distributed and 1500 Councillor posters have also been distributed. 150 Office nameplates procured and mounted in the Civic Centre. Two newsletters were produced since July 2018.

5. PUBLIC PARTICIPATION

The Public Participation and Projects Support Division has provided support to Ward Committee meetings and community feedback meetings. The Community Development facilitators have assisted in setting up of Project Steering Committees and recruitment of Community Liaison Officers for various projects undertaken by different state organs within the Greater Tzaneen Municipality.

PLANNING & ECONOMIC DEVELOPMENT DEPARTMENT

LAND AND HUMAN SETTLEMENTS DIVISION

Nkowankowa and Lenyenye	Nkowankowa Cemetery is finalized Lenyenye Cemetery is finalized
Tzaneen Extension 89 (Portion 37 of the Farm Hamawasha 557LT)	The Lease Agreement has been terminated.
Upgrading of Informal Settlement: Purpose and progress report	The layout map has been approved and the Project is closed.
Purchasing of Portion 9 and 38 of the Farm Hamawasha (Letaba Brickyard)	Tzaneen sand is renting the property until the Council come up with the future plans

2017/18 Housing Units (700)	<ul style="list-style-type: none"> • 465 - Completed • 23 – Foundations • 03 – Wall plates • 43 - Roof & finishes • 03 – Outstanding
Portion 2 of Novengilla Farm	<ul style="list-style-type: none"> • The transfer has been done on the 28 March 2018

TOWN PLANNING DIVISION

1. The SDF together with the secondary development Policies have been adopted and gazette by GTM Council on the 31st August 2017
2. Implementation of SPLUMA process has accomplished on the following:
 - a. The Greater Tzaneen Municipal Planning Tribunal was adopted on 26th October 2017 by Council, Gazette on 17th November 2017; the first sitting was on the 22nd November 2017
 - b. The SPLUMA By-Law of GTM was Gazette on the 25th August 2017
 - c. Land development Office has been delegated and is fully operational
 - d. Backlog applications continue to be reduced by 10% quarterly. Backlog reduced by 35% to date.
 - e. Council Resolution obtained to delegate the process of appointment of the Appeal Tribunal to the Municipal Manager.
 - f. A Service Provider has been appointed to formulate a single Land Use Scheme for Greater Tzaneen Municipality.

SOCIO-ECONOMIC DEVELOPMENT, LED & TOURISM AND GTEDA

GTEDA

Monitor and supports operations of the Development Agency
Attend quarterly Board and Committee meetings.

AGRICULTURE

Support small holder farmers in liaison with the Department of Agriculture (LDARD).

Co-funded the Female Entrepreneur of the Year event for awards.

Supports the Land Restitution Process facilitated by the Department of Rural Development (DRDLR).

Annually hosts the Tzaneen Agricultural Expo in partnership with other stakeholders including government departments.

TOURISM

Attend the Local, National and Provincial exhibitions and expose the SMME Facilitates and attend Tourism Association meetings.

- Provide opportunities to expose SMME's.
- Facilitates and attend Tourism Association meetings.
- Marketing Tzaneen as a tourist destination through various platforms, Tzaneen Tourism Map, Tourism Website and Trade shows.
- Information dissemination
- Build linkages for the tourism industry in Tzaneen with other external stakeholders e.g. Provincial and National Department of Tourism (LEDET, NDT, LTA etc..)
- Represent the tourism industry in other structures, Mopani Tourism Association, Limpopo Tourism Forum and Women in Tourism Forum.
- Assist tourism establishment with their various needs e.g. application for signage.
- Provide opportunities for skills development and capacity building for SMMEs

BUSINESS DEVELOPMENT AND SMME SUPPORT

Facilitates and supports day to day activities of the Informal Traders

Support the business and retail development within the Municipality

Facilitate and expose SMME for information sharing and products/services exposure

COMMUNITY WORK PROGRAMME

Supports and attend daily activities and meetings of the programme in liaison with the GOGTA and implementing agent.

COMMUNITY SERVICES DEPARTMENT

Community services department comprise seven divisions which are Waste Management, Licensing, Law enforcement, Safety and Security,

Environmental Health, Libraries and Parks, Sports & Recreation, Arts & Culture.

Environmental Health Services

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

Law Enforcement Services

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

Safety and Security Division

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

Licensing Services

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

Library Division

Library Services provide valuable information to the community and promote a culture of reading. Services including access to varied book collections and the provision of free internet is available at the Tzaneen; Letsitele, Haenertsburg, Shiluvane and Mulati libraries. In 2017/2018 financial year 126 609 Library users were assisted, 58 304 books were circulated and 121 groups were hosted in the libraries.

Parks, Sports & Recreation, Arts and Culture

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

Haenertsburg Rotary Club renovated in partnership with GTM Children Park at Haenertsburg. 2 Sport facilities were upgraded i.e. Burgersdorp and Julesburg and 1 new, was built at Tunnymede Cluster while one multipurpose center was upgraded at Rhelela. Swimming pool fully operating with one Life Guard.

Monthly maintained 8 cemeteries in town out of 136 at Villages. Grass cutting was done by GTM personnel and Contractor until June 2018 at different routes, while Garden maintenance of 18 developed parks and gardens was done by Contractor alone until June 2018 too.

Waste Management

DESCRIPTION WASTE MANAGEMENT FUNCTIONS

- *Waste Minimization (Recycling)*
 - Recycling at source ("yellow-bags") is undertaken in some formal suburbs on a voluntary basis by residents as there is not yet a legal prescriptive on "recycling at source".
- *Waste Minimization-Composting*
 - All organic waste (garden-waste) that is received is treated at a basic technology composting site. Unfortunately no tub-grinder is available and therefore bulky organic waste cannot be composted.
- *Rural Waste Management*
 - 4 x Waste Development Workers (WDW) under the EPWP scheme do awareness activities at Rural Wards and Schools.
 - Firewood from the Landfill site are available for re-use and also delivered to rural Drop-off Centres (DoCs) for utilization by communities, to mitigate deforestation-practices.
 - 97 x DoCs have been erected in Rural Waste Service areas of which only 40 x is activated, whilst 57 DoC's are not utilized due to budget constraints.
 - Dedicated "Financial" interventions is needed to implement the requirements of the National Basic Refuse Removal Policy as well as the National Waste Management Strategy.
- *Collection & transportation*
 - A level 1 service – Kerb side-removals is rendered at 8% of all households (representing 8,537 of the 108,687 H/h's)

- A level 2 service – Communal Drop of Centre removals is rendered at 44% of all households (representing 47,822 of the 108 687 H/h's)
- A level 3 service – Communal on site disposal exist @ 48% of all households (representing 52 170 of the 108 687 H/h's)
- Health Care Risk Waste is removed to an appropriate licensed facility for incineration.
- The cost to address the service in full (urban and rural), with immediate effect, will be approximately R168 000 000,00 per annum for all waste service areas.
- *Litter Picking*
 - 140 x designated urban litter picking routes are cleansed on a scheduled daily basis.
 - Rural roads & open areas at the 40 x activated EPWP Waste Service Areas, are cleansed on scheduled basis.
- *Vehicle replacements*
 - *A dedicated replacement-programme of Waste specialized-vehicle is urgently needed to ensure the fleet being turn-around every 5 x years.*
- *Treatment & disposal*
 - One 11 x ha permitted landfill site which has been classified as a GMB-site, which is managed by a Service Provider in compliance with specifications.
 - The expected life-span of the site is \pm 15 years.
 - The Landfill-site & the DoC's are managed by Service Providers
 - 4 x Internal Landfill Audits are conducted annually with an average of 92% to 95%.
 - GRAP 19 study must be Urgently conducted to:-
 - Establish the End-use-Plan
 - To determine the existing lifespan

(D) CONSOLIDATED FINANCIAL POSITION

The 2019/2020 Budget which is submitted to Council for approval can be summarized as follows:

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

DEPARTMENT	2018/2019	2019/2020	2020/2021	2021/2022
Municipal Manager	71 511 601	75 896 714	79 986 370	85 641 600
PED Services	31 729 993	31 519 454	33 180 834	34 969 211
Financial services	99 744 570	111 900 728	117 789 737	124 334 684
Corporate Services	62 569 210	63 782 579	67 129 390	69 925 498
Engineering services	174 347 971	161 128 643	156 818 959	175 759 266
Community Services	216 416 169	280 717 225	289 518 060	303 471 285
Electrical Services	506 151 609	584 294 496	625 389 387	629 051 773
GTEDA	INCLUDED IN PED			
TOTAL	1 162 471 123	1 309 239 841	1 369 812 740	1 423 153 320

GREATER TZANEEN MUNICIPAL EXPENDITURE BUDGET INCLUDING GTEDA AND WATER AND SEWER BUDGETS

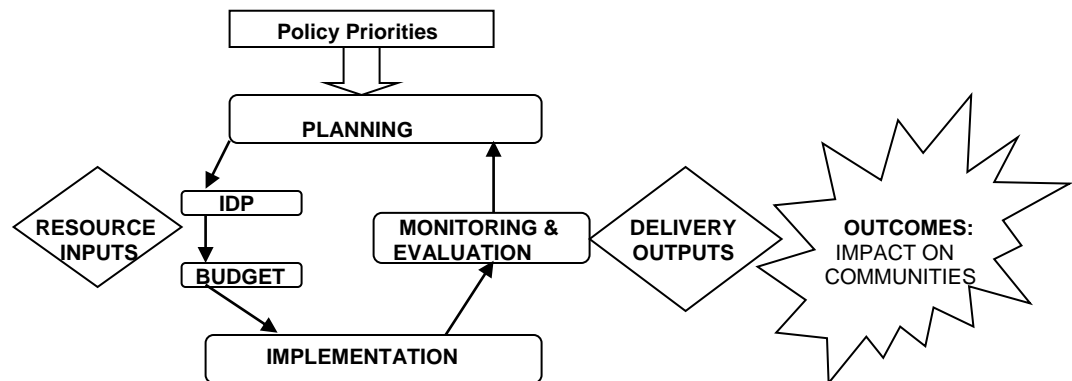
DEPARTMENT	2018/2019	2019/2020	2020/2021	2021/2022
Municipal Manager	71 511 601	75 896 714	79 986 369	85 641 600
PED Services	31 729 993	31 519 454	33 180 834	34 969 212
Financial services	99 744 570	111 900 728	117 789 737	124 334 684
Corporate Services	62 569 210	63 782 579	67 129 391	69 925 498
Engineering services	248 765 771	237 435 450	237 246 333	260 529 719
Community Services	216 416 169	280 717 225	289 518 060	303 471 285
Electrical Services	506 151 609	584 294 496	625 389 387	629 051 773
TOTAL	1 236 888 923	1 385 546 647	1 450 240 114	1 507 923 772

(E) MUNICIPAL PRIORITIES AND LINKAGES TO THE IDP

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

- Maintenance of Electrical infrastructure
- Revenue Enhancement
- Effective and efficient administration
- Maintenance of Municipal infrastructure
- Addressing service delivery backlogs
- Rural development

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



All the operating and capital projects in the 2019/2020 reviewed IDP have been evaluated through our prioritization system to ensure that the IDP, budget and performance targets are aligned. The IDP forms the basis of this process and all resources are focused on combining the different strategies in attaining our vision.

(F) KEY AMENDMENTS TO THE IDP

- ✓ Analysis Phase
 - Analysis of MSCOA requirements and its requirements.
- ✓ Strategies Phase
 - The Vision has been confirmed to be in line with Council's 2030 growth development strategy and the Municipality is also following the growth and development strategy.
 - Mission and values were also reaffirmed.
- ✓ Project Phase
 - Prioritized projects approved and being implemented.

(G) ALIGNMENT WITH NATIONAL, PROVINCIAL AND DISTRICT PRIORITIES

To attain the Strategic Intent, with limited resources, forced the Municipality to develop strategies on how to achieve these through optimal utilization of human and capital resources. Using the outcome based planning methodology the Municipality has a proven way of developing their strategies to ensure that they can attain their strategic intent. Taking into account the various aspects and challenges facing Greater Tzaneen Municipality, the outcome based planning methodology is implemented to develop strategies to ensure that the Municipality focuses on all perspectives as contained within the outcome based planning methodology:

- Customer perspectives (defines what the organization will do to satisfy customers and community members)
- Financial perspectives (defines how effectively the Municipality is utilizing its resources to deliver on the community expectations)
- Internal processes perspective (defines and clarifies activities and processes required at providing the value expected by community)
- Learning and growth perspective (defines the foundation of strategic attainment by focusing on the development of skills and capabilities of human resources.

In addition to the above mentioned perspective Greater Tzaneen Municipality has identified and aligned strategic themes that will provide the essential components of the strategies developed. A theme can be defined as an area of strategic focus within the organization that will enable the organization to focus on achieving their strategic intent. The four themes are mentioned below.

- Economic Growth
- Social, Environmental Sustainability and Infrastructure Development
- Good Governance and Administration
- Financial viability and management

The first two themes are contributing towards the growth strategy of Greater Tzaneen Municipality. (The focus of growth within the Municipality will be towards increasing the income for all and to contribute towards a quality of life for all living within the Municipal boundaries).

(H) KEY AMENDMENTS TO BUDGET RELATED POLICIES

No key amendments have been effected on policies.

(I) DEMOGRAPHIC, ECONOMIC AND OTHER ASSUMPTIONS

All assumptions are contained in Item 10, Budget assumptions.

J) PROGRESS WITH PROVISION OF BASIC SERVICES

Table 12: Service Delivery priorities per ward (Highest Priority first)		
Ward	Priority name and detail	Progress during 2017/18
1	Upgrading of Pelwana reservoir (Next to Mosibihla café). New reservoir at Senopelwa mountain along tar road	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
2	Bulk water supply to Legwareng village -Sanitation facilities in all villages	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
3	Erection 2 Apollo lights next to visiting point and graveyards New Apollo light next to Morwatshehla Moshate Apollo lights at Boreholes	Apollo lights prioritized
4	Satellite police station at Rikhotso, Block 6 and 7 Clinic at Rikhotso village Water taps at Xihoko Matshila pata	Needs requiring Sector Departments have been sent to them.
5	Tarred road from Risaba to Musiphani Need supply of water through taps at Musiphani	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
6	Low level bridge from Ndhuna Halahala road to Muritjie From Nduna halala to graveyard needs a low level bridge A bridge needed from Nduna Malatjie to Vasasele school needs a bridge	Streets grading is done through municipal priority programme.
7	Borehole needed in Botludi village More boreholes needed in Mothomeng. Equip the boreholes in Mothomeng. Water tankers should supply water regularly whilst resolving issue of water shortage in madumane Redrilling of boreholes which no longer have enough yield.	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
8	Relela two big reservoirs and water reticulation One big reservoir at Sethong Mountain and water reticulation	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.

Table 12: Service Delivery priorities per ward (Highest Priority first)		
Ward	Priority name and detail	Progress during 2017/18
	Two new borehole at Mmabanyana	
9	Paving of Thako Sefolwe to Kherobeni road link to Greater Letaba municipality Paving of Mopye to Seabane Section to Makaba road link to Greater Letaba municipality Sefoto road maintenance	Streets grading is done through municipal priority programme.
10	Tarred road from Motupa to Marirone and Kubjana to Marirone Paving of streets Apollo lights at Kubjana and Marirone New or extension of cemetery at Kubjana village	Streets grading is done through municipal priority programme.
12	No public participation took place.	
13	Shopping complex to be constructed at Mandlakazi Construction of clinic at Mandlakazi as a matter of emergency Need for Apollo lights	Intervention is being made through Mopani District and Department of Public Works, Roads and Infrastructure.
14	Low Level Bridge at Letaba River Estate, Extension93 Tzaneen	Streets grading is done through municipal priority programme.
15	Traffic light on the R71 turn off Bolobedu/ Deerpark	
16	Paving of streets at Serurubele to Topanama Resurfacing of the roads to the cemetery and to the Municipal dumping side in Haenertzburg. Paving of streets to Khujwana graveyard(+/-2kms)	Upgrading of road from gravel to tar has been priotized
17	Schools at Mokgolobotho extension 2 Cleaning of Nkowakowa cemeteries Access roads from Nkowakowa section A to section B	Need submitted to Department of Education.
18	Revitalisation of the pipe line which supply water within 15 stand pipes start Mlamblo joining Shingange families crossing from Nkowankowa D(Mbamba) to Mayimele Spaza Additional stand pipe that must installed at Lassie Spaza and Sesana Street	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.

Table 12: Service Delivery priorities per ward (Highest Priority first)		
Ward	Priority name and detail	Progress during 2017/18
19	Six Apollo lights in all sections PVC pipes due to the recent leakage of Steal pipes The road from Nkowankowa to Busan need to be repaired/paved	Included in the pool of Apollo lights to be installed
20	Auditoruim in Magoza Primary School 8 Apollo lights Youth centre Sewer	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
21	No public participation took place	
22	No public participation took place	
23	No public participation took place	
24	Communal stand pipes for water Grave clearing Internal street to that grave yard must be budgeted for re-gravelling	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
25	No public participation took place	
26	No public participation took place	
27	No public participation took place	
28	No public participation took place	
29	Youth sport facilities and programmes Myakayaka, Tikyline and Pulaneng - are in need of schools, access road and bridges, gravel of roads, water and toilets Pulaneng needs small bridges Bulk water & reticulation	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
30	Paving of all roads to schools Calvert on road to Motsheng primary school Pavement of all roads to graveyards	Streets grading is done through municipal priority programme.
31	No public participation took place	
32	Water in all villages connected to households Paving of Access road to all graveyards Paving of roads to schools	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
33	Low level bridges at Gamatlala Depatjeng Electricity Paving of Roads to Mafutsane, Lekgolo, Maake Primary,	Streets grading is done through municipal priority programme.

Table 12: Service Delivery priorities per ward (Highest Priority first)		
Ward	Priority name and detail	Progress during 2017/18
	Mogoboya Primary, Ramoba High, Thabina Primary and Modupi Primary schools Internal streets Sports ground	
34	Paving of roads to clinic and schools, graveyards and Thusong centres Paving of sand sealed road from Lephepane bridge to cattle dip site Paving of road from Ntshaintshai, Mamojele to Matapa cemetery road	Streets grading is done through municipal priority programme.

(k) **DETAILS OF PROPOSED AMENDMENTS TO THE IDP**

Preparatory Phase

The new IDP Process Plan has been developed to align with the Provincial (PIPF) and District framework

ACTIVITY

DATE

Approval of Draft IDP	28 March 2019
Public Participation Programme	April 2019
Approval of final IDP	30 May 2019

Strategies Phase

- The Vision has been re-affirmed as adopted in the current IDP to be in line with the current Council 2030 growth development strategy and the Municipality is also following the growth and development strategy.
- Mission and values have also been re-affirmed.

An IDP Strategic Session was held on the 7th to the 8th February 2019.

5. ANNUAL BUDGET TABLES

The budget tables to be approved by Council are attached hereto as Tables A1 to A 10 and SA 1 to SA 37.

PART 2:

SUPPORTING DOCUMENTATION (Budget Report)

5. OVERVIEW OF ANNUAL BUDGET PROCESS

(a) Overview of the Budget Process

The Annual Budget process outlines the current and future direction that our Municipality would follow in order to provide services in a sustainable manner. The budget process enables Council to optimally involve residents and other stakeholders in the preparation of the budget.

Greater Tzaneen Municipalities IDP, Budget and PMS process plan for the 2019/2020 financial year was developed and approved by Council in August 2018. The process plan provides broad timeframes for the IDP and Budget preparation process and the main aim of the process plan is to ensure integration between the IDP and Budget and the adoption of a well-balanced and credible budget.

The Budget process is guided by Chapter 2 of the Municipal Budget and Reporting Regulations, Gazetted 17 April 2009, which states that the Mayor of a Municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in Section 53 of the Act.

Section 53(1)(a) of the Municipal Finance Management Act determines that the Mayor must provide general political guidance over the budgetary process and the priorities that must guide the preparation of the budget, while Section 21(1) of the Municipal Finance Management Act states that the Mayor of a Municipality must co-ordinate the processes for preparing the annual budget and for reviewing the Municipality's Integrated Development Plan and Budget related policies, to ensure that the tabled budget and any revisions of the Integrated Development Plan and Budget related policies are credible.

The Budget Steering Committee has been established and is functional. It discusses all budget related activities to ensure that all legislative requirements are adhered to and that a well balance and realistic budget is approved.

Some of the issues, with regard to the 2019/2020 financial year, that were discussed by the Budget Steering Committee include:

- Budget Dates
- Budget Risks
- Adjustment Budget
- Inflation Forecast
- Increase in salaries
- Overtime
- Increase in Councillor allowances
- DORA Allocations
- Increase in tariffs

- Service Level Standards
- Amount to be allocated for capital projects
- Financing of Capital Projects
- Budget Requests
- Increase in Electricity Bulk purchase
- Repairs and maintenance
 - Renewal R & M
 - Routine R & M
- Budgeted Employee Structure
 - New Positions
 - Current Vacant Positions
- Electricity Tariff structure to NERSA
- Sundry Tariffs
- Dates IDP process to be finalized
 - Adjustment budget
 - Draft IDP
 - Draft budget
 - Final IDP
 - Final Budget
- MDM Previous budgets
- Water and Sewer Budget = Operational
- Water and Sewer Budget = Capital
- GTEDA
- Review of past performances
- Budget requests
- mSCOA Readiness
 - GTM
 - GTEDA
 - How budget must be prepared and tabled
- Review of the Council Administration Structure

Budget meetings were held with all departments with the commencement of the budget process to review the 2018/2019 budget and to discuss past performance trends of the operating budget. During these meetings the alignment of the IDP and Budget was discussed as well as the 2019/2020 budget realities to ensure that critical service delivery needs are budgeted for.

The Mayor and Councillors have, through the IDP process, guided the 2019/2020 budget process in such a manner that the balance between policy priorities and fiscal realities resulted in a balanced and credible budget.

(b) Planning Process

The Municipalities Integrated Development Plan (IDP) is the principal strategic planning instrument which guides and informs its on-going planning, management and development actions. The IDP represents Councils commitment to exercise its budget planning to ensure an effective budget process.

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

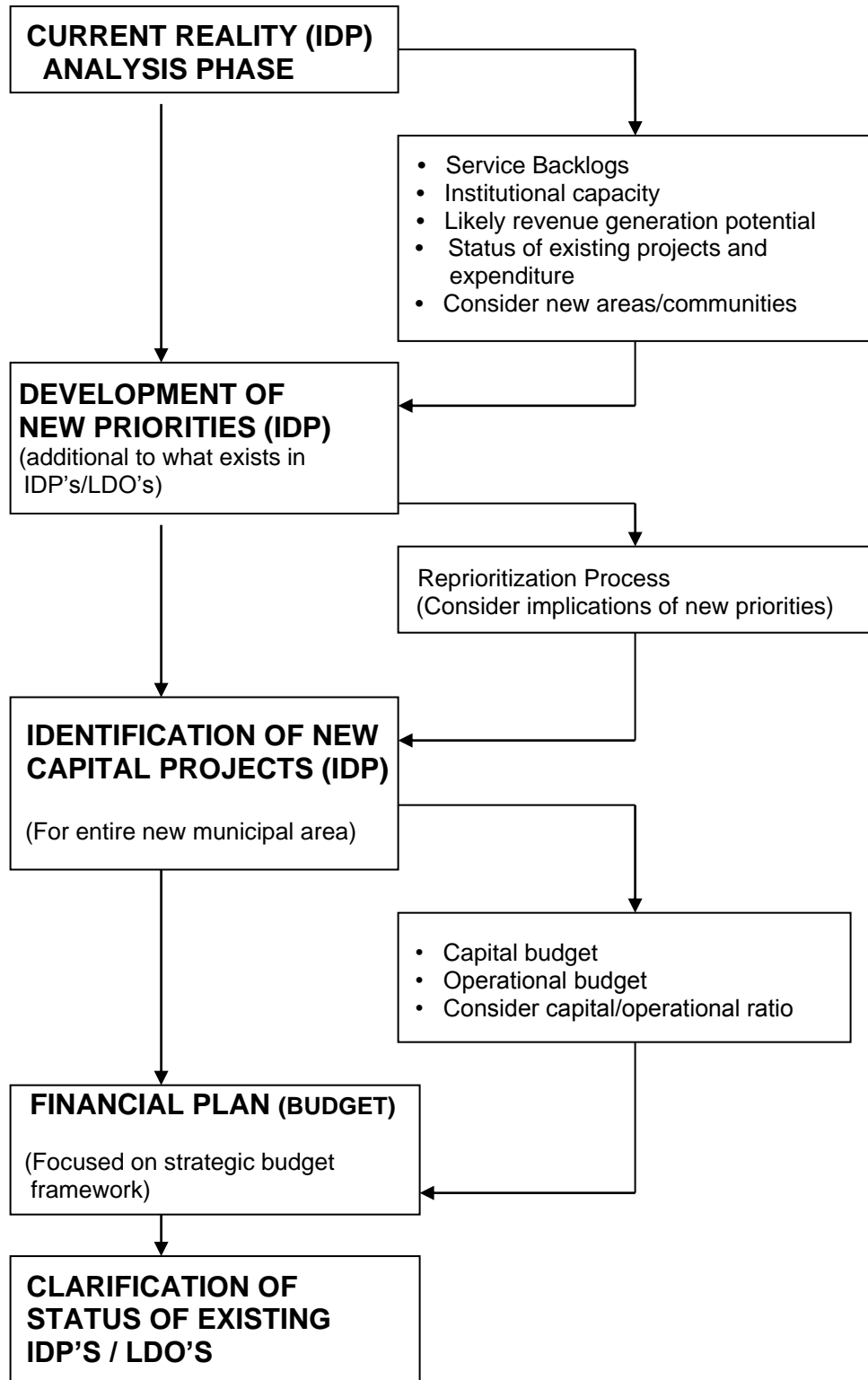
The development of the IDP and drafting of the budget is an evolving and interactive process over a 10 month period. This process commences with the approval of the IDP and Budget time table, followed by the approval of the IDP and the drafting of the budget to determine the affordability of service delivery.

It is then followed by Public Participation process to ensure that the needs of our communities have been considered after which the IDP and budget are tabled to Council for approval.

In contrast to the role planning has played in the past, Integrated Development Planning is now seen as a function of Municipal Management which includes a system of planning and delivery. The Integrated Development Planning process is meant to arrive at decisions on issues that need to be provided for in Municipal budgets. Integrated Development Planning not only informs management, it also guides the activities from the planning stage through the budget culminating in the execution thereof.

The table below is a summary of the IDP/Budget methodology used by Greater Tzaneen Municipality:

INTERIM IDP/BUDGET METHODOLOGY (1-2 WORKSHOPS)



As required by the MFMA and Municipal Systems Act, Ward Committees, Residents, Community organizations and other stakeholder interest groups, have been invited to participate in the IDP and Budget process.

(c) Process for Consultations With Each Group of Stakeholders and Outcomes

Section 22 (1) of the Municipal Finance Management Act determines that:

“22 PUBLICATION OF ANNUAL BUDGETS

Immediately after an annual budget is tabled in a Municipal council, the Accounting Officer of the Municipality must:-

in accordance with Chapter 4 of the Municipal Systems Act-

make public the annual budget and the documents referred to in section 17(3); and

invite the local community to submit representations in connection with the budget; and

submit the annual budget:-

in both printed and electronic formats to the National Treasury and the relevant Provincial Treasury; and

in either format to any prescribed National or Provincial organs of state and to other Municipalities effected by the budget.”

The Municipalities Consultation process on its Draft IDP review and Draft Budget commenced during August 2018 with the approval of the IDP, Budget and PMS calendar.

After approval of the Draft IDP and Draft Budget it **was** submitted to National Treasury and Provincial Treasury for their consideration in line with Section 22 of the MFMA.

The Draft Budget report, budget resolutions, budget tables, budget related policies and all budget related documents as required by Section 75 of the MFMA **have been** placed on Councils website after approval by Council. It **was** also made public as required by Section 22 of the MFMA and the local community **has been** invited to submit representations in connection with the budget to Council.

Community representatives and organizations **have also been** given the opportunity to review the priorities indicated previously to ascertain whether it has been captured as agreed upon.

Public hearings **have been** held in all **35** Wards. The meetings have been scheduled during April 2019.

Timing Number and type of Consultation

WARD	VENUE	TIME	DATE
01	Mauloko Primary School	09:00	07-04-2019
02	Masefora P School (Mawa Block 09)	08:00	07-04-2019
03	Makoba School (Kga-Wally)	08:00	14-04-2019
04	Nwamungololo Primary school	08:00	14-04-2019
05	Mahwahwa High School	08:00	14-04-2019
06	Runnymede	08:00	14-04-2019
07	Mothomeng Primary School	08:00	14-04-2019
08	Semarela Headkraal	09:00	07-04-2019
09	Kgwekgwe High School	09:00	14-04-2019
10	Mohlatlego Machabe	09:00	14-04-2019
11	Fobeni High School	09:00	07-04-2019
12	Valoyi Tribal Authority	09:00	14-04-2019
13	Dynamos Sports Ground	08:00	07-04-2019
14	Council Chamber	08:00	10-04-2019
15	Laerskool Tzaneen	17:00	12-04-2019
16	Haenertsburg Primary School	18:00	12-04-2019
17	Nkowankowa School	08:00	11-04-2019
18	Matimu High School	08:00	14-04-2019
19	Nkowankowa Comm Hall	14:00	14-04-2019
20	Dan Paypoint	08:00	07-04-2019
21	Masungulo School	08:00	14-04-2019
22	Malabosana High School	08:00	07-04-2019
23	NG Kerk Letsitele	17:00	11-04-2019
24	Petenenge Training	07:00	14-04-2019
25	Professor School	08:00	07-04-2019
26	Rhulani Primary School	11:00	14-04-2019
27	Mmalahla High School	08:00	14-04-2019
28	Timangeni Primary	09:00	14-04-2019
29	Napscom School	08:00	07-04-2019
30	Montsheng Primary School	08:00	14-04-2019
31	Lenyenye Community Hall	07:00	07-04-2019
32	Kwelobohlolo Droping Centre	08:00	07-04-2019
33	Moime	09:00	07-04-2019
34	Lephepane Child Care	08:00	14-04-2019
35	Semana Primary School	08:00	14-04-2019

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

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

The tabling of the draft budget in Council during March 2019 **has been** followed by extensive publication of the IDP and budget in newspapers. It **was** also published on Councils website.

Public hearing on both the operational and capital budgets **have been** held during April 2019 as mentioned above.

Process to record and integrate inputs from the community in the final budget.

During the consultative process all verbal questions and answers **have been** recorded.

All written submissions **have been** directed to the IDP Manager who keeps record thereof.

All the submissions received during the consultation process **have been** considered before the tabling of the final budget.

The Draft Budget **has** also **been** hand delivered to National Treasury and Provincial Treasury to enable them to comment their-on.

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

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

WARD	DATE	ATTENDING	SUBMISSION

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

6. ALIGNMENT OF BUDGET WITH INTEGRATED DEVELOPMENT PLAN / SERVICE DELIVERY AGREEMENTS

The Vision of Greater Tzaneen Municipality

A green prosperous and united Municipality that provided quality services to all.

Strategic Focus (Key Performance Areas)

The strategic focus, or strategic theme, as it is known in Greater Tzaneen Municipality is an area of strategic focus that will enable Council to focus on achieving its strategic intent. Greater Tzaneen Municipality has followed the initiative from Provincial Government and the Mopani District Municipality to align the strategic themes to that of the provincial clusters.

- **Economic growth (Increased income for all)**
- **Service Delivery (Sustainable quality of life)**
- **Good Governance (Clean audit)**

(A) Details of proposed amendments to the IDP

- ✓ Strategies Phase
 - The vision has been re-affirmed and is in line with the Council 2030 growth development strategy and the Municipality is also following the growth and development strategy.
 - Mission and values have also been re-affirmed
 - New operational strategies and KPI's has been added
- ✓ Project Phase
 - New projects were prioritized for implementation during the 2019/2020 financial year.

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

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

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

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

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

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

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

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

Alignment with National, Provincial and District Plans

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

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

Various meetings were held with stakeholders to comply with the requirements of the Local Government Municipal Systems Act which determines that the planning undertaken by a municipality must be aligned with and compliment the development plans and strategies of affected municipalities and organs of state. Horizontal and vertical alignment is done through the local IDP Steering Committee, District engagement sessions and Provincial Development Planning forums.

7. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

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

OUTSTANDING SERVICE DEBTORS

A = B
C

"A" Outstanding service debtors to revenue	71.91%
"B" Total outstanding service debtors	474 082 585
"C" Annual revenue actually received for services	659 276 721

DEBT COVERAGE

$$A = B - C$$

D

"A" Debt Coverage	37.26
"B" Total Operating Revenue Received	759 676 295
"C" Operating Grants	346 407 313
"D" Debt Service Payments	11 090 573

COST COVERAGE

$$A = B + C$$

D

"A" Cost Coverage	1,68
"B" All available cash at a particular time	88 378 074
"C" Investments	35 000 000
"D" Monthly Fixed Operating Expenditure	66 215 021

(B) MEASURABLE PERFORMANCE OBJECTIVES FOR:

The measurable performance objectives are attached as Annexure "K".

Providing clean water and managing waste water.

- Mopani District Municipality is a Water Service Authority (WSA) while Greater Tzaneen Municipality is the Water Service Provider (WSP). Under the Service Level Agreement, Greater Tzaneen Municipality operates and manage the following Water and Waste water works:

Name of Water Works	Capacity
1. Georges Valley Water Works	9.0MI/d
2. Tzaneen Dam Water Works	6.0MI/d
3. Letsitele Water Works	1.4MI/d
4. Tzaneen Waste water Works	8MI/d

Greater Tzaneen Municipality is partially assisting Mopani District Municipality in the maintenance of Nkowankowa Waste water and Lenyenye Maturation Ponds. In this case Greater Tzaneen Municipality supplies chemicals and maintains the waste water works.

- Blue Drop and Green Drop performance ratings

Greater Tzaneen Municipality received a Blue Drop Certificate during 2011 assessment for Tzaneen and Letsitele Systems. For the 2012, 2013 and 2014 years assessment for both Blue and Green Drop, all Water and Wastewater works and networks for four towns were assessed, and the results are as follows:

Assessment	System	Percentage	Status
2011	Tzaneen	95.08%	Achieved Silver
2011	Letsitele	95.05%	Achieved Silver
2011	Tzaneen Sewerage	84,3%	Not achieved
2011	Nkowankowa Sewer	77,9%	Not achieved
2011	Lenyenye Sewer	21,9%	Not achieved
2012	Tzaneen	95,14%	Achieved Gold
2012	Letsitele	95,02%	Achieved Gold
2013	Tzaneen Sewerage	94.14%	94.14%
2013	Nkowankowa Sewer	24.91%	24.91%
2013	Lenyenye Sewer	8.03%	8.03%
2014	Tzaneen	77.4%	Not achieved
2014	Nkowankowa	80.88%	Not achieved
2014	Lenyenye	28.09%	Not achieved
2014	Letsitele	73.4%	Not achieved

- As part of the Blue Drop Certificate and Green Drop Certificate requirements, Water Safety Plans (WSP's) for both Wastewater and Water have been established. This Water Safety Plan is only applicable to the systems operated and Managed by Greater Tzaneen Municipality. There were a few things identified during the audit process for Wastewater Works in Tzaneen and the findings are treated accordingly to Wastewater Risk Abatement Plan (W²RAP).
- The following are the identified challenges in Water and Sewerage management
 - There is not enough water for Tzaneen as demand is higher than supply. Application for an increase in water allocation by DWS has been made but with no success as both dams are over allocated (Tzaneen & Ebenezer)
 - There are illegal or unauthorized connections of both water and sewer by community members which results in high water loss and high blockages of sewers due to soil and debris entering the sewer lines.

- Water meters and pipes being vandalized leading to excessive water loss.
- Insufficient budget for repairing and maintenance of water services infrastructure.
- Steps are:
 - Implementation of Water Bylaws, Developed by the WSA
 - Mopani District Municipality to intervene in speeding up the application of an increase in Water quota.
 - Engage Mopani District Municipality as WSA to fund activities that will improve water supply and Water Demand Management systems.
 - Mopani to fund the upgrading of Tzaneen Water Works and Georges Valley Water Works to meet the increasing water demand.
 - Engage communities (public participation) and educate them about the importance of protecting the Water and Sewerage system.
- Budget for 2019/2020 as outlined in the budget.

The certificate of analysis for water and waste water are attached as **Annexure “J”**.

8. BUDGET RELATED POLICIES OVERVIEW AND AMENDMENTS

The budget process of Greater Tzaneen Municipality is guided and Governed by relevant Legislation, Frameworks, Strategies and Policies. The budget related Policies and Amendments are discussed as follows:

9.1 LIST OF BUDGET RELATED POLICIES

Revenue Framework

Section 18 of the Municipal Finance Management Act (MFMA) states that the Budget can only be funded by realistically anticipated revenue

to be collected, and cash-backed accumulated funds from previous years, which was not committed for other purposes.

Council has approved policies for main services provided by the Municipality, which are attached as **Annexure “ D ”** to this document.

9.1.1 Revenue-related policies

a) Tariff Policy

The General Financial Management functions covered in Section 62 of the MFMA includes the implementation of a Tariff Policy. Specific legislation applicable to each service has been taken into consideration when the Policy was drafted.

b) Credit Control and Debt Collection Policy

This has been formulated in terms of Section 96 (b) and 98 of the Local Government: Municipal Systems Act, 2000 and the Credit Control and Debt Collection By-Law.

9.1.2 Budget-related policies

The following budget-related policies have been approved by Council in line with National Guidelines and Legislation.

a) Budget Policy

The Budget Policy which was approved by Council deals with the objectives, budgeting principles, Responsibilities of the Chief Financial Officer's Legal requirements, Funding of Expenditure and Adjustment budget and is attached to this report.

b) Equitable Share and Indigent Policy

This policy deals with the Equitable Share allocation and Indigent Subsidy.

c) Supply Chain Management Policy

Section 111 of the MFMA requires each municipality and municipal entity to adopt and implement a Supply Chain Management Policy, which gives effect to the requirements of the Act. The Municipal Supply Chain Management Policy

was adopted by Council and the three committees required by the Act have been established and are functional.

The Supply Chain Management Policy provides systems for the following functions:

- Demand Management
- Acquisition Management
- Logistics Management
- Disposal Management
- Risk Management
- Performance Management

It also describes in detail the process and procedures of the acquisition of goods, services and works as well as the disposal of inscrutable, redundant and obsolete goods.

d) Rates Policy

Greater Tzaneen Municipality prepared a General Valuation Roll of all property in terms of the Local Government: Municipal Property Rates Act of 2004 (MPRA). The policy is attached to the report. The new valuation roll has been implemented with effect from 1 July 2017.

e) Investment and Cash Management Policy

The Council approved the Investment Policy that deals with the management of the surplus cash resources and the investment thereof.

f) Virement Policy

The Virement Policy aims to empower Senior Management with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA. While no limits were placed on the amount of the virement, certain limitations were placed in terms of allocations and it further provides for flexibility within votes.

g) Adjustment Budget Policy

The Adjustment Budget Policy is governed by various provisions in the MFMA and the Municipal Budget and Reporting Regulations, which are aimed at establishing an

increased level of discipline responsibility and accountability in the financial management practices of the Municipality.

9.2 PROPOSED AMENDMENTS TO THE BUDGET RELATED POLICIES

Section 15(1) of the Local Government: Municipal Property Rates Act provides that,

“A Municipality may in terms of criteria set out in its Rates Policy:

“a) Exempt.....

b) Grant to a specific category of owners of property, or to the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.”

The following change had to be made on Council’s Property Rates Policy during the 2017/2018 financial year to accommodate this change.

“The Municipality grants an additional 20% rebate which applies to residential property mentioned in (b) above and that the rebate be phased out over the next four years.”

9. BUDGET ASSUMPTIONS

Budget assumptions and parameters are determined in advance of the budget process to allow budgets to be constructed to support the achievement of the longer-term financial and strategic targets. The assumptions and principles applied in the drafting of this budget are mainly based upon guidelines from National Treasury and the National Electricity Regulator of South Africa (NERSA).

Municipality’s long-term financial viability depends largely on the extent to which improved and sustainable revenue capacity on the one hand - and sound financial management of its resources on the other hand – can be achieved. These imperatives necessitate proper multi-year financial planning. Future impacts of revenue and expenditure streams and the financial implications for the community at large (i.e. the potential influence on property tax, tariffs and service charges) must be identified and assessed to determine the sustainability of planned interventions programmes, projects and sundry service delivery actions.

The following paragraphs outline the assumptions made by the Chief Financial Officer and the Budget Steering Committee:

A) INFLATION TARGET

At the beginning of each calendar year National Treasury issues a budget circular that is intended to guide Municipalities in the preparation of their budgets. Amongst other things the circular indicates anticipated inflation figures that are to guide the Municipalities when setting increases to their tariffs. Circular no 93 indicates an inflation rate of 5.6% for the 2019/2020 financial year.

PERSONNEL ISSUES

The 2018 to 2021 Salary and wage collective agreement dated 29 June 2018 determines that for the 2019/2020 financial year all employees covered by the agreement shall receive an increase based on the projected CPI, plus 1,5% with effect from 1 July 2019.

Provision for an increase of 7,1% has been made for the 2019/2020 financial year to comply with the agreement requirements.

- **Number of employees:** Provision has been made for positions that become vacant during the past twelve months as well as vacant positions that were classified as critical to ensure continuous service delivery.

B) COUNCILLOR'S ALLOWANCES

Composition of and increases to Councillor's allowances are determined annually by the Minister of the Department of Co-operation and Traditional Affairs (COGSTA) through a Gazette setting out the upper limits of the allowances to Councillor's. This Gazette is normally issued towards the end of December to apply retrospectively from 1 July of that year. The Gazette had not been issued yet. An increase of 7,1% was resolved by the Budget Steering Committee.

C) BORROWINGS

The Municipal Finance Management Act no 56 of 2003 permits long term borrowing by Municipalities only to finance Capital Expenditure. The strategy of Greater Tzaneen Municipality is to borrow long-term funds only at the lowest possible interest rate at minimum risk. The resolution of the Budget Steering Committee to increase the operational allocations on the Repairs and Maintenance of the Electricity network as well as on roads necessitated the Municipality to take up a loan.

D) COLLECTION RATES

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

E) BAD DEBTS PROVISION

The BAD debt provision is determined on 10% of the non-collection of debt older than 90 days.

F) TARIFF ADJUSTMENTS

Due to the fact that there was an average increase of 31% of property valuation on the previous valuation roll Council resolved during the 2017/2018 financial year to approve an additional 20% rebate on the residential property rates charge from 01 July 2017 which will be phased out at a rate of 5% over a period of four years.

The Electricity Tariff adjustment is **13,07%**, largely due to the increase for Eskom bulk purchases.

Water tariffs with the exception of water provision to Haenertsburg are increasing by 5,6%. The increase of 101,7% on the Water tariff to Haenertsburg will be phased in over a period of three years.

Sewerage tariff adjustments are 5,6%, while refuse and disposal charges are modeled to increase by 5,6%. These increases are within the upper limit set by National Treasury.

G) REPAIRS AND MAINTENANCE

Greater Tzaneen Municipality's target with regard to repairs and maintenance is set at 15% of total expenditure to address backlogs.

H) DEPRECIATION

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

I) WATER AND SEWER SERVICES

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

The following DORA allocations have been made to Mopani District Municipality for services in the Greater Tzaneen Municipality area of jurisdiction for the 2019/2020 financial year:

Water	R149 254 000.00
Sewer	R112 129 000.00

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

Water	R39 849 928
Sewer	R 4 475 801

J) ESKOM

An increase of 13,07% was approved by NERSA.

K) TARGETED GROWTH

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

L) CAPITAL EXPENDITURE

It is recommended that a loan be taken up to finance some of the Capital projects. A loan has been secured from DBSA.

M) OTHER ASSUMPTIONS

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

10. OVERVIEW OF BUDGET FUNDING

Fiscal Overview

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

With regard to creditors management Council is in the process of ensuring that creditors are settled within the legislated 30 day of invoice. All invoices are paid within 30 days with the exception of a few where services have not been provided at an acceptable standard. With regard to expenditure special attention will also be given to the cost containment measures approved by Cabinet on 23 October 2013 and updated on an annual basis by National Treasury to ensure value for money and cost savings.

The free basic service of Council is a social package which assists residents that have difficulty paying for services and are registered as indigent households in terms of Councils Indigent Policy. Only registered indigents qualify for the free basic service.

Cash flow problems are experienced from time to time due to the seasonal electricity tariff of ESKOM.

The implementation of the MFMA required a reform in financial planning within Municipality's. The focus has shifted from the Municipal Manager and Chief Financial Officer to all senior managers who are responsible for managing the respective votes or departments of the Municipality, and to whom powers and duties for this purpose have been delegated. Top Management must also assist the Accounting Officer in managing and coordinating the financial administration of the Municipality.

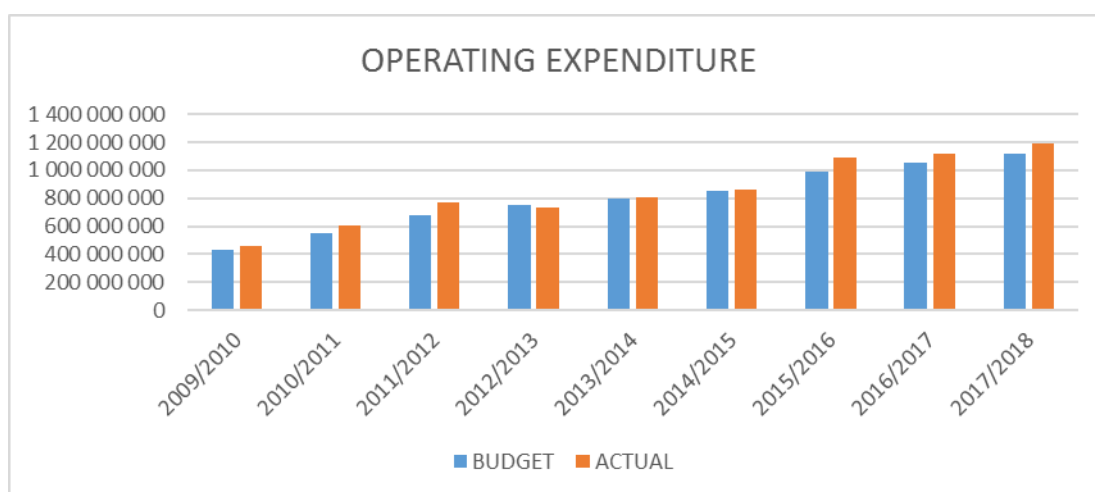
(A) Outcomes of the Past Years and Current year

The graph below indicates the comparison between budgeted and actual operating expenditure over the past 8 years:

OPERATING EXPENDITURE

YEAR	BUDGET	ACTUAL
2010/2011	547 791 565	607 531 345
2011/2012	675 115 734	766 127 341
2012/2013	754 126 931	734 442 031
2013/2014	794 024 719	808 030 664
2014/2015	856 448 445	859 112 707
2015/2016	992 087 237	1 088 960 417
2016/2017	1 049 831 674	1 114 426 002
2017/2018	1 117 685 742	1 195 776 661

GRAPH Operating Expenditure

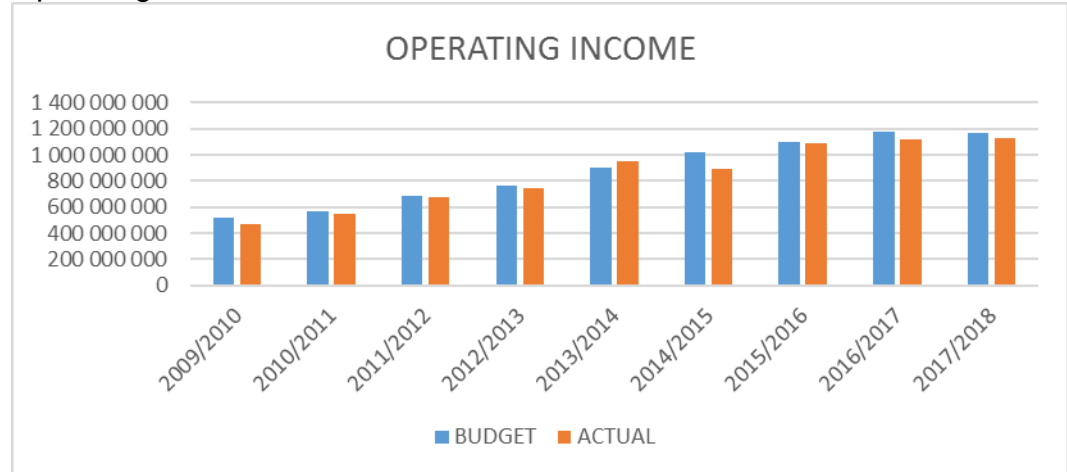


The graph below indicates the comparison between budgeted and actual operating Income over the past 8 year.

OPERATING INCOME

YEAR	BUDGET	ACTUAL
2010/2011	571 808 669	543 258 099
2011/2012	682 705 617	677 487 982
2012/2013	759 986 389	748 889 365
2013/2014	902 359 076	948 018 519
2014/2015	1 018 055 369	887 463 147
2015/2016	1 093 649 325	1 084 442 042
2016/2017	1 172 632 424	1 122 605 916
2017/2018	1 169 602 034	1 126 982 043

GRAPH
Operating Income

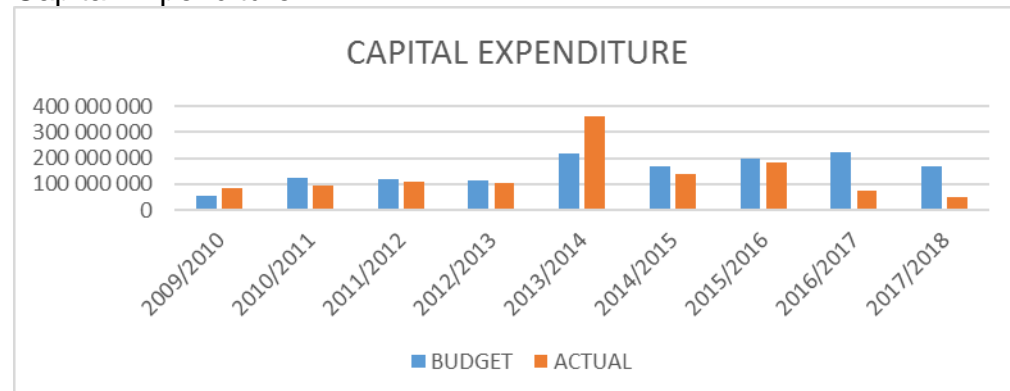


The capital expenditure against the budget of the past 8 years are also indicated graphically below:

CAPITAL EXPENDITURE – MIG INCLUDED

YEAR	BUDGET	ACTUAL
2010/2011	122 763 000	94 017 000
2011/2012	120 712 000	111 073 584
2012/2013	115 091 062	103 549 587
2013/2014	217 482 461	360 867 930
2014/2015	170 928 970	138 660 743
2015/2016	200 254 351	183 123 413
2016/2017	220 782 252	76 127 574
2017/2018	168 925 910	48 787 680

GRAPH
Capital Expenditure



The low spending of Capital during the 2017/2018 financial year is due to projects amounting to R90 780 488 transferred to RAL as well as a loan not finalized within the financial year.

OPERATING BUDGET 2018/2019

Operating Revenue

The revenue of Greater Tzaneen Municipality is pre-dominantly raised through rates and tariffs. Grants and subsidies from National and Provincial Government constitute a portion of the total revenue but the budget is based on a strong base of own sources.

Metered services and property rates contributed the following revenue to Greater Tzaneen Municipality during the 2017/2018 financial year:

Electricity	40,7%
Refuse Removal	2,9%
Property Rates	12,4%

Since the 2008/2009 financial year the fair market value of a property has been applied in terms of the Property Rates Act.

OPERATING BUDGET 2019/2020

The Greater Tzaneen Municipal operating income will be allocated as follows during 2019/20 Financial year:

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

REVENUE	BUDGET
Property rates	-R 140 000 000
Property rates – penalties imposed and	
Collection charges	-R 8 400 000
Service charges	-R 616 672 657
Rental of facilities and equipment	-R 1 972 100
Interest earned – external investments	-R 4 301 000
Interest earned – outstanding debtors	-R 17 000 000
Fines	-R 38 501 136
Licenses and permits	-R 817 000
Income from agency services	-R 53 664 291
Government Grants and Subsidies	-R 505 850 000
Other Revenue	-R 6 968 123
Gains on disposal of property, plant & Equip.	-R 2 500 000
Income Foregone	R 37 470 000
TOTAL REVENUE	<u>-R1 359 176 307</u>

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

REVENUE**BUDGET**

Property rates	-R 140 000 000
Property rates – penalties imposed and	
Collection charges	-R 8 400 000
Service charges	-R 649 756 757
Rental of facilities and equipment	-R 1 972 100
Interest earned – external investments	-R 4 301 000
Interest earned – outstanding debtors	-R 25 000 000
Fines	-R 38 501 136
Licenses and permits	-R 817 000
Income from agency services	-R 53 664 291
Government Grants and Subsidies	-R 550 175 729
Other Revenue	-R 6 968 123
Gains on disposal of property, plant & Equip.	-R 2 500 000
Income Foregone	R 38 200 000
TOTAL REVENUE	<u>-R1 443 856 136</u>

Operating Expenditure

The budgeted expenditure per item are as follows for the 2019/2020 financial year:

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

ITEM**BUDGET**

Employee Related Costs	R 293 011 201
Employee Related Cost Social Contributions	R 64 704 145
Employee Cost Capitalized	-R 13 949 720
Employee Costs Allocated to other Operating	
Items	-R 139 975 903
Remunerations of Councillors	R 28 302 991
Bad Debts	R 72 600 000
Collection Costs	R 1 200 000
Inventory Surplus/Loss	R 0
Depreciation	R 134 113 513
Repairs and Maintenance	R 207 812 128
Interest Expense – External Borrowings	R 14 658 314
Bulk Purchases	R 403 000 000
Contracted Services	R 73 691 882
Grants & Subsidies paid	R 27 894 000
Grants & Subsidies Paid unconditional	R 8 127 812
General Expenses	R 134 049 478
EXPENDITURE TOTAL	<u>R1 309 239 841</u>

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

ITEM	BUDGET
Employee Related Costs	R 327 010 401
Employee Related Cost Social Contributions	R 71 731 252
Employee Cost Capitalized	- R 13 949 720
Employee Costs Allocated to other Operating Items	- R 184 540 562
Remunerations of Councillors	R 28 302 991
Bad Debts	R 82 100 000
Collection Costs	R 1 200 000
Inventory Surplus/Loss	R 0
Depreciation	R 134 113 513
Repairs and Maintenance	R 260 717 772
Interest Expense – External Borrowings	R 14 658 314
Bulk Purchases	R 407 300 000
Contracted Services	R 84 468 542
Grants & Subsidies paid	R 27 894 000
Grants & Subsidies Paid unconditional	R 8 127 812
General Expenses	<u>R 136 512 333</u>
EXPENDITURE TOTAL	<u>R1 385 546 648</u>

CAPITAL BUDGET

An amount of R140 million was approved for capital projects for the 2019/2020 financial year. This was funded as follows:

- Own Sources	R 32 935 000.00
- Loans	R 20 000 000.00
- Grants	<u>R 89 549 850.00</u>
TOTAL	<u>R142 484 850.00</u>

(b) FUNDING MEASURES

The funding of the budget is based on realistic anticipated revenue to be collected which was calculated on collection levels to date and actual revenue collected in previous financial years.

Financial Challenges

The challenges facing Greater Tzaneen Municipality are, inter alia, the following:

- Debt collection and Credit control where services infrastructure is lacking
- Expenditure Management

Sources of Funding

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

The 2019/2020 expenditure will be funded as follows:

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

Funding source	Amount
Grants & Subsidies	R 505 850 000
Rates & Service Charges	R 756 672 657
Sundry Income	R 96 653 650
Budgeted Revenue	<u>R1 359 176 307</u>

Greater Tzaneen Municipal Budget Including GTEDA and Water & Sewer:

Funding source	Amount
Grants & Subsidies	R 550 175 729
Rates & Service Charges	R 789 756 757
Sundry Income	R 103 923 650
Budgeted Revenue	<u>R1 443 856 136</u>

(c) PROPERTY VALUATION RATES TARIFFS AND OTHER CHARGES

To maintain an effective, efficient and sustainable town, tariff increases are inevitable. Tariff setting plays a major role in ensuring desired levels of revenue by assisting in the compilation of a credible and balanced budget to accommodate the basic service provision. The determination of tariffs for the 2019/2020 financial year has been guided by our Tariff Policy and guidelines set by National Treasury in the Municipal Budget Circular 93 for the 2019/2020 MTREF.

Property Rates

The proposed property rates are to be levied in accordance with existing Council's Policy, and both the Local Government Municipal Property

Rates Act 2004 (MPRA) and the Local Government Municipal Finance Management Act 2003.

The Property Rates Policy of Council is attached hereto as prescribed by National Treasury.

Property rates are based on values indicated in the General Valuation Roll. The Roll is updated for properties affected by land sub-division, alterations to buildings, demolitions and new buildings (improvements) through Supplemental Valuation Rolls. A new valuation roll has been implemented from 1 July 2017 and the Property Rates Tariff contained in the 2019/2020 Draft Budget is calculated on the new Valuation Roll for the period 2017 - 2022.

The proceeds from property rates must cover the shortfall in the provision of general service. It is also seen as the most important source of general revenue for Municipalities, especially in developed areas. The revenue generated from property rates is used to fund services like maintaining streets, roads, sidewalks, storm water drainage, parks and cemeteries.

It is proposed that the property rates tariff be increased by 5.6%, in line with the CPI inflation forecast seeing that this is a tax and not a metered service of which the user has the choice to the extent he/she wants to make use of it.

Water and Sewer Services

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

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

The proposed Water and Sanitation Tariffs for 2019/2020 are consistent with National Policy on the extension of free basic services, the National Strategic Framework for Water and Sanitation and with Council's Indigent Relief Measures, Rates and Tariff Policies and Equitable Service Framework.

The progressive nature of the existing domestic stepped tariff structure both for water and sanitation is pro-poor and allows for the needs of the indigent. It is also designed to discourage high water consumption levels, which have an impact on the size of both the water and sanitation portions of a consumer's bill. It enables all consumers to adjust their consumption levels to ensure affordability.

It is proposed that the step tariff structure from the 2018/2019 financial year **with the exception of water provision to Haenertsburg** be retained, with a proposed 5.6% increase in volumetric water tariffs generally, **and a proposed increase of 101,7% in water consumption to consumers in Haenertsburg with no step tariff structure.** A 5.6% increase in sanitation tariffs is also proposed.

Indigent Accounts

It is also recommended that the indigent account be kept at R150 per month.

Electricity Service

The proposed revisions to the tariffs have been formulated in accordance with Section 74 of the Municipal Systems Act as well as the recommendations of the National Energy Regulator of South Africa (NERSA).

The increase in electricity tariffs have been communicated through the consultation paper- Municipal Tariff Guideline, Benchmarks and proposed timeline for financial year 2018/2019. This guideline proposes an increase of **13,07%** on the previous year tariffs.

Refuse Removal Service

According to the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) a municipality must ensure a safe and healthy environment for its residents. Greater Tzaneen Municipality is therefore responsible to adequately maintain its refuse removal service, as well as refuse sites and solid waste disposal efforts.

The solid waste tariffs are levied to recover costs of services provided directly to customers and include collection fees, disposal fees and other ad hoc services.

It is proposed that the tariff be increased by 5.6% on the 2018/2019 tariffs with effect from 1 July 2019.

Tariffs and Charges Book

Council is permitted to levy rates, fees and charges in accordance with the Local Government Municipal Property Rates Act, the Local Government: Municipal Systems Act, Act 32 of 2000, Section 75A and the Municipal Finance Management Act, no. 56 of 2003, 17 (a)(ii).

(d) DEBTORS

The table below illustrates the debtor revenue in millions for the 6 months, July 2018 to December 2018:

DEBTOR REVENUE	JULY 18 R000,	AUG 18 R000,	SEPT 18 R000,	OCT 18 R000,	NOV 18 R000,	DEC 18 R000,
Revenue Billed	63 237	66 915	63 158	57 722	66 673	58 322
Revenue Collected	47 614	61 881	55 418	80 006	58 168	54 200
% Revenue Collected	75,29%	92,48%	87,75%	138,61%	87,24%	92,93%

The MFMA requires that the budget be based on realistic forecasts for revenue and the average collection rate for Greater Tzaneen Municipality amounts to 95%.

(e) SAVINGS AND EFFICIENCIES

To ensure value for money and efficient utilization of resources, performance indicators have been set for all Section 57 Directors. In-year reports (monthly and quarterly) as well as annual reporting are done on functional service delivery against information contained in the approved SDBIP.

Performance plans and productivity measures exist for each Director and it is expected of top management (all Directors) to manage their respective votes / departments.

(f) INVESTMENTS

Adequate provision has been made by way of external investments to ensure that cash is available on the maturity date of external sinking fund loans. Short-term Investment income on the other hand is utilized to fund the operational budget.

Details of the long-term investments of Greater Tzaneen Municipality are disclosed as follows.

Valuation of unlisted Investments

Liberty	R10 762 079
Standard Bank	<u>R16 125 319</u>
TOTAL	<u>R26 887 398</u>

Excelsior 1000 Investment

An investment of R855 619 has been made with Liberty on an annual basis to repay a loan of R15 million on maturity date. The loan bears interest on variable rate and the value of the investment amounts to R10 762 079.

STANDARD BANK

An investment of R11 350 000 has been made with Standard Bank to repay a loan of R30 million on maturity date. The loan bears interest on variable rate and the value of the investment amounts to R16 125 319.

(g) GRANT ALLOCATION

National Treasury advised Municipalities, through their Budget Circular 93, to use the indicative numbers as set out in the 2018 Division of Revenue Act to compile their 2019/2020 MTREF. In terms of the outer year (2021/2022) financial year Municipalities are advised to conservatively limit funding allocations to the indicative numbers as proposed in the 2018 DORA.

Greater Tzaneen Municipality however included the Grant allocations as contained in the DORA as published in Government Gazette no. 42217 of 8 February 2019, in the 2019/2020 Draft Budget.

The grant allocations as published in the 2019/2020 Division of Revenue Bill are summarized as follows:

<u>Allocation</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>
Equitable Share	R383 693 000	R413 205 000	R445 855 000
Municipal Infrastructure Grant	R 94 263 000	R 99 650 000	R107 401 000
Financial Man Grant	R 2 145 000	R 2 145 000	R 2 145 000
INEP (Elect)	R 20 000 000	R 26 000 000	R 13 188 000
Expanded Public works Prog.	R 5 749 000	R 0	R 0

Council must also take note of the following indirect Grants which have been allocated to Greater Tzaneen Municipality.

<u>GRANT</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>
INEP	R8 670 000	R9 499 000	R10 021 000
MSIG	R 0	R2 700 000	R 2 000 000

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

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

The allocations for Tzaneen are as follows:

GRANT	2019/2020	2020/2021	2021/2022
Water	R149 254 000	R163 683 000	R180 642 000
Sanitation	R112 129 000	R120 785 000	R130 049 000
As water service provider some of these funds need to be transferred to Greater Tzaneen Municipality.			

11. EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

According to the introduction of the Municipal Infrastructure Grant (MIG) the grant has been divided as follows for the following three Municipal Budget years:

FINANCIAL YEAR 2019/2020: ALLOCATION R94 263 000

Project Name	MIG Fund	Counter Fund	Total
1. Mawa Block 12 Low level Bridge	R2 000 000	R0	R2 000 000
2. Upgrading of Codesa Street to Hani Street	R3 000 000	R0	R3 000 000
3. Nelson Ramodike High School Access Road	R4 402 376	R0	R4 402 376
4. Mopye High School Access Road	R14 365 700	R0	R14 365 700
5. Upgrading of Relela Access Road	R4 402 376	R0	R4 402 376
6. Upgrading of Matapa to Leseke Access road	R4 402 376	R0	R4 402 376
7. Mulati Access Road Paving	R19 134 345	R0	R19 134 345
8. Upgrading of Mbambamencisi Access Road	R2 968 065	R0	R2 968 065
9. Lenyenye Taxi Rank	R8 119 900	R0	R8 119 900
10. Upgrading of Khujwana to Lenyenye Access road from Gravel to Tar	R19 554 712	R0	R19 554 712
11. Paving of Moseanoka to Cell C Pharare Internal Street in Ward 28	R2 000 000	R0	R2 000 000
12. Paving of Risaba, Mnisi, Shando to Driving School internal street in Ward 5	R2 000 000	R0	R2 000 000
13. Paving of Main road from Ndhuna Mandlakazi, Afrika, Zangoma, Mpenyisi to Jamba Cross Internal street in Ward 13	R2 000 000	R0	R2 000 000
14. Erection of Apollo Lights	R1 200 000	R0	R1 200 000
PMU Management	R4 713 150	R0	R4 713 150
TOTAL	R94 263 000	R0	R94 263 000

FINANCIAL YEAR 2020/2021: ALLOCATION R99 650 000

Project Name	MIG Fund	Counter Fund	Total
1. Nelson Ramodike High School access road Phase 2 of 2	R24 761 624.00	R0	R24 761 624.00
2. Upgrading of Relela Access Road Phase 2 of 2	R14 727 574.00	R0	R14 727 574.00
3. Upgrading of Matapa to Leseke Access Road Phase 2 of 2	R36 490 489.00	R0	R36 490 489.00
4. Erection of apollo lights	R2 185 523.00	R0	R2 185 523.00
5. Construction of Storm water drainage systems	R3 000 000.00	R0	R3 000 000.00
6. Paving of Marirone to Motupa Phase 1 of 2	R13 502 290	R0	R13 502 290
PMU Management	R4 982 500.00	R0	R4 982 500.00
TOTAL	R99 650 000.00	R0	R99 650 000.00

FINANCIAL YEAR 2021/2022: ALLOCATION R107 401 000.00

Project Name	MIG Fund	Counter Fund	Total
1. Upgrading of Lenyenye Stadium Phase 2	R13 056 030.00	R0	R13 056 030.68
2. Upgrading of Marirone to Motupa access road Phase 2 of 2	R10 000 000.00	R0	R10 000 000.00
3. Zangoma to Mariveni Access Road Phase 1 of 2	R10 000 000.00	R0	R10 000 000.00
4. Thapane Street paving Phase 1 of 2	R10 000 000.00	R0	R10 000 000.00
5. Lenyenye street Paving	R10 000 000.00	R0	R10 000 000.00
6. Topanama access road to Serurubele School	R10 752 000.00	R0	R10 752 000.00
7. Ticklyline to Mahwibidung storm water management	R3 500 000.00	R0	R3 500 000.00
8. Nkowankowa B Section street paving Phase 1 of 2	R10 000 000.00	R0	R10 000 000.00
9. Construction of pedestrian crossing bridges	R4 722 920.00	R0	4 722 920.00
10. Nkowankowa D street paving Phase 1 of 2	R10 000 000.00	R0	R10 000 000.00
11. Construction of Highmast lights	R5 000 000.00	R0	R5 000 000.00
12. Maweni Low level bridge	R5 000 000.00	R0	R5 000 000.00
PMU Management	R5 370 050.00	R0	R5 370 050.00
TOTAL	R107 401 000.00	R0	R107 401 000.00

12. ALLOCATIONS OF GRANTS MADE BY THE MUNICIPALITY

The allocations made by Council for the 2019/2020 financial year can be summarized as follows:

	2018/2019	2019/2020
Museum	R 45 000	R 100 000
Eskom EBSST	R4 000 000	R4 000 000
Mayor Special Account	R 600 000	R1 000 000
SPCA	R 156 000	R 156 000
Mayors Bursary Account	R1 000 000	R1 000 000
Sport Council	R 106 644	R 200 000
Arts & Cultural	R 24 217	R 150 000

13. DISCLOSURE ON COUNCILLORS ALLOWANCES AND EMPLOYEE BENEFITS

(A) COUNCILLORS ALLOWANCES AND COST TO COUNCIL

	SALARY	LAPTOP	TRAVELLING	TEL. ALL	SETA
CHIEF WHIP	517 777	3 856	172 592	43 697	6 777
COUNCILLOR	10 268 373	181 213	3 422 785	2 053 750	136 077
EXCO	1 444 260	19 278	481 420	218 484	19 387
FULL TIME	2 588 887	19 278	862 962	218 484	32 615
MAYOR	690 370	3 856	230 123	43 697	6 978
SPEAKER	552 295	3 856	184 098	43 697	5 626
SECTION 79	2 523 406	34 700	841 135	393 271	33 930
TOTAL	18 585 368	266 036	6 195 116	3 015 079	241 390

(B) EMPLOYER BENEFITS FOR MUNICIPAL MANAGER AND OTHER SENIOR MANAGERS

	MUNICIPAL MANAGER	DIRECTOR PLANNING & ECONOMIC DEVELOPMENT	CHIEF FINANCIAL OFFICER	DIRECTOR CORPORATE SERVICES VACANT	DIRECTOR COMMUNITY SERVICES	DIRECTOR ELECTRICAL ENGINEERING SERVICES	DIRECTOR ENGINEERING SERVICES
B/SALARY	1 819 172	1 293 190	1 487 168	1 293 190	1 293 190	1 487 168	1 487 168
INSENTIVE Bonus	181 917	129 319	148 717	129 319	129 319	148 717	129 319
A/BONUS	0	0	0	0	0	0	0
UIF	1 911	1 911	1 911	1 911	1 911	1 911	1 911
SETA	16 392	11 143	12 881	11 107	11 066	13 004	12 107
LEAVE RED	31 532	22 415	25 778	22 415	22 415	25 778	25 778
CELL PHONE	24 000	24 000	24 000	24 000	24 000	24 000	24 000

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

BENEFIT	AMOUNT
Basic Salary	R225 866 695
Overtime	R 48 028 617
Bonus	R 18 832 834
Standby	R 4 587 671
Leave Redemption	R 8 947 691
Housing Allowance	R 2 296 243
Travel Allowance	R 17 414 625
Performance Incentive Schemes	R 1 016 025
Medical Aid Contribution	R 19 799 476
Pension Schemes	R 40 335 429
UIF Contribution	R 1 344 718
Group Insurance	R 3 729 445
Workmens Compensation	R 3 293 076
SETA	R 3 149 715
Bargaining Council	R 79 392
TOTAL	<u>R398 721 653</u>

Cost to Council: Political Office – Bearers and collectively

	SALARY	LAPTOP	TRAVELLING	TEL.	SETA
CHIEF WHIP	517 777	3 856	172 592	43 697	6 777
COUNCILLOR	218 476	3 856	72 825	43 697	2 986
EXCO	288 852	3 856	96 284	43 697	3 877
FULL TIME	517 777	3 856	172 592	43 697	6 777
MAYOR	690 370	3 856	230 123	43 697	6 978
SPEAKER	552 295	3 856	184 098	43 697	5 626
SEC 79 Cllr	280 378	3 856	93 459	43 697	3 770

Number of Councillors: 69

Number of Personnel: 660

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

1. Municipal Manager	B.S. Matlala
2. Director Corporate Services	W. Shibamba
3. Director PED	B. Mathebula
4. Chief Financial Officer	P.M. Makhubela
5. Director Engineering Services	C.W. Molokomme
6. Director Electrical Engineering	MS. Lelope
7. Director Community Services	A. Nkuna

15 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASHFLOW

(a) CONSOLIDATED PROJECTION OF REVENUE BY SOURCE AND EXPENDITURE BY TIPE.

Attached as Annexure “L”

(b) CONSOLIDATED PROJECTION OF REVENUE AND EXPENDITURE BY VOTE.

Attached as Annexure “M”

(c) CONSOLIDATED CAPITAL EXPENDITURE BY VOTE.

2019/2020

DEPARTMENT	OWN SOURCES	LOANS	GRANTS	TOTAL
Eng. Services	13 150 000	0	89 549 850	102 699 850
Elect. Services	15 000 000	20 000 000		35 000 000
Community Services	1 885 000	0		1 885 000
Finance	0			0
Corporate Services	0	0		0
PED	1 000 000			1 000 000
MM	1 900 000			1 900 000
TOTAL	32 935 000	20 000 000	89 549 850	142 484 850

2020/2021

DEPARTMENT	OWN SOURCES	LOANS	GRANTS	TOTAL
Eng. Services	13 860 100	0	94 667 500	108 527 600
Elect. Services	15 000 000	30 000 000	0	45 000 000
Community Services	1 986 790			1 986 790
PED	1 054 000			1 054 000
TOTAL	31 900 890	30 000 000	94 667 500	156 568 390

2021/2022

DEPARTMENT	OWN SOURCES	LOANS	GRANTS	TOTAL
Eng. Services	14 608 545	0	102 030 950	116 639 495
Elect. Services	15 000 000	0	0	15 000 000
Community Services	2 094 077			2 094 077
PED	1 110 916			1 110 916
TOTAL	32 813 538	0	102 030 950	134 844 488

The Capital budget decreased from R140 549 300 in the 2016/2017 financial year to R140 889 514 in the 2017/2018 financial year.

(d) CASH FLOW SETTING OUT RECEIPTS BY SOURCE AND PAYMENT BY TYPE.

Attached as **Annexure “F”**

16 SUMMARY OF THE BUDGET AND THE SDBIP – INTERNAL DEPARTMENTS

A) Executive summary of the SDBIP for each internal department.

In terms of Section 53 (1) (c) (ii) of the Municipal Finance Management Act, the Service Delivery and Budget Implementation Plan (SDBIP) is defined as a detailed plan approved by the Mayor of a Municipality for implementing its delivery of municipal services and its annual budget which must indicate the following:-

a) Monthly projections of-

- I Revenue to be collected, by source; and
- II Operational and capital expenditure by vote

b) Service delivery targets and performance indicators for each quarter.

c) Other matters prescribed.

The Mayor, in accordance with Section 53 of the MFMA, is expected to approve the SDBIP within 28 days after the approval of the Budget. In addition, the Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the SDBIP are made public within 14 days after its approval.

The SDBIP gives effect to the Integrated Development Plan and the Budget of the Municipality. It is an expression of the objectives of the Municipality in quantifiable outcomes which will be implemented by the administration for the financial period from 1 July 2019 to 30 June 2020. It includes the service delivery targets and performance indicators for each quarter, which should be linked to the performance agreements of senior management. It therefore facilitates oversight of financial and non-financial performance of the Municipality and allows the Municipal Manager to monitor the performance of the managers.

B) Services provided including level of services

With regard to service delivery standards Greater Tzaneen Municipality endeavors to realize the following values:

- Give priority to the basic needs of the community
- Promote the development of the community
- Ensure that all members of the Local Community have access to at least the minimum level of basic municipal services.

With regard to the levels of services currently rendered in our area of jurisdiction we are convinced, although much more needs and will be done, that Greater Tzaneen Municipality is one of the leading municipalities in the Province.

The level of the different services currently rendered by Council can be summarized as follows:

Waste Management

- Powers and Function of Waste Management

The mandate of GTM is to provide all households with a basic removal service to protect the environment for the benefits of future and present generations through legislative and other measures to prevent pollution and ecological degradation promote conservation to secure sustainable development.

Section 84 read with Section 85 of the Municipal Structures Act 117 of 1998; determine the division of powers and functions, and such require Landfill-sites to be a district function for more than one Municipality.

The Department of Environmental Affairs already resolved that a process of Landfill "Regionalization" must be pursued, which is aligned with Sec. 84 (1) (e) (iii) of the above-mentioned Act.

The jurisdiction-area of GTM is divided by the main roads from Politsi via Tzaneen, Tarentaalrand, Letsitele and Trichardsdal, in a Northern and Southern service region.

Water and Sewer Services

Level of Service

Water Treatment

Greater Tzaneen Municipality manages and operates Water Works in Tzaneen (Georges Valley and Tzaneen Dam) and Letsitele (Letsitele Water Works) at 100% efficiency level. These water works comply with Blue Drop Certification and SANS 241:2011 levels and criteria as set by Department of Water Affairs. Haenertsburg and Nkowankowa are supplied by Lepelle Northern Water while Lenyenye is supplied by Mopani District Municipality as Water Services Authority. Regular water samples are collected from different points of these mentioned towns and analyzed accordingly.

Boreholes are mainly used to augment the non-functional water works in rural areas and in places where there is no other sources than ground water. More than 35% of the total boreholes are dysfunctional due to vandalism, theft of electrical cables, transformers and also theft of borehole pumps. Council supplies water to the rest of the rural community through water tankers.

Wastewater Treatment

Greater Tzaneen Municipality manages and operates Tzaneen Sewage Works and assist Mopani District Municipality to maintain Nkowankowa Sewerage Works and Lenyenye Oxidation Ponds. Both Haenertsburg and Letsitele are using Septic tanks which are drained regularly at the request of the owner. The majority of the rural community use VIP latrines.

Maintenance of Water services network

A 100% maintenance services is rendered by Greater Tzaneen Municipality to the following towns:

- Tzaneen
- Nkowankowa
- Lenyenye
- Letsitele
- Haenertsburg

Although Greater Tzaneen Municipality always respond to community request to repair or assist with maintenance to equipment in rural areas

the maintenance in rural areas is in the hands of Mopani District Municipality.

Electricity

Tzaneen has the options of power delivery in single or three phase form. Three phase < 75 kVA and Single phase domestic pre-paid has been added as a third option and is available in areas where pre-paid monitoring infrastructure is installed.

Power provision is on a 24 hour basis with interruptions due to faults and maintenance due to lack of funding for operational and capital activities, systems integrity is being negatively affected. Vegetation Control was in-sourced three years back and is proving a huge challenge.

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

C) Senior Management Capability and Structure

The organizational structure of the Municipality as from 1 July 2017 provides for the following service departments:

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

Each department is headed by a Section 56/57 Manager appointed on a fixed term contract coupled to a renewable Annual Performance Agreement. All the departments with the exception of the Mayor and Municipal Manager have Directors who manages the departments.

The 5 Senior Managers positions are currently underway to be filled.

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

D) Changes to service levels and standards

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

17 SUMMARY OF BUDGET AND SDBIP – ENTITIES

Budget is contained in Item 22 of this report.

18 CONTRACTS HAVING FUTURE AND BUDGETARY IMPLICATIONS

a) NAMES OF ALL CONTRACTING PARTIES

NAME	SERVICE
Fidelity Cash Management Solutions -	Cash in Transit and Banking Solutions
Rhino Consulting Engineers -	Specialized Electrical Services
Arms Audit -	Asset Management
Mandebele and Family -	Construction of New Ablution block, Change room and Upgrading of Existing Ablution block
Theuwedi Trading -	Treatment and disposal of medical waste
Molebogeng Trading Enterprise -	Intergrated Waste Management in Southern Waste Region - Nkowankowa
SEBATA EMS -	Implementation of mSCOA
Kunene Makopo -	Providing of Insurance Services
Theuwedi Trading -	Collection, Transportation and Disposal of Solid Waste in Northern Region –Tzaneen
Matete and Associates -	Compilation of Land Use Scheme (LUS)
First Technology (PTY) LTD -	Server Infrastructure Equipments
CHM Vuwani Computer Solutions -	Installation and leasing of ICT LAN Equipment
Theuwedi Trading -	Collection, Transportation and Disposal of Solid Waste – Nkowankowa
Molebogeng Trading Enterprise -	Collection, Transportation and disposal of Solid Waste – Lenyenye
Quality Plant Hire -	Moruji to Matshwi: Upgrading of road from gravel to tar.
Tshiamiso Trading -	Upgrading of CODESA Street to Hani Str.
Tshiamiso Trading -	Mulati Access road paving
Makasana Construction -	Upgrading of Mbambamencisi Access Road
Selby Construction -	Upgrading of Khujwana to Lenyenye access road from gravel to tar.

b) INFORMATION ON EXPENDITURE ON EACH CONTRACT FOR THE LAST THREE YEARS

Fidelity Cash Management Solutions	-	R 157 248
Rhino Consulting Engineers	-	R 3 279 720
Arms Audit	-	R 3 034 827
Mandebele and Family	-	R 671 696
Theuwedi Trading	-	R 8 357 276
Molebogeng Trading Enterprise	-	R 5 327 293
SEBATA EMS	-	R 5 159 257
Kunene Makopo	-	R 2 253 517
Theuwedi Trading	-	R 3 146 270
Matete and Associates	-	R 45 425
First Technology (PTY) LTD	-	R 168 694
CHM Vuwani Computer Solutions	-	R 231 650
Theuwedi Trading	-	R 834 706
Molebogeng Trading Enterprise	-	R 721 561
Quality Plant Hire	-	R76 310 653
Tshiamiso Trading	-	R 0
Tshiamiso Trading	-	R 0
Makasana Construction	-	R 1 751 094
Selby Construction	-	R 2 130 398

c) THE TOTAL EXPENDITURE ON EACH CONTRACT TO DATE

Fidelity Cash Management Solutions	-	R 157 248.40
Rhino Consulting Engineers	-	R 5 056 181.59
Arms Audit	-	R 5 660 750.89
Mandebele and Family	-	R 671 695.98
Theuwedi Trading	-	R 8 357 276.39
Molebogeng Trading Enterprise	-	R 5 327 293.14
SEBATA EMS	-	R 5 159 257.05
Kunene Makopo	-	R 2 253 516.66
Theuwedi Trading	-	R 3 146 270.43
Matete and Associates	-	R 45 425.00
First Technology (PTY) LTD	-	R 168 694.04
CHM Vuwani Computer Solutions	-	R 231 649.96
Theuwedi Trading	-	R 834 705.76
Molebogeng Trading Enterprise	-	R 721 560.60
Quality Plant Hire	-	R76 310 652.82
Tshiamiso Trading	-	R 0
Tshiamiso Trading	-	R 0
Makasana Construction	-	R 1 751 094.45
Selby Construction	-	R 2 130 397.65

d) PLANNED EXPENDITURE ON EACH CONTRACT FOR THE BUDGET YEAR AND THE FOLLOWING TWO YEARS

Fidelity Cash Management Solutions	-	R 508 502
Rhino Consulting Engineers	-	R 1 348 280
Arms Audit	-	R 4 164 464
Mandebele and Family	-	R 28 304
Theuwedi Trading	-	R11 707 364
Molebogeng Trading Enterprise	-	R10 586 624
SEBATA EMS	-	R 2 164 286
Kunene Makopo	-	R 3 573 890
Theuwedi Trading	-	R18 467 347
Matete and Associates	-	R 863 075
First Technology (PTY) LTD	-	R 1 078 190
CHM Vuwani Computer Solutions	-	R 2 272 150
Theuwedi Trading	-	R14 189 998
Molebogeng Trading Enterprise	-	R12 266 530
Quality Plant Hire	-	R 4 962 982
Tshiamiso Trading	-	R 9 217 611
Tshiamiso Trading	-	R26 824 513
Makasana Construction	-	R 5 673 325
Selby Construction	-	R30 568 728

e) ESTIMATE OF THE TOTAL BUDGETARY IMPLICATIONS OF EACH CONTRACT

Provision has been made on the budget by the departments to accommodate the cost i.e. Contracted Services, Repairs & Maintenance, Depreciation, etc., of all contracts.

19 SUMMARY OF DETAILED CAPITAL BUDGET

Capital expenditure/projects relates to the investment in major initiatives, the benefit of which is going to last for more than one financial year. It represents infrastructure which forms part of the service that is provided to our communities.

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

The obtaining of functional infrastructure is ultimately dependent on project management.

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

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

Section 19(2) of the MFMA determines that:

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

- (a) the projected cost covering all financial years until the project is operational; and***
- (b) the future operational costs and revenue on the project, including municipal tax and tariff implication.”***

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

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

The borrowings of Greater Tzaneen Municipality amounted to R101 million on 30 June 2018.

The details of the capital budget are summarized as follows:

LOANS

Loans of R20 million will be taken up during the 2019/2020 financial year to finance capital projects.

Consolidated Capital Projects from Own Sources: Greater Tzaneen Municipality

2019/2020

DEPARTMENT NUMBER	DEPARTMENT	2019/2020	2020/2021	2021/2022
002	Municipal Manager		0	0
052	Corporate Services		0	0
032	Financial Services		0	0
140	Community Services	1 885 000	1 986 790	2 094 077
0062	Engineering Services	13 150 000	13 860 100	14 608 545
162	Electrical Engineering Services	15 000 000	15 000 000	15 000 000
012	PED	1 000 000	1 054 000	1 110 916
	TOTAL	31 035 000	31 900 890	32 813 538

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

2019/2020 Financial year R235 000

2020/2021 Financial year R235 000

2021/2022 Financial year R235 000

Capital Projects from Grants: Greater Tzaneen Municipality.

DEPARTMENT NUMBER	DEPARTMENT	2019/2020	2020/2021	2021/2022
002	Municipal Manager	0	0	0
052	Corporate Services	0	0	0
032	Budget & Treasury Office	0	0	0
140	Community Services	0	0	0
062	Engineering Services (MIG)	89 549 850	94 667 500	102 030 950
162	Electrical Engineering Services (EED)	0	0	0
012	PED (NDPG)	0	0	0
	TOTAL	89 549 850	94 667 500	102 030 950

Capital from Loans

DEPARTMENT NUMBER	DEPARTMENT	2019/2020	2020/2021	2021/2022
002	Municipal Manager	0	0	0
052	Corporate Services	0	0	0
032	Budget & Treasury Office	0	0	0
140	Community Services	0	0	0
062	Engineering Services (MIG)	0	0	0
162	Electrical Engineering Services (EED)	20 000 000	30 000 000	0
012	PED (NDPG)	0	0	0
	TOTAL	20 000 000	30 000 000	0

GTEDA has no Capital projects financed through Grants or Loans.

FINANCIAL IMPLICATIONS OF CAPITAL EXPENDITURE

Section 18 of the MFMA determines, inter alia, that a Municipality may make use of borrowed funds, but only to finance capital expenditure.

External borrowing therefore represents capital funds. It must, however, be emphasized that although external borrowing represents capital funds it has a negative effect on the operational budget in the form of interest and depreciation. The result of this is less funds available for maintenance and general administration costs.

Should Council consider a loan for Capital projects it will have the following financial implication on the Operational Budget:

LOAN	INTEREST	DEPRECIATION	TOTAL
R10 000 000	R1 200 000	R666 666	R1 866 666

Capital cost for a R20 million loan, interest and depreciation, have been included in the operational budget. Meetings were held with officials from DBSA to discuss the loan as well as a loan plan and provision has been made for a R20 million loan to finance Capital projects during the 2019/2020 financial year. Provision has also been made to accommodate the finance cost of the loan.

20 **LEGISLATIVE COMPLIANCE STATUS**

Compliance with the MFMA requirements have been substantially adhered to through the following activities:

- Budget and Treasury Office have been established in accordance with the MFMA.
- Budget Steering Committee required by the Budget Regulations has been established and is functional.
- The 2019/2020 IDP review process is underway, with community consultation in process as required by Legislation.
- The Annual Budget has been prepared in accordance with the requirements prescribed by National Treasury, the MFMA and budget regulations. mSCOA Data Strings will also be submitted to National Treasury and Provincial Treasury as required.

- The Municipal Supply Chain Management Policy was adopted and the three committees required by the Act have been established and are functional.
- Compliance with regard to monthly, quarterly and annual reporting to the Mayor, Executive Committee, Council, Provincial Government and National Treasury.
- Compilation of the Annual Financial Statements to GRAP Statements.
- The Annual Report has been prepared in accordance with the MFMA and National Treasury requirements.
- An Audit Committee has been established which provides an oversight function over the Financial Management and Performance of the Municipality.
- A Municipality Public Accounts Committee has been established to ensure that the administration is held accountable for the Management of Municipal funds and assets and to ensure the efficient and effective utilization of Councils resources.

21 OTHER SUPPORTING DOCUMENTS

21.1 Providing clean water and managing waste water.

Attached as Annexure “J” is a certificate of analysis of water samples of Greater Tzaneen Municipality.

22 ANNUAL BUDGET OF MUNICIPAL ENTITIES

Greater Tzaneen Municipality established a Municipal Entity to inter-alia market Greater Tzaneen’s Economic Development potential and investment opportunities to the Local, National and International Business communities.

The services provided by this Entity are as follows:

GTEDA Services provided:

- Market Greater Tzaneen potential and investment opportunities.
- Create a positive investment climate.
- Provide business support services
- Create networking platforms
- Conduct and facilitate project funding
- Facilitate access to available business premises and land

- Coordination of economic development; and
- Fully investigate available resources.

GTEDA Mandate:

GTEDA is the entry point for potential investors;
 GTEDA is a catalyst;
 GTEDA connect people who have a passion for growth;
 GTEDA implement Local Economic Strategy of GTM

Funding from Parent Municipality:

Funded by Greater Tzaneen Municipality, the parent Municipality. The 2019/2020 allocation amounts to R8 646 460.

Future Objectives:

GTM is currently formulating a new relationship with GTEDA, based on Audit Committee finding on GTEDA sustainability “going concern”.

Then the report will have a way for new relationship bases on the Municipal Strategy of LED.

23 PERFORMANCE AGREEMENTS OF SENIOR MANAGERS

The performance agreements of Senior Managers are attached hereto as annexure “P”

24 MUNICIPAL MANAGERS QUALITY CERTIFICATION

The Quality Certificate is attached as Annexure “ N “.

013 - GREATER TZANEEN ECONOMIC DEVELOPMENT AGENCY

PROPOSED MULTI-YEAR BUDGET 2019/20, 2020/21, 2021/22

				YEAR 1	YEAR 2	YEAR 3
	Original Budget 2019/2019	Proposed Mid-Year Adjustments/ Virements	Proposed Revised Budget 2019/2019	Total Budget 2019/20	Total Budget 2020/21	Total Budget 2021/2022
01 - INCOME						
011- Interest Earned	-	-	-	-	-	-
0141 - Interest Received	-	-	-	-	-	-
022- Operating Grants/Subsidies	7 860 418,50	3 875 000,00	11 735 418,50	8 646 460,35	9 511 106,39	10 462 217,02
XXX- Other (Facilitation Fees)	-	3 875 000,00	3 875 000,00	-	-	-
0230 - SERVICES SETA	-	-	-	-	-	-
0233 - Municipal	7 860 418,50	-	7 860 418,50	8 646 460,35	9 511 106,39	10 462 217,02
024- Other Revenue	-	-	-	-	-	-
0250 - Facilitation Fees	-	-	-	-	-	-
xxxx - Other Cash Sales	-	-	-	-	-	-
TOTAL INCOME	7 860 418,50	3 875 000,00	11 735 418,50	8 646 460,35	9 511 106,39	10 462 217,02
02 - EXPENSES						
051- Employ Related Costs	2 864 632,44	370 436,89	3 035 069,33	2 041 095,68	3 235 205,25	3 558 725,78
1001 - Salaries Basic	2 348 294,30	350 000,00	2 698 294,30	2 583 123,73	2 841 436,10	3 125 579,71
1002 - Overtime	9 049,33	9 000,00	18 049,33	9 954,28	10 949,69	12 044,66
1004 - Annual Bonus (13th Cheque)	119 279,58	-	119 279,58	131 207,54	144 328,29	158 761,12
1010 - Leave Pay	147 957,58	-	147 957,58	162 753,34	179 028,97	198 931,54
1016 - Performance Bonus	40 051,85	11 436,69	51 488,54	54 056,82	59 462,50	65 408,75
053- Employ Related Costs	985 744,68	50 000,00	1 035 744,68	1 084 319,15	1 182 751,08	1 312 026,17
1021 - Contribution-Medical aid scheme	-	-	-	-	-	-
1022 - Contribution-Pension schemes	-	-	-	-	-	-
XXX - Contribution-Housing Subsidy	-	-	-	-	-	-
1023 - UIF/Lavy (Stat Payments)	985 744,68	50 000,00	1 035 744,68	1 084 319,15	1 182 751,08	1 312 026,17
058 - Remuneration of Directors	625 000,00	320 000,00	945 000,00	701 000,00	786 109,00	864 710,00
1053 - Emoluments	400 000,00	250 000,00	650 000,00	453 000,00	513 850,00	565 235,00
1057 - Travel/Accom	225 000,00	70 000,00	295 000,00	247 500,00	272 259,00	299 475,00
1054 - Secretarial Support	-	-	-	-	-	-
064 - Depreciation	75 086,65	-	75 086,65	82 585,32	90 854,85	99 940,33
1091 - Depreciation	75 086,65	-	75 086,65	82 585,32	90 854,85	99 940,33
068 - Repairs and Maintenance	169 777,38	150 000,00	319 777,38	166 755,12	205 430,63	225 973,69
1101 - Furniture/Office Equipment	169 777,38	150 000,00	319 777,38	166 755,12	205 430,63	225 973,69
068 - Interest Expense	6 466,00	-	6 466,00	7 112,60	7 823,86	8 606,25
1231 - External	6 466,00	-	6 466,00	7 112,60	7 823,86	8 606,25
074 - Contracted Services	502 791,21	125 000,00	627 791,21	563 070,33	612 377,38	684 115,10
1261 - Information Technology	36 464,00	23 000,00	59 464,00	40 110,40	48 121,44	56 933,58
1263 - Security	5 645,43	-	5 645,43	6 289,97	6 830,97	7 514,07
1265 - Cleaning	-	-	-	-	-	-
1270 - Internal Audit	150 000,00	60 000,00	210 000,00	165 000,00	181 500,00	204 650,00
1277 - Rent Premises	310 681,78	42 000,00	352 681,78	341 749,98	375 924,95	413 517,45
078 - General Expenses	2 595 920,14	2 859 583,31	5 455 503,45	2 855 512,15	3 145 583,37	3 473 119,71
1301 - Advertising	70 000,00	60 000,00	130 000,00	77 000,00	84 700,00	93 170,00
1302 - Advertising Recruitment	41 340,00	41 340,00	82 680,00	45 474,00	50 021,40	55 023,54
1303 - Audit Fees	209 600,16	39 538,30	249 138,46	230 560,16	253 616,19	284 977,81
1306 - Bank Fees / Interest on Overdraft	49 201,15	-	49 201,15	54 121,27	59 533,39	65 466,73
1307 - Community Based Planning	1 683 373,68	2 359 941,44	4 043 315,12	1 851 711,05	2 036 882,15	2 249 570,37
1310 - Consultancy/Legal Costs	60 000,00	70 000,00	130 000,00	86 000,00	72 600,00	79 860,00
1311 - Consumables Domestic	1 191,02	-	1 191,02	1 310,12	1 441,13	1 585,25
1320 - Entertainment Public	7 101,62	9 000,00	16 101,62	7 811,78	8 592,98	9 452,25
1327 - Insurance	16 755,60	-	16 755,60	18 434,46	20 277,91	22 305,70
1347 - Postage & Courier	708,99	-	708,99	779,89	857,88	943,67
1348 - Printing/Stationery	16 574,81	10 000,00	26 574,81	20 432,07	22 476,28	24 722,81
1363 - Subscriptions	29 120,32	7 578,41	36 698,73	32 032,35	35 235,59	38 759,15
1364 - Substantance/Travel/Accom	110 000,00	60 000,00	170 000,00	121 000,00	133 100,00	146 410,00
1366 - Telephone/Cellphone	157 304,00	-	157 304,00	173 034,40	190 337,84	209 371,62
1369 - Training	30 000,00	66 000,00	96 000,00	33 000,00	40 800,00	44 880,00
1379 - Accounting Costs	108 242,70	65 000,00	173 242,70	119 066,97	130 973,67	144 071,03
1380 - Social Inclusion	3 403,28	-	3 403,28	3 743,62	4 117,98	4 528,78
1381 - Bursaries	-	-	-	-	-	-
03 - CAPITAL EXPENDITURE	235 000,00	-	235 000,00	235 000,00	235 000,00	235 000,00
008 - C 5023 - Office Equipment	235 000,00	-	235 000,00	235 000,00	235 000,00	235 000,00
TOTAL EXPENSES	7 860 418,50	3 875 000,00	11 735 418,50	8 646 460,35	9 511 106,39	10 462 217,02
NET SURPLUS/ (DEFICIT)						

DEPARTMENTAL COMMENTS

COMMENTS FROM ACTING DIRECTOR CORPORATE SERVICES: MR. W. SHIBAMBA

COMMENTS FROM DIRECTOR ENGINEERING SERVICES: MR. C.W. MOLOKOMME

COMMENTS FROM ELECTRICAL ENGINEERING SERVICES: MR. M.S. LELOPE

COMMENTS FROM PLANNING AND ECONOMIC DEVELOPMENT: MR. B.M. MATHEBULA

COMMENTS FROM COMMUNITY SERVICES: MR. A. NKUNA

COMMENTS FROM THE MUNICIPAL MANAGER: MR. B.S. MATLALA

COMMITTEE OUTCOME OR STUDY GROUP OUTCOMES

RESOLVED TO RECOMMEND