
REPORT OF THE DEPARTMENT OF THE CHIEF FINANCIAL OFFICER

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1.1 ANNEXURES

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A1 to A10

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Supporting Charts

Annexure “B” Water & Sewer Budget (Green)

Annexure “C” Environmental Health Budget (Pink)

Annexure “D” Policies

Revenue Related Policies

- Tariff Policy
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 - Water
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 - Refuse Removal
 - Property Rates
- Credit Control & Debt Collection
- Consumer Deposits
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- Policy dealing with Infrastructure Investment and Capital Projects
- Subsistence and Travelling Policy
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Annexure “E”	Guideline from National Treasury	(Yellow)
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Annexure “H”	Vehicle Budget	(White)
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1.2 INTRODUCTION

PURPOSE OF THIS REPORT

The purpose of this report is to request Council to consider the 2020/2021 (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 Steering 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 2020/2021 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. 98 and 99 which state inter alia that municipal revenues and cash flows are expected to remain under pressure in the 2020/2021 financial year. The budget was also drafted with full consideration of the pneumonia outbreak during December 2019 in Wuhan China which, by 23 April 2020 affected more than 2.6 million people worldwide with more than 185 000 people who have succumbed to the disease. The rapid spread of the Covid-19 Virus resulted in President Cyril Ramaphosa announcing a nationwide lockdown for 21 days from midnight on Thursday 26 March 2020 in a bid to halt the spread of the virus and save the lives of hundreds of thousands of our people. The 21day nationwide lockdown was later extended which has a negative effect on the economy.

As a result of the economic landscape, Municipalities find themselves in a situation where the ability of consumers to pay for services is declining and this means that less revenue will be collected. Our Municipality therefore strives to implement a budget which promotes the following activities:

- Improving the effectiveness of revenue management processes and procedures.
- Paying special attention to cost containment measures by controlling non-essential activities.
- Ensuring value for money through the procurement process.

National Treasury also advised Municipalities to carefully consider affordability of tariff increases especially where it relates to domestic consumers.

Management 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 considering 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 the effect that the Covid-19 virus has on the economy and the fact that Municipalities were cautioned by National Treasury to keep increases in tariffs and other charges as low as practically possible. Council is also advised 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 2020/2021 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 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 Councilors 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 2020/2021 and the indicative revenue and projected expenditure for the two subsequent years 2021/2022 and 2022/2023 be approved as contained in the following schedules:

Supporting tables:

A1 to A10

SA 1 to SA 38

Supporting Charts

- i. That Council takes note that government gazette no 43450 issued by National Treasury on the 24th of June 2020 in which Council is informed that the Equitable share allocation will be increased from R414 million to R506 million.

The increase in the equitable share allocation will be addressed in the 2020/2021 adjustment budget.

- ii. That the INEP operational projects be detailed as follows:

2020 2021 INEP projects			
No.	Project Name	Number of Connections	Planned Budget
1	Electrification of Bakgaga Village	96	R 1 728 000,00
2	Electrification of Senakwe	40	R 720 000,00
3	Electrification of Senopelwa (Mantshwa)	90	R 1 620 000,00
4	Electrification of Pelana	75	R 1 350 000,00
5	Electrification of Musiphani	77	R 1 386 000,00
6	Electrification of Mavele (Phase 4)	327	R 5 892 000,00
7	Electrification of Sonkwane	63	R 1 134 000,00
8	Electrification of Runnymede	65	R 1 170 000,00
	Total	833	R15 000 000,00

That Council takes note that a letter was received from DME in which Council is informed that due to the special Adjustment Budget announced

by the President of South Africa, Mr. Cyril Ramaphosa the INEP allocation of R15 million has been reduced to R10 million.

The reduction in the INEP Grant allocation and the reprioritizing of project in line with the revised amount will be addressed in the 2020/2021 Adjustment Budget.

- (b) That the Annexures and policies attached to this report be approved.
- (c) That Council takes cognizance thereof that with the exception of the water tariff the increase in tariffs on the previous year tariffs 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 2020/2021 financial year be approved as follows:

Grants	R 88 938 050
Loans	R 22 000 000
Own Sources	<u>R 20 035 000</u>
TOTAL	R130 973 050

- (f) That an amount of R8 961 106.41 be allocated to GTEDA Municipal Entity.
- (g) 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.
- (h) That no overspending be allowed on the entertainment votes without the prior approval of the Municipal Manager and the Chief Financial Officer and that the amounts be limited to the guidelines contained in the cost containment measures.
- (i) That an amount of R1,2 million be provided on the Municipal Managers Vote for Disaster relieve, Covid-19 virus pandemic.
- (j) That the Municipal Manager finalizes the Service Level Agreement of the Environmental Health Service with MDM as a matter of urgency.

- (k) 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 kilo liter per month.
- (l) That the measurable performance objectives for revenue for each source and for each vote as per **Item 8** be approved.

(m) 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>
2020/2021 Financial year	R19 800 000	R 88 938 050	R22 000 000
2021/2022 Financial year	R 9 084 000	R 96 829 700	R0
2022/2023 Financial year	R 9 486 432	R102 603 800	R0

- II That the Capital Projects be detailed as follows:

GREATER TZANEEN LOCAL MUNICIPALITY 2020/2021 CAPITAL PROJECTS

Project No.	Project Title	Funding sources	2020/2021 Final	2021/2022 Final	2022/2023 Final
	Mawa Low Level bridge	MIG	2 057 113,15		
	Lenyenye Taxi Rank	MIG	2 942 886,85		
ESD-11	Upgrading of Mopye High School Access Road	MIG	5 000 000,00		
ESD-12	Paving Nelson Ramodike High School Access road	MIG	12 620 000,00	5 370 050,00	
ESD-13	Tarring of Nkowankowa B Streets	MIG		2 000 000,00	5 500 000,00
ESD-15	Tarring Nkowankowa A Codesa and Hani Street	MIG	4 478 953,00		
ESD-16	Paving of Topanama Access Road to Serurubele School	MIG		2 000 000,00	7 752 000,00
ESD-17	Paving of Marirone to Motupa Street	MIG	1 380 000,00	15 000 000,00	
ESD-18	Paving of Thapane Street	MIG	0,00	2 000 000,00	7 000 000,00
ESD-19	Mulati Access road Paving	MIG	13 653 118,02		
ESD-21	Tickyline to Makhwibuding Construction of storm water drainage systems.	MIG		3 500 000,00	
ESD-24	Lenyenye Street paving	MIG	0,00	2 000 000,00	5 500 000,00
ESD-27	Upgrading of Zangoma to Mariveni	MIG	0,00	8 469 640,00	7 572 850,00
ESD-28	Paving of Moseanoka to Cell C Pharare Internal Streets in Ward 28	MIG	6 029 170,97	15 000 000,00	19 117 728,00
ESD-29	Nkowakowa Section D street paving	MIG		2 000 000,00	7 000 000,00
ESD-31	Upgrading of Relele Access Road	MIG	13 953 582,67		
ESD-32	Matapa to Leseka Access Road to School	MIG	10 793 479,79		
ESD-110	Paving of Risaba, Mnisi, Shando, to Driving school Internal Street in Ward 5	MIG	6 000 000,00	15 000 000,00	18 598 491,00

	Supply and Installation of High Mast lights in Dan Village	MIG	1 380 000,00		
	Construction of Bulamahlo Community Hall	MIG			1 000 000,00
	Upgrading of Access Street from khopo, Molapisane School via Tickylane and myakayaka Serutung to Malengenge	MIG			1 000 000,00
	Construction of Runnymede Sport Facility Phase II	MIG			1 000 000,00
ESD-297	Paving of Main road from Ndhuna Mandlakazi, Efrika, Zangoma, Mpenyisi to Jamba Cross Internal Street (in Ward 13, Mandlakazi) and Nwamitwa Bridge via Nhlengeleti School to Taxi Rank, Clinic via Lwandlamoni School to Nwamitwa/Mandlakazi Road (in Ward 12)	MIG	8 649 744,66	24 490 010,00	21 562 731,00
	Clear View Fencing of Civic Centre and Stores	OWN	1 500 000,00		
	Construction of R71 Roundabout	OWN	1 500 000,00		
CSD-22	Purchase of Fleet: 1x waste truck 1 x grader	OWN	5 000 000		
ESD-86	Fence Nkowankowa cemetery extension	OWN	1 150 000		
ESD-199	Fence Lenyenye cemetery	OWN	1 150 000		
PED-30	Purchase of Geographical Information Systems Equipments	OWN	1 000 000		
CFO-001	Purchase of critical office furniture	OWN	500 000	700 000	700 000
6	Replace 2 x 20 MVA 66/11 kV at Tzaneen main sub (+R4 Million from IIPSA)	DBSA	12 000 000		
7	Prepaid Meters	DBSA	300 000		
10	Substation Tripping Batteries (Item B53 6/14) (Letsitele Main)	DBSA	450 000		
12	Provision of Capital Tools (Customer and Retail Services)	DBSA	100 000		
13	Provision of Capital tools (Operations and Maintenance)	DBSA	100 000		
14	Replacement of Existing Air Conditioners	DBSA	150 000		
19	Rebuilding of Deeside 11kv line	DBSA	600 000		
20	Rebuilding of Yarmona /Shivulari 11kv line (4km)	DBSA	600 000		
21	Rebuilding of Ledzee 11kv lines	DBSA	500 000		
31	Rebuilding of Waterbok 11kv lines	DBSA	700 000		
33	Rebuilding of Letaba Feeder 33KV line	DBSA	1 500 000		
40	Replace 11 kV and 33 kV Auto reclosers per annum (Item B53 6/14)	DBSA	1 500 000		
42	Refurbishment of the Ebenhezer 33kV Feeder	DBSA	1 500 000		
43	Install 33kV voltage regulator on the 33kV Haenertsburg ring	DBSA	2 000 000		
EED-115	New Electricity Connections (Consumer Contribution)	service contribution	8 000 000	8 384 000	8 786 432
GTEDA-298	Office equipment	GTEDA	235 000	235 000	235 000
TOTAL			130 973 049	106 148 700	112 325 232

III That an amount of R88 938 050 be approved from Grants for the 2020/2021 financial year.

- IV That a loan of R22 000 000 be taken up to finance Capital Projects during the 2020/2021 financial year.
- V That Council takes cognizance of the R93 619 000 MIG allocation for capital projects of which R88 938 050 is allocated for Capital and R4 680 950 is allocated for Operational.
- VI That Council takes cognizance of the capital allocation in the records of GTEDA to the amount of R235 000.

VII 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.

(n) PERSONNEL

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

(o) 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%.

(p) INTEREST ON AREAR 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.

(q) That R850 000 (previous year R850 000) be made available to the Mayor for the 2020/2021 financial year, allocated as follows:

- I R500 000 Special account which must be subjected to Audit. (Funds will be used for charity purposes) (Previous year R500 000)
- II R350 000 For Bursaries (Previous year R350 000)

(r) 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.	R131.69	R137.62
	b. Basic waste charge for non-urban residential premises	R131.69	R137.62
2.	<u>Business waste</u>	<u>Current</u>	<u>Proposed</u>
	a. Basic waste charge	R438.97	R458.72
	b. Waste tariff per unit of 85 x litres, for 6 x kerbside-removals p.w.	R438.97	R458.72
3.	<u>Industrial waste</u>		
	a. Basic waste charge	R351.18	R366.98
	b. Waste tariff per unit of 85 x litres, for 3 x kerbside-removals p.w.	R351.18	R366.98
4.	<u>Institutional waste</u>		
	Basic waste charge	R440.00 p.m.	R459.80
	Waste tariff per unit of 85 x litres, for 6 x kerbside-removals p.w.	R440.00 p.m.	R459.80
5.	<u>Dead Animals</u>		
	Collection, transportation and disposal of animal carcasses per removal	R300.00	R313.50
6.	<u>Condemned Foodstuffs</u>		
	Collection; transportation and disposal of condemned foodstuffs per load of 1 x ton // 1 m ³ or part thereof	R1 165.00	R1 217.42
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.	R787.00.00	R822.42
	Removal of 6m ³ (or part there-of) of non-compactable-waste p.w.	R1 980.00.00	R2 069.10

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)	R290.00	R303.05
	Per entry of a lorry load not exceeding 3 tons // 3 m^3 , but exceeding ≤ 1 ton // 1 m^3 (or part thereof)	R570.00	R595.65
	Per entry of a lorry load not exceeding 6 x tons // 6 m^3 but exceeding ≤ 3 x tons // 3 m^3 (or part thereof)	R1 417.00	R1 480.77
	Per entry of a lorry load not exceeding 10 x tons // 10 m^3 but exceeding ≤ 6 x tons // 6 m^3 (or part thereof)	R2 415.00	R2 523.68
	Per entry of a lorry load exceeding ≤ 10 x tons // 10 m^3 (or part thereof)	R3 129.00	R3 269.81
9.	<u>Health Care Risk Waste charges for collection, transportation & disposal</u>		<u>Proposed</u>
	≤ 5 x lit sharps	R 170-00	R177.65
	≤ 5 x lit human tissue	R 270-00	R282.15
	≤ 10 x lit sharps	R 370-00	R386.65
	≤ 10 x lit human tissue	R 370-00	R386.65
	≤ 20 x lit sharps	R 530-00	R553.85
	≤ 20 x lit human tissue	R 530-00	R553.85
	≤ 85 x lit H.C.R.W. in liner	R 190-00	R198.55
	≤ 25 x lit H.C.R.W box + liner	R 140-00	R146.30
	≤ 50 x lit H.C.R.W box + liner	R 280-00	R292.60
	≤ 140 x lit H.C.R.W box + liner	R 690-00	R721.05
≤ 140 x lit Empty liners	R 40-00	R41.80	

q) WATER SUPPLY: TARIFFS

That the following tariffs for water supply be approved

Tariffs Basic Charges

	CURRENT	PROPOSED
Domestic (AA)	R35.508	R37.105
Business (BA)	R56.085	R58.609
Industrial (CA)	R56.085	R58.609
State (EA)	R95.349	R99.640
Dept (FA)	R35.508	R37.105
Transnet (HA)	R95.349	R99.640
Flats	R57.954	R60.562
Education	R44.880	R46.900

Tariffs for Consumption

		CURRENT	PROPOSED
i	DOMESTIC (AA)		
	0 – 6 kl	R0.879 per kl	R1.36 per kl
	7 – 10 kl	R2.484 per kl	R3.81 per kl
	11 – 25 kl	R4.399 per kl	R6.72 per kl
	26 – 35 kl	R5.900 per kl	R9.08 per kl
	36 – 100 kl	R6.644 per kl	R10.12 per kl
	101 kl and more	R12.386 per kl	R19.06 per kl
ii	BUSINESS (BA) / INDUSTRIAL (CA)		
	0 – 50 kl	R3.16 per kl	R4.85 per kl
	51 – 100 kl	R5.27 per kl	R8.08 per kl
	101 and more	R6.33 per kl	R9.70 per kl
iii	STATE (EA) TRANSNET (HA)		
	0 – 50 kl	R8.30 per kl	R8.98 per kl
	51 – 250 kl	R6.83 per kl	R11.97 per kl
	251 and more	R4.87 per kl	R12.72 per kl
iv	DEPT (FA) (MUNICIPAL BUILDINGS)		
	0 – 6 kl	R0.94 per kl	R0.98 per kl
	7 – 10 kl	R2.51 per kl	R2.62 per kl
	11 – 25 kl	R4.42 per kl	R4.62 per kl
	26 – 35 kl	R5.30 per kl	R5.54 per kl
	36 – 100 kl	R6.64 per kl	R6.94 per kl
	101 kl and more	R12.40 per kl	R12.96 per kl
v	FLATS		
	0 – 75 kl	R0.94 per kl	R2.39 per kl
	76 – 120 kl	R4.93 per kl	R7.58 per kl
	121 – 200 kl	R5.21 per kl	R7.98 per kl
	201 – 250 kl	R5.46 per kl	R8.38 per kl
	251 – 370 kl	R5.73 per kl	R8.78 per kl
	371kl and more	R6.24 per kl	R9.58 per kl

vi	EDUCATION		
	0 – 50 kl	R3.60 per kl	R3.88 per kl
	51 – 200 kl	R2.95 per kl	R5.17 per kl
	201 – 400 kl	R2.11 per kl	R5.49 per kl
	401 kl and more	R4.22 per kl	R6.46 per kl

HAENERTSBURG WATER TARIFFS

	CURRENT	PROPOSED
0 – 6 kl	7.42 per kl	8.41 per kl
7 – 10 kl	7.42 per kl	8.41 per kl
11 – 25 kl	7.42 per kl	8.41 per kl
26 – 35 kl	7.42 per kl	8.41 per kl
36 – 100 kl	7.42 per kl	8.41 per kl
101 kl and more	7.42 per kl	8.41 per kl

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

WATER PENALITIES (All Towns)

		Penalty per kilo litre
i	DOMESTIC (AA) / HAENERTSBURG	
	25 kl and more	R12.00 per kl
ii	BUSINESS (BA)/INDUSTRIAL(CA)	
	100 kl and more	R18.00 per kl
iv	STATE (EA)/TRANSNET(HA)	
	150 kl and more	R18.00 per kl
vii	FLATS	
	250 kl and more	R12.00 per kl
viii	EDUCATION	
	400 kl and more	R12.00 per kl

(r) SEWERAGE: TARIFFS

That the following tariffs for sewer services be approved:

	CURRENT	PROPOSED
Charge per m ² (Basic Charge)	R0.336/kl	R0.353/kl
CHARGE PER KL WATER USAGE/MONTH		
Domestic (AA)	R0.860/kl	R0.898/kl
Business (BA)	R1.43/kl	R1.50/kl
Hotel (BB)	R1.19/kl	R1.25/kl
Guest Houses	R1.19/kl	R1.25/kl
Industrial (CA)	R1.43/kl	R1.50/kl
Flats (IA)	R0.860/kl	R0.898/kl
State (EA)	R1.098/kl	R1.148/kl
Education	R0.48/kl	R0.50/kl
Incentives	R0.48/kl	R0.50/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	R0.002055	R0.002258
Business and Commercial Properties		
Tariff on market value	R0.013217	R0.013812
Cemeteries and Crematoriums Properties		
Tariff on market value	R0.00	R0.00
Industrial Properties		
Tariff on market value	R0.013217	R0.013812
Municipal Properties		
Tariff on market value	R0.00	R0.00
Vacant Land		
Tariff on market value	R0.013217	R0.013812

Public Benefit Organization Properties		
Tariff on market value	R0.002055	R0.002258
Public Service Infrastructure		
Tariff on market value	R0.002055	R0.002258
Properties for Religious Use		
Tariff on market value	R0.00	R0.00
Residential Properties		
Tariff on market value	R0.013217	R0.013812
State-Owned Properties		
Tariff on market value	R0.013217	R0.013812

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

- (a) The first number in the second column of the table represents the ratio to the rate on residential properties.
- (b) 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 according to the Municipal Property Rates Act 12 of 2007 updated September 2015 the following be considered:

“17 A Municipality may not levy a rate –

(h) On the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll of a Municipality to a category determined by the Municipality –

(i) For residential properties; or

(ii) For properties used for multiple purposes, provided one or more components of the property are used for residential purposes;”

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 5% rebate be applied on the charge.

(t) **ELECTRICITY TARIFFS**

That the following electricity tariffs be approved:

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 441.79	R1 491.35
25 kVA Three phase	45 Amp	R1 758.17	R1 727.94
50 kVA Three phase	80 Amp	R2 330.93	R2 040.65
75 kVA Three phase	100 Amp	R3 241.90	R3 023.20

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 R1.4734
- B.2.2 A consumption charge, per kWh consumed
(Agric/Domestic) Three phase R1.5385
- B.2.3 A consumption charge, per kWh consumed
(Agric/Domestic) Single phase R1.8575

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) **R0.0416c**

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) **R0.0461c**

PLUS

- B.3.3 On single phase connections and additional charge per kWh for every unit consumed above 1500 units.
(Agriculture/Domestic 1 phase) **R0.0557c**

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 187.64**
- C.1.2 Business **R3 117.37**

- C.2** If the demand is registered during the months of June, July or August per point of supply:
(Agricultural/Domestic) R369.82
- C.3** If the demand is registered during the months of September to May per point of supply:
(Agric/Domestic) R229.85
- C.4** If the demand is registered during the months of June, July or August per point of supply:
(Business) R282.34
- C.5** If the demand is registered during the months of September to May per point of supply:
(Business) R138.27
- 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) R1.1305
- C.6.2 If the kWh has been consumed during the months of September to May:
(Agric/Domestic) R0.8647
- 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) R1.1577
- C.7.2 If the kWh were consumed during the months of September to May:
(Business) R0.8540
- 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 881.48

- 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: **R74.27**

- D.2.2 If the demand is registered during the months of September to May: **R74.27**

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 **R4,2935**

D.3.1.2 During Standard Hours **R1,2257**

D.3.1.3 During Off-Peak Hours **R0,7170**

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

D.3.2.1 During Peak Hours **R1,2946**

D.3.2.2 During Standard Hours **R0,9251**

D.3.2.3 During Off-Peak Hours **R0,6364**

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.

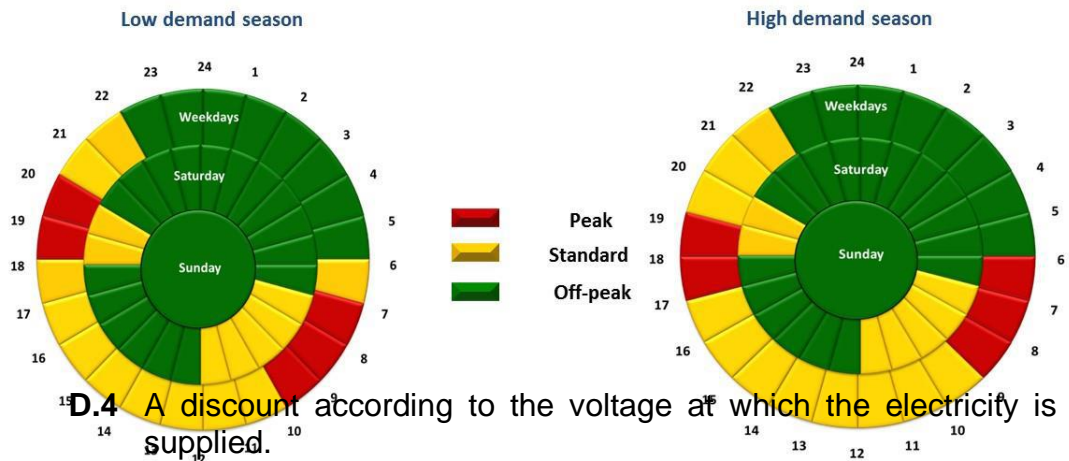
(September to May)

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) **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 R/kWh	DOMESTIC BLOCK 2 51 – 350 kWh R/kWh	DOMESTIC BLOCK 3 351 – 600 kWh R/kWh	DOMESTIC BLOCK 4 >600 kWh R/kWh
R1.0950	R1.4072	R1.9866	R2.3361

Commercial Pre-paid Single-Phase Tariff

Tariff Description	
Commercial Single Phase Pre-paid 16 kVA	R2.1207

Commercial Pre-paid Three Phase Tariff

Tariff Description	
Commercial Three Phase Pre-paid 25 – 75 kVA	R2.1207

(v) 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.

(w) BUDGET ASSESSMENT; LIMPOPO PROVINCIAL TREASURY

- That the B Schedules be aligned with the data strings at all times.
- That all statutory requirement and other provisions be budgeted for.
- That Councils creditors and debtors be considered to determine that the budget is funded.
- That Council's adopted Credit Control Policy be strictly adhered to, to curb outstanding debt.
- That a monthly report be submitted to Council regarding Councilor arrear's on consumer accounts.

SUNDRY TARIFFS 2020/2021

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 2020 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 425.00	R 425.00
Electricity Cut – Removal of meters	R 660.00	R 660.00
Remove installation	R2 800.00	R2 800.00

Water

Water restriction: Business	R230.00	R 230.00
Water restriction: Residential (15 – 20mm)	R255.00	R 255.00
Water disconnection: non-residential (15 – 40 mm)	R600.00	R 600.00
Water disconnection: non-residential (50-100mm)	R980.00	R 980.00

Water Tanker/Kiloliter	R 25.00	R 27.00
Water Normalize flow Res/Bus	R300.00	R 300.00
Water Normalize flow Farmers	R320.00	R 320.00

SERVICE CONTRIBUTION TARIFF (2020/2021) PER kVA

The determination is based on 70% of the difference between the 2016 and 2011 tariffs.

1.	230V Electrification ABC reticulation	R3 684
2.	230V Urban cable reticulation	R7 409
3.	400V Urban cable reticulation	R7 409
4.	400V Urban on mini	R4 591
5.	11kV on ring	R4 062
6.	11kV on switching station	R2 489
7.	11kV Urban at sub	R1 437
8.	400V at pole transformer	R3 900
9.	11kV on radial	R3 434
10.	11kV Rural at sub	R2 548
11.	33kV on Radial	R2 344
12.	33kV at sub	R1 749
13.	33kV on radial	R1 004
14.	66kV at sub	R438
15.	132kV at sub	R50

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
--	---------	----------

	CURRENT	PROPOSED
Major soccer game -	R7 580	R7 900
Sport bodies at club level: Stadium -	R 780	R 820
Sport bodies at inter-district level -	R1 445	R1 520
Athletics (Adults) -	R1 445	R1 520
Athletics (Schools) -	R1 445	R1 520
Rally's -	R7 580	R7 900
Church Activities -	R3 500	R3 500
Meeting at Nkowankowa Community Hall	R150-00 p/h	R170 p/h
Government and Agencies meetings and workshops	R710p/day	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	R810	R850
	VODACOM	R700	R750
	CASTLE	R380	R380

Sporting codes such as: Tennis, Netball, Volleyball R3 380 R3 500
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	-	R480/day	R500 /day
Lenyenye Stadium	-	R480/day	R500 /day
Julesburg Stadium	-	R480/day	R500 /day
Julesburg Hall	-	R200/day	R210 /day

BURGERSDORP STADIUM

Major Games	-	R600/day	R600/day
change room or ablution			
Small Clubs	-	R250/day	R250/day
Runnyemedede Stadium	-	R0/day	R200/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

		2019/2020	2020/2021
Film shows	-	R1 600	R1 680
Arts and Culture Activities	-	R1 920	R2 020
Political Rally	-	R1 920	R2 020
Traditional Dance	-	R1 600	R1 680
Charitable Organisation & NGO	-	R 650	R 650
Wedding Ceremony	-	R1 920	R2 020
Funeral Service	-	R 960	R1 010
Church Activities	-	R 960	R1 010

Meetings	-	R 160/hour	R 170/hour
Festivals	-	R20 000 and 20% of all gate takings	
Minitzani Hall	-	R 200/day	R 200/day
Clubhouse	-	R 360/day	R 380/day
Project room (Muhlaba hall)	-	R 170/day	R 170/day
Graduation functions	-	R1 600	R1 680
Julesburg Hall	-	R200/day	R200/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 200/day	R 200/day
Project room (Muhlaba hall)		R 200/day	R 200/day
Developed park hire for church services, party, etc	-	R 600/day	R 600/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 R160, 00 per person

School going kids R100,00 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 2020:

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:	R650	R 650
1.2 Per grave for any person 10 years and over:	R1 050	R1 050
1.3 Opening for second burial:	R650	R 650

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

Children under 10 years per grave	R1 370	R1 370
Adults 10 years and over per grave	R2 700	R2 700
Re-opening for second burial	R1 450	R1 450
Niches: Per niche per deceased	R 650	R 650
Memorial work: Removal or re-affixing to per memorial work	R 380	
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
Deposit

R40.00 or R80/family or R30.00 Pensioners
R180.00 per person

Duplicate certificate of
Membership

R15.00

Overdue Library material
Block loans

R2.00 per book per week
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) R600.00 per day or part thereof

Rent of Haenertsburg Boardroom R200.00 per day or part thereof

Rent of Shiluvane 2nd Study Room
(During working hours) R110.00 per day or part thereof

Rent of Mulati 2nd 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 2020 by the substitution for item 3 of the following:
Miscellaneous Charges

1(a) For each separate 19 mm new water connection:
(Old tariff 2019/2020) VAT included = R3 579.84)
Proposed Tariff 2020/2021 VAT included = R3 775.25

1(b) For each new 50 mm water connection
(Old tariff 2019/2020) VAT included = R13 188.38)
Proposed Tariff 2020/2021 VAT included = R13 835.06

1(c) For each new 80 - 110 mm water connection
(Old tariff 2019/2020) VAT included = R15 661.54)
Proposed Tariff 2020/2021 VAT included = R16 428.96

1 (d) For each water re-connection & disconnection:
(Old tariff 2019/2020) VAT included = R1 317.89)
Proposed Tariff 2020/2021 VAT included = R1 382.47

1 (e) Water tanker/kilo litre:
(Old tariff 2019/2020) VAT included = R17.42)
Proposed Tariff 2020/2021 VAT included = R18.27

WATER LABORATORY TARIFFS

CHEMICAL ORGANIC DETERMINANDS

Determinant	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Chemical Oxygen Demand (O.45µm Filtered)	FCOD	mg/L O ₂	R 240.38	No

CHEMICAL INORGANIC DETERMINANDS

Determinant	Abbreviation for request purposes	Analysis Units	Tariff excl. VAT	SANAS Accreditation
Ammonia Nitrogen	NH ₃	mg/L N	R 76.43	No
Chloride	Cl	mg/L Cl	R 85.29	No
Fluoride	F	mg/L F	R 88.62	No
Free Chlorine	ClFre	mg/L Cl ₂	R 188.32	No
Nitrate Nitrogen	NO ₃	mg/L N	R 145.12	No
Orthophosphate	PO ₄	mg/L P	R 97.48	No
Sulphate	SO ₄	mg/L SO ₄	R 72.00	No

CHEMICAL PHYSICAL DETERMINANDS

Determinant	Abbreviation for request purposes	Analysis Units	Tariff excl. VAT	SANAS Accreditation
Apparent Colour	Col	PtCo	R 70.89	No
Conductivity	Cond	Ms/m@25°C	R 40.98	No
Dissolved Solids	TDS	mg/L@180°C	R 78.64	No
PH	PH		R 40.98	No
Suspended Solids	TSS	mg/L@105°C	R 91.94	No
Total Alkalinity	Talk	mg/LCaCO ₃	R 78.64	No
Turbidity	Turb	FTU	R 67.57	No
Calculation Methods (requires additional determinants, please confirm with laboratory)				
Ryznar Index	RyzInd		R 29.91	No

OTHER

Determinant	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Calcium Hardness	CaHard	mg/L	R 75.33	No
Magnesium Hardness	MgHard	mg/L	R 75.33	No
Total Hardness	Thard	mg/L CaCO ₃	R121.85	No

**CHEMICAL
METALIC
DETERMINANDS**

Dissolved Metals				
Determinant	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Aluminium	Al	mg/LAl	R 67.58	No
Calcium	Ca	mg/L Ca	R 67.58	No
Iron	Fe	mg/L Fe	R 67.58	No
Magnesium	Mg	mg/LMg	R 67.58	No
Manganese	Mn	mg/LMn	R 67.58	No
Potassium	K	mg/LK	R 67.58	No
Sodium	Na	mg/L Na	R 67.58	No
Zinc	Zn	mg/ L Zn	R 67.58	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 64.25	No
Total Coliforms	TC	cfu/100ml	R 160.62	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 2020.

Sewer connection:

(Old tariff 2019/2020) + VAT = R 3 746.68

Proposed Tariff 2020/2021 + VAT = R3 930.27

Sewer Honey sucker:

(Old tariff 2019/2020) + VAT = R 149/m³

+ R0/km from 0 – 60 km

+R4.14/km from 61 – 120 km

+R5.91/km from 121 km plus

Proposed tariff 2020/2021 + VAT = R156/m³

+ R0/km from 0 – 60 km

+R4.34/km from 61 – 120 km

+R6.20/km from 121 km plus

	<u>2019/2020</u>	<u>2020/2021</u>
* Domestic effluent by private tanker =	R 41.18/m ³	R43.20/m ³
* Domestic effluent by private discharger per 200 Liter / Drum	R 13.73/l/d	R14.40/l/d
* Trade effluent from outside Municipal's jurisdiction per tanker	R591.36/t	R620.34/t
* Trade effluent from inside municipal jurisdiction =	R577.44/t	R542.79/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 2020 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: 2020/2021 R660-00 (2019/2020 tariff was R629-00).

The charges payable for any building plans shall be R10.50 per m² for 2020/2021 for 2019/2020 tariff was R10-00.

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 R3.92 per m² (2019/2020 - tariff R3.21) 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 R35 for every R525-00 or part thereof, with a minimum charge of R763-80 and a maximum charge of R8 250-00.
3. Building plans for swimming pools will be approved at a charge of R520-00 per plan (2019/2020 tariff – R495-00)
4. Charges payable for the re-inspection of buildings and swimming pools: R741-00 per re-inspection.(2019/2020 Old tariff R706-00)
5. New tariffs for copy of approved building plans R231/ 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 2020 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 120.00	R2 223.00
II Town	R1 484.00	R1 556.00
III New Connection charge	R 378.00	R 396.00

PRE-PAID

Tamper Fee	R4 000.00	R4 196.00
Keypad Replacement Fee	R 428.00	R 449.00
Lost Card Fee	R 42.00	R 44.00

Pre-paid: Conventional to 60 Amp pre-paid conversion charge R2 098.00
(If infrastructure is available)

Pre-paid: Upgrade from 20 Amp to 60 Amp R1 962.00
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 2020 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	R7 240.00	R7 594.00
ii Application for consent use/special consent, excluding Spaza shops	R1 935.00	R2 029.00
iii Application for consent use for spaza shops		

	provided for in terms of an existing scheme	R 265.00	R277.00
iv	Application for amendment of an existing scheme or land use scheme by the rezoning of land	R4 210.00	R4 416.00
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	R4 210.00	R4 416.00
vi	Application for subdivision for property in 5 or less portions	R2 375.00	R2 491.00
vii	Application for subdivision for property in more than 5 portions	R2 500.00 for the first 5 portions plus R222 in respect of each further portion	R2 622.00 for the first 5 portions plus R232 in respect of each further portion
viii	Application for consolidation of any land	R 954.00	R1 000.00
ix	Exemption of Municipal Approval i.t.o. Section 63 of the SPLUMA By-Law of GTM	R500.00	R 524.00
x	Application for permanent closure of any public place	R2 355.00	R2 470.00
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	R155.50	R 163.00
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	R353.00	R 370.00
xiii	Application for Tribunal's reasons	R795.00	R 833.00
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 375.00	R2 491.00
xv	Amendment of pending subdivision application –	R2 035.00	R2 134.00
xvi	Amendment of pending Township application –		
	• Amendment not material	R2 035.00	R2 134.00
	• Material amendment	R6 790.00	R7 122.00
xvii	Phasing of Township Application –	R2 035.00	R2 134.00
xviii	Consideration of a Site Development Plan i.t.o. Tzaneen Town Planning Scheme, 2000	R2 035.00	R2 134.00

xix	Application for extension of time – All applications	R1 011.00	R1 060.00
	1 st Application (Year 1)	R1 011.00	R1 060.00
	2 nd Application (Year 2)	R2 035.00	R2 134.00
	3 rd Application (Year 3)	R3 045.00	R3 194.00
xx	Hard copy of Spatial Development Framework document	R5 900.00	R6 189.00
xxi	Hard copy of SPLUMA By-Law of Greater Tzaneen Municipality	R2 225.00	R2 334.00
xxii	Copy of record of Municipal Planning Tribunal i.t.o. Section 44(2) of the SPLUMA By-Law of Greater Tzaneen Municipality	R2 225.00	R2 334.00
xxiii	Lodging of an objection	R5 500.00	R5 769.00
xxv	Granting of intervener status i.t.o. Section 127 of the SPLUMA By-Law of Greater Tzaneen Mun.	R7 800.00	R8 182.00
xxiii	Lodging of an Appeal	R7 800.00	R8 182.00

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	R4 170.00	R4 374.00
ii Inspection and hearing regarding any application	R1 830.00	R1 919.00

ALLOCATION AND RATES FOR HAWKERS BUSINESSES

<u>Site Allocation</u>	<u>Type of Business</u>	<u>Old Rates</u>	<u>New Rates</u>
Market Stall	Hairdressing	R10/d	R11/d
	Food and Soft drinks	R20/d	R22/d
	Fruit and Vegetables	R10/d	R11/d

	Accessories and other Appliances (Cell/Jeweler/hair/books)	R10/d	R11/d
	Clothing	R20/d	R22/d
Pavements/Sidewalks	Fruit and Vegetables	R5/d	R5.50/d
	Accessories (Cell/Jewelery/Hair)	R5/d	R5.50/d
	Clothing and Toys	R10/d	R11/d
Trolleys/Designated Cart	Food and Soft drinks	R10/d	R11/d
	Accessories	R5/d	R5.50/d
	Fruit and Vegetables	R5/d	R5.50/d
Junction/Road side	Food and Soft drinks	R10/d	R11/d
	Fruit and Vegetables	R10/d	R11/d
	Décor materials (flower pots/flowers, etc.)	R10/d	R11/d
Open designated site	Hawkers fee center of town	R 40.00	R44/d
Adv. of Board handling fee		R 500.00	R550.00
Adv. Board Approval fee		R 500.00	R550.00
Hawkers Bush Mechanics		R 500.00	R550.00
Hawkers Car wash		R 500.00	R550.00
Taxi & Busses		R1 000.00	R1 100.00

BUSINESS REGISTRATION TARIFFS

That these tariffs be increased/ changed according to the tariffs gazette by LEDET

CODE	TYPE OF BUSINESS	APPLICATION FEE	REGISTRATION FEE	ANNUAL RENEWAL FEE
251	Stone quarrying, clay and sand-pits	R100.00	R200.00	R240.00
3	Manufacturing	R100.00	R300.00	R360.00
412	Manufacturing and distribution of gas	R100.00	R200.00	R240.00
50	Construction	R100.00	R300.00	R360.00
61	Wholesale: sale to public	R100.00	R500.00	R600.00

	Sells to retailers Sells to both public and, retailers		R500.00 R500.00	R600.00 R600.00
621	General trade (General Dealer)	R100.00	R200.00	R240.00
622	Retail trade in food, beverages, and tobacco	R100.00	R200.00	R240.00
623	Other retail trade in new goods	R100.00	R200	R240.00
624	Retail trade in second-hand goods	R100.00	R200.00	R240.00
625	Retail trade not in stores	R100.00	R100.00	R120.00
626	Repair of personal and house- holds goods	R100.00	R200.00	R240.00
631	Sale of motor vehicle	R100.00	R500.00	R600.00
632	Maintenance and repair of motor vehicles	R100.00	R200.00	R240.00
633	Sale of motor vehicle parts and accessories	R100.00	R200.00	R240.00
634	Sale, maintenance and repair of motor-cycles and related parts and accessories	R100.00	R200.00	R240.00
635	Retail sale of automotive fuel	R100.00	R400.00	R480.00
641	Hotels accommodation, camping sites and provision of short-stay accommodation	R100.00	R400.00 R100.00 R300.00	R480.00 R120.00 R360.00
642	Restaurants, bars and canteens	R100.00	R200.00	R240.00
71	Land transport	R100.00	R200.00	R240.00
72	Water transport	R100.00	R200.00	R240.00
73	Air transport	R100.00	R200.00	R240.00
741	Supporting and auxiliary transport	R100.00	R400.00	R240.00
75	Post and Tele-communication	R100.00	R250.00	R240.00
81	Financial intermediations	R100.00	R200.00	R240.00
84	Real estate activities	R100.00	R200.00	R480.00
85	Renting of machinery and equipment	R100.00	R400.00	R300.00
86	Computer related activities	R100.00	R400.00	R240.00
87	Research & development	R100.00	R200.00	R240.00
881	Legal, accounting, bookkeeping and auditing activities, tax consultants, market research & public opinion research, business &management consultancy	R100.00	R200.00	R480.00
882	Architectural, Engineering and other technical activities	R100.00	R200.00	R480.00
883	Advertising	R100.00	R200.00	R240.00
8891	Labour recruitment and provision of staff	R100.00	R200.00	R240.00
8892	Investigation and security	R100.00	R200.00	R240.00

	activities			
8893	Building and industrial plant cleaning activities	R100.00	R200.00	R240.00
8894	Photograph activities	R100.00	R200.00	R240.00
8895	Packaging activities	R100.00	R200.00	R240.00
88991	Credit rating agency activities	R100.00	R200.00	R240.00
88992	Debt collecting agency activities	R100.00	R200.00	R240.00
88993	Stenographic, duplicating, addressing, mailing list and similar activities	R100.00	R200.00	R240.00
920	Educational and training activities	R100.00	R200.00	R240.00
931	Human health activities	R100.00	R200.00	R240.00
932	Veterinary activities	R100.00	R200.00	R240.00
933	Social work activities	R100.00	R200.00	R240.00
951	Activities of business, employers, and professional organizations	R100.00	R200.00	R240.00
96	Recreational, cultural & sporting activities	R100.00	R200.00	R240.00
961	Motion pictures, radio, television, and other entertainment activities	R100.00	R400.00	R480.00
962	News agency activities	R100.00	R200.00	R240.00
9901	Washing and dry-cleaning of textiles and for products	R100.00	R150.00	R180.00
9902	Hair-dressing and other beauty treatment	R100.00	R200.00	R240.00
9903	Funeral and related activities	R100.00	R400.00	R480.00

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 R15.00 and Proposed R18.00

Supply of Duplicate statements
Current R15.00 and Proposed R18.00

Furnishing of Clearance Certificate Electronically
Current R130.00 and Proposed R150.00

Furnishing of Clearance Certificate Manually
Current R190.00 and Proposed R210.00

Furnishing of Valuation Certificate
Current R140.00 and Proposed R160.00

Furnishing of Duplicate Clearance Certificate
Current R80.00 and Proposed R100.00

Applying for Clearance Figures Electronically
Current R120.00 and proposed R140.00

Applying for Clearance Figures Manually
Current R190.00 and proposed R210.00

Final reading levy
Current R80.00 and Proposed R100.00

Credit Control Action – Friendly Reminders and
Final Demand Notice
Current R45.00 and Proposed R45.00

Credit Control Action – SMS Notification
Current R3.00 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	R1 000.00	R1 100.00
Flats with electricity and water	R1 300.00	R1 430.00
Residential and agricultural properties:		
Single phase	R1 700.00	R1 870.00
Three phase	R4 200.00	R4 620.00
Business:		
Single phase	R5 000.00	R5 500.00
Three phase	R7 000.00	R7 700.00
Minimum deposit adjustment for disconnected accounts	R 100.00	R120.00
Minimum deposit adjustment for dishonoured cheques and returned debit orders	R 100.00	R120.00

Pre-paid electrical users R 0 R400.00
(Water deposit)

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 333.62
1	118	R 327.37	R 360.11
2	215	R 596.49	R 656.14
3	660	R1 831.06	R2 014.17
4	225	R 624.23	R 686.65
5	175	R 485.51	R 534.06
6	123	Club Hanger	R 0.00
7	137	R 380.08	R 418.09
8	215	R 596.49	R 656.14
9	283	R 785.14	R 863.65
10A	207	R 574.29	R 631.72
10	190	R 527.13	R 579.84
11	215	R 596.49	R 656.14
12	193	R 535.45	R 589.00
13	483	R1 340.01	R1 474.01
14	231	R 640.88	R 704.97
15	473	R1 312.26	R1 443.49
16	422	R1 170.77	R1 287.85
16A	400	R1 109.73	R1 220.70
23	204	R 565.97	R 622.57
24	391	R1 193.24	R1 312.56
25	219	R 599.26	R 659.19
28	123	R 341.24	R 375.36
29	188	R 521.59	R 573.75
30	180	R 0.00	R 0.00
31	225	R 0.00	R 0.00
Main Hanger	992	No Contract	R 0.00
Main Building	992	R 826.75	R 909.43

LANDING FEES

	CURRENT	PROPOSED
Single motor aircraft:	R110 per landing	R130 per landing
Double motor aircraft:	R170 per landing	R200 per landing
Helicopter:	R 80 per landing	R100 per landing
Parking fees:	R 55 per night	R 60 per night
Indigent Management Fee	R150.00	R150.00

ENVIRONMENTAL HEALTH FEES

Cleaning of overgrown stands	R0.90c/m ²
Collection, transportation disposal and issuing of a Safe disposal certificate	R1 165.00
Application for certificate of Acceptability	R 250.00
Application for certificate of competency	R 500.00
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 2020 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

The Minister of Finance confirmed during his 2019 Medium Term Budget Policy Statement (MBPS) that the global forecast for 2019 is the lowest since the 2008 financial crisis. The economic growth in South Africa has continued to stagnate and weaknesses in the world economy are likely to amplify our own challenges. Our economy has continued to weaken with the economic growth projected to grow at 1,2 percent in the 2020/2021 financial year. In addition to low growth, South Africa's biggest economic risk is the spread of the Covid-19 virus which caused the deaths of hundreds of thousands of people over the world and the accompanying nationwide lockdown in South Africa as well as in most other countries. The second biggest economic risk is the provision of services by departments i.e. Eskom and Department of Water Affairs. Ongoing problems with the utility's operations continue to disrupt the supply of electricity to households and businesses. The inability of Departments to provide consumers with uninterrupted services like electricity and water supply put stress on consumer ability to pay for services. The poor payment levels of consumers resulted in Municipalities being unable to meet their payment obligations with ESKOM, Water Bords and other creditors, while transfers from National Government are growing slower than in the past.

COVID 19 VIRUS; NATION-WIDE LOCKDOWN

During December 2019, a pneumonia outbreak was reported in Wuhan China which spread rapidly over the world to the extent that by 23 April 2020 more than 2,6 million positive cases have been confirmed and more than 185 000 people have succumbed to the disease.

To address this problem the President of South Africa Mr. Cyril Ramaphosa established a solidarity fund and implemented other measures i.e. a nationwide lockdown to reduce the risk caused by the virus and accompanying negative effect on the country's economy.

Apart from the Grant allocations, from National Treasury, to Greater Tzaneen Municipality the people in our municipal area of jurisdiction will benefit from inter alia the following Government Interventions to relieve the negative effect of the Coronavirus.

Council must take note that funds will not be transferred to the Municipality and that funds for these interventions will not be managed by the Municipality as it is a National function.

As the Corona Virus and nationwide lockdown have a devastating effect on our economy Government resolved to approve an extraordinary Coronavirus budget of R500 billion to direct resources to fight the pandemic. The funds will be used firstly to fund the health responses to Coronavirus.

Other actions embarked upon by Government which will benefit our residents are inter alia the following:

- An amount of R50 billion is directed towards relieving the plight of those who are most desperately affected by the Coronavirus. This means that.
 - o Beneficiaries of the child support grant will receive an extra R300 in May 2020 and from June 2020 they will receive an additional R500 each month.
 - o All other grant beneficiaries will receive an extra R250 per month for the next six months.
 - o Individuals who are currently unemployed and do not received any other form of social grant or UIF payment will receive an amount of R350 per month for the next six months through the special Covid-19 social relief of distress grant.
- An additional amount of R100 billion has been set aside for protection of jobs and to create jobs.
- As at 21 April 2020 the UIF's special Covid-19 benefits have paid out an amount of R1,6 billion, assisting more than 37 000 companies and 600 000 workers.
- R40 billion has been set aside for income support payments for workers whose employers are not in a position to pay their wages.
- R100 million has been utilized to assist SMME's, Spaza Shop owners and other informal businesses through loans, grants and debt restructuring actions. An additional R2 billion was allocated for this purpose.
- Companies with a turnover of less than R300 million in a year will be eligible for assistance through a R200 billion loan guarantee scheme and it is expected that this scheme will support more than 700 000 firms and more than 3 million employees through this difficult period.

- The repo rate has been cut by 200 basic points which unlocked at least R80 billion in the real economy.

The nation-wide lockdown not only effected individuals negatively but also have a negative impact on the revenues of Municipalities at a time when the demands are increasing.

ECONOMIC CRISIS

As mentioned, we are currently in an economic crisis 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.

The objectives of combating service interruptions are high on the Municipalities agenda and the short-term 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 considering 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.

Distribution losses of 22,01 percent and 20,62 percent for the 2017/2018 and 2018/2019 financial years respectively have been recorded in Councils financial statements. This is way above the excepted norm of 10 percent.

The Municipality will 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.

DBSA ASSISTANCE

The Municipality approached the DBSA regarding assistance with the Revenue Collection / Debt challenges experienced by the Municipality and an agreement has been reached whereby DBSA allocated an amount of R2,5 million, as a donation to Greater Tzaneen Municipality to assist the Municipality with its Credit control and Debt collection challenges.

DBSA appointed a consultant, to address Council's concerns and the Consultant will be paid by DBSA.

The following activities have been agreed upon and are under discussion and/or implemented to address Councils credit control and debt collection.

- STAKE HOLDER ENGAGEMENT

Engage with relevant stakeholders such as the Municipal Officials and various departments, and obtain information and views regarding the tariff levied on various customer types, customer data, land use and zonal information, status of the meters, etc.

Community awareness campaign.

- EXISTING SITUATIONAL ASSESSMENT

Obtain all relevant existing information and documentation on the following in the Revenue Management Value Chain:

- Legal and institutional
- Data Management
- Billing
- Receipt Management
- Meter reading processes
- Credit control
- Debt Management
- Indigent Management
- Customer care
- Service departments

Assess and review the information and identify information gaps. The result of this will be the basis of the "road-map" and the REP report.

- DATA CLEANSING

Tariff review was done through the development of a Contribution Policy, Security of Supply, Single Line Diagrams, Financial Analysis and Integration. Detailed Road Map and Revenue Enhancement Programme are to be drafted and implemented.

The following is in progress:

- Access information and assess the current situation with regard to revenue management in the Municipality. This shall include mapping out of all billing related processes, including meter procurement, materials management, meter installation and meter maintenance.
- Identify key anomalies that require corrections including duplicate accounts, missing accounts, active/inactive accounts.
- Comparison of the debtor database with external data based to enhance completeness and correctness.
- Verify account status (active/inactive) and include as reporting indicator.
- Investigate all categories of debtors i.e. industrial commercial, domestic, etc.
- Update and ensure completeness of customer key information on billing system, including first name or initials and surname, contact telephone numbers and Identification documents (ID's) household data, such as combined household income, primary sources of income.
- Prepare a list of all accounts that may be written off.
- Comprehensive data cleansing of properties to ensure billing integrity.

- TARIFF REVIEW AND STRUCTURING

The following tariff elements regarding cost of supply is in progress:

- ❖ The current Bulk tariff elements with emphasis on the following:
 - Possible benefits to Greater Tzaneen Municipality in terms of capacity upgrade and network re-configuration.

- Check and verify installation of bulk meters to ensure authenticity / correctness of bulk supplier accounts.
- Recovery of cost to provide a quality of supply based on NRS 048 and other directives on quality of supply standards.
- ❖ The correct and incorrect application of tariffs either by the service authority or the bulk provider including:
 - Optimum application of Greater Tzaneen Municipality tariff levels and settings for large power and small power points of delivery and different categories of water users.
 - A tariff comparison study for all metered points to investigate optimal range of tariffs based on usage patterns approved by the NERSA to meet customer requirements
- ❖ The Municipality Power Factor Ratio correction to unlock possible savings.
- ❖ The Tariff redesign must also take place specially to address the possible incorrect application looking at certain customers in the commercial and Industrial/Agricultural areas, figures to be determined.

- DEVELOPMENT CONTRIBUTION POLICY

Updating of existing development contribution policies ensuring that it is in line with the latest DCP framework of National Treasury.

- SECURITY OF SUPPLY AND SINGLE LINE DIAGRAMMS

Investigate and update the current Wheeling Agreement between the GTM and ESKOM started during October 2019. Develop the network single line and operating diagrams.

Investigate and recommend solutions to resolve the water issue with the Water Service Authority.

- FINANCIAL ANALYSIS AND INTEGRATION

Develop financial options for the financing of the identified interventions (short, medium, and long term). This process is in progress.

- Conduct a detailed review of the services and sales processes and technology systems utilized.

- Conduct a cost benefit analysis for the revenue enhancement management project in the Municipality. The benefits of the identified initiative will be compared to the costs associated with the project to confirm feasibility.
 - Develop financing options and other mechanisms other than the balance sheet for financing of initiatives.
- DETAILED “ROAD MAP” AND REVENUE ENHANCEMENT PROGRAMME

This includes implementation of short-term interventions and skills transfer to relevant Municipal Officials and is in progress.

- Consolidate all information in a detailed “road-map” and revenue enhancement programme. The “road-map” should be in the following format:
 - ✓ Revenue element addressed
 - ✓ Process followed to obtain information
 - ✓ Findings, with substantive evidence
 - ✓ Recommended action and impact
 - ✓ Priority
 - ✓ Intervention period
 - ✓ Indicative cost of the intervention
 - ✓ Procurement process advice
- The PSP to assist the Municipality to implement the short term projects/initiatives identified in the REP, also mapping out the medium to long term solutions to ensure the sustainability of service delivery in the Municipality.
- The initiatives to be implemented should be agreed upon by the Municipality and the DBSA and these should assist the Municipality to increase revenue collection.
- Skills transfer to the relevant Municipal Officials.

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.

Challenges faced with the provision of services to communities are:

- Nationwide Covid-19 Lockdown
- 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:

- Comply with measures introduced by Government to assist with the re-opening of the economy.
- Balance the continued need to limit the spread of the Coronavirus with the need to get people back to work.
- Act with flexibility in the weeks and months ahead and respond to the lockdown situation as it develops.
- Ensure that all of our people receive adequate support within the financial means of the Municipality.
- Ensure that Officials are productive while working from home.
- 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 Nationwide Covid-19 lockdown, 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 considered with the determination of service charge increases we will have to prepare for an increase in arrear accounts.

The 2020/2021 medium term revenue and expenditure framework proposes a consolidated budget of R1,493 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 years 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 take 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

MUNICIPAL STANDARD CHART OF ACCOUNTS (mSCOA)

RELEASE OF VERSION 6.4 OF THE CHART

The mSCOA chart is reviewed on an annual basis to address implementation challenges and correct chart related errors. Towards this end, Version 6.4 is released. Version 6.4 of the chart will be effective from 2020/2021 and must be used to compile the 2020/2021 MTREF.

BUDGETING, TRANSACTING AND REPORTING IN mSCOA

The mSCOA Regulations prescribes the uniform recording and classification of Municipal budget and financial information at a transaction level. All Municipalities and Municipal entities had to comply with the Regulations by 01 July 2017.

This standard classification framework enforces the link between planning (IDP) and the budget through the project segment and enables annual reporting and performance management linked to strategic service delivery objectives.

By now, all Municipalities had to:

- ❖ Have acquired, upgraded and maintain the hardware, software and licenses required to be and remain mSCOA compliant.
- ❖ Budget transact and report on all six (6) legislated mSCOA segments and directly on the core financial system and submit the required data strings directly from this system to the Local Government Portal.
- ❖ Locked down the budget adopted by Council on the core Municipal financial system before submitting the budget (ORGB) data string to the Local Government portal.
- ❖ Closed the core financial system at month-end as required in terms of the MFMA before submitting the monthly data string to the Local Government portal; and
- ❖ Generate regulated schedules (A, B, C) directly from the core Municipal financial systems.
- ❖ Municipalities who have not achieved the above level of implementation as yet, must implement mSCOA in their Municipalities towards this end:
- ❖ A roadmap must be provided to the National and respective Provincial Treasury to indicate how the Municipality will be become mSCOA compliant;
- ❖ The Municipality's mSCOA Project Steering Committee (chaired by the Accounting Officer) must meet at least monthly (if not more often) to track the progress against the roadmap and take corrective action where required;
- ❖ The National treasury (in the case of non-delegated Municipalities) and respective Provincial Treasury (in the case of delegated Municipalities) should be invited to the mSCOA Project Steering Committee meeting; and

- ❖ Progress against the roadmap should be presented at the Mid-Year Budget and Performance and Budget Benchmark engagements.

ASSESSMENT OF DRAFT BUDGET BY LIMPOPO TREASURY:

Limpopo Provincial Treasury assessed the Municipalities 2020/2021 Draft Budget and made recommendations which must be tabled to Council. The assessment is summarized as follows and Council response thereon is included in the Budget Resolutions.

- a) The Municipality should exclude revenue on water and sanitation as the function belongs to the Mopani District Municipality.
- b) The Municipality should budget for provisions and statutory requirements.
- c) Cost containment regulations must always be adhered to.
- d) The Municipality is advised to put in place measures to increase revenue, while reducing costs associated with especially contracted service and other expenditure.
- e) The Municipality is advised to be more realistic when projecting revenue in future budget periods.
- f) The Municipality is also required to table Provincial Treasury's comments to the Municipal Council and forward a copy of the Council Resolution as well as remedial action on how the errors and concerns raised will be addressed.

The Municipality will ensure alignment of figures between schedule B and data strings at all times. With regard to the funding of the budget it is advised that not only creditors but also debtors must be considered as the Municipality acquired financial and technical assistance from DBSA. The total layout of the assistance from DBSA regarding Revenue collection and Debt challenges experienced by the Municipality is included in the Executive summary of this report.

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

Despite the weak economic growth, rising unemployment, increase in fuel and food prices, above inflation increases in electricity prices, the inability of ESKOM to provide uninterrupted electricity services to Municipalities,

the drought experienced in Limpopo and the poor payment rate for services in some areas, remarkable achievements have been made in increasing access to basic services over the past 20 years, 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 2020/2021 BUDGET

As required by the MFMA and Municipal Systems Act, inputs on the Draft 2020/2021 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 2020/2021 Budget whilst others had to be referred to future years.

The inputs are discussed as follows:

- The provision of R410 million for bulk electricity purchases has been reduced by R1 012 500 to increase the provision for disaster relieve in the Department of the Municipal Manager to R1,2 million. The provision for bulk electricity purchases is still sufficient as the demand for electricity is decreasing due to some consumers having moved to alternative, sources of energy and/or invested in energy saving equipment.

Provision was also made on the Capital Budget for the following projects:

- Clear view fencing of Civic Centre and Stores: R1 500 000
- Construction of R71 roundabout: R1 500 000

OVERVIEW OF THE 2020/2021 MTREF BUDGET

OPERATING AND CAPITAL BUDGET EXPENDITURE	2019/2020 FINAL BUDGET	2020/2021 DRAFT BUDGET	2021/2022 DRAFT BUDGET	2022/2023 DRAFT BUDGET
TOTAL OPERATING REVENUE	1 426 301 852	1 492 904 434	1 571 197 746	1 652 389 466
TOTAL OPERATING EXPENDITURE	1 295 468 913	1 362 599 620	1 407 045 397	1 469 424 222
TOTAL CAPITAL EXPENDITURE	142 332 525	129 173 050	106 148 700	112 325 232
TOTAL OPEX AND CAPEX BUDGET	1 437 801 438	1 491 772 670	1 513 194 097	1 581 749 454

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 2019 2020 Budget	Sum of 2020 2021 Budget	Sum of 2021 2022 Budget	Sum of 2022 2023 Budget
01-Income	-1 426 301 852	-1 492 904 434	-1 571 197 746	-1 652 389 466
001PROPERTY RATES	-140 000 000	-155 000 000	-162 130 000	-169 587 980
003PENALTIES IMPOSED AND COLLECTION CHARGES ON RATES	-8 400 000	-12 500 000	-13 075 000	-13 676 450
005SERVICE CHARGES	-642 756 757	-674 907 232	-705 968 965	-738 460 305
009RENT OF FACILITIES AND EQUIPMENT	-1 972 100	-1 170 100	-1 223 925	-1 280 225
011INTEREST EARNED - EXTERNAL INVESTMENTS	-4 301 000	-4 301 000	-4 498 846	-4 705 793
012INTEREST EARNED - OUTSTANDING DEBTORS	-25 000 000	-31 600 000	-33 053 600	-34 574 066
016FINES	-38 501 136	-38 501 136	-40 272 188	-42 124 709
018LICENSES & PERMITS	-817 000	-917 000	-959 182	-1 003 304
020INCOME FROM AGENCY SERVICES	-53 664 291	-58 664 291	-61 362 848	-64 185 539
022OPERATING GRANTS & SUBSIDIES	-539 621 445	-548 521 102	-583 356 781	-619 091 049
024OTHER REVENUE	-6 968 123	-2 222 573	-2 324 811	-2 431 753
026GAIN ON DISPOSAL OF PROPERTY PLANT & EQUIPMENT	-2 500 000	-1 500 000	-1 569 000	-1 641 174

031INCOME FOREGONE	38 200 000	36 900 000	38 597 400	40 372 880
02-Expense	1 295 468 913	1 360 799 620	1 407 045 397	1 469 424 222
051EMPLOYEE RELATED COSTS - WAGES & SALARIES	297 825 376	313 421 419	327 838 804	342 919 389
053EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTIONS	63 902 852	65 426 071	68 435 670	71 583 711
058REMUNERATIONS OF COUNCILLORS	28 302 991	28 360 883	29 665 484	31 030 096
060BAD DEBTS	60 000 000	81 235 699	84 972 541	88 881 278
062COLLECTION COSTS	900 000	900 000	941 400	984 704
063INVENTORY SURPLUS/LOSS	0	0	0	0
064DEPRECIATION	130 000 000	132 883 252	130 452 432	136 569 582
066REPAIRS AND MAINTENANCE	64 433 908	65 824 931	68 852 970	72 020 298
068INTEREST EXPENSE - EXTERNAL BORROWINGS	14 658 314	15 724 284	14 905 971	13 921 267
072BULK PURCHASES	407 300 000	411 387 500	434 299 200	454 276 963
074CONTRACTED SERVICES	74 927 179	77 747 061	80 277 426	83 970 187
076GRANTS & SUBSIDIES PAID	28 931 106	25 334 000	18 355 200	18 412 939
077GRANTS & SUBSIDIES PAID- UNCONDITIONAL	5 585 000	5 585 000	5 841 910	6 110 638
078GENERAL EXPENSES - OTHER	118 702 187	136 969 520	142 206 389	148 743 168
05-Cap	109 484 850	108 738 050	105 913 700	112 090 232
600INFRASTRUCTURE	102 049 850	98 438 050	105 213 700	111 390 232
608OTHER ASSETS	7 435 000	10 300 000	700 000	700 000
Grand Total	-21 348 089	-23 366 764	-58 238 649	-70 875 012

The total Revenue budget for Greater Tzaneen Municipality for the 2020/2021 financial year is growing from R1.426 billion in the 2019/2020 financial year to R1.493 billion in the 2020/2021 financial year. The Municipalities commitment to respond to the community's 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 2020/2021 financial year amounts to R1,493 billion, which represents an increase of R66 million over the 2019/2020 financial year. This increase is mainly due to the increase in property rates and external grants from Government.

The total revenue budget includes an amount of R414 million which represents the equitable share allocation to the Greater Tzaneen Municipality.

An amount of R155 million will be levied by way of property tax and R675 million will be sourced from user charges. National allocations to fund operational activities amount to R24.1 million which includes the Finance Management Grant of R2,0 million, the EPWP grant of R7.1 million and the INEP allocation of R15 million

An amount of R1,361 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 R378 million for salaries, R66 million for repairs and maintenance and R411 million for the purchase of bulk electricity and water.

An amount of R130.7 million has been allocated for capital expenditure for the 2020/2021 financial year. This amount includes the MIG allocation of R88.9 million which will be spend on roads and storm water drainage systems. Capital from loans amount to R22 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 R8,9 million which represents an increase of R814 thousand or 10% on the 2019/2020 Annual Budget. The total revenue amount consists of a Grant from GTM.

The total operational expenditure amounts to R8.9 million of which R3.1 million of the total expenditure represents salaries and an amount of R2.7 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 Budget for the 2020/2021 financial year amounts to R1.405 billion, which represents an increase of R52 million over the 2019/2020 financial year. This increase is mainly due to the increase in property rates and external grants from Government.

The total revenue budget includes an amount of R414 million which represents the equitable share allocation to the Greater Tzaneen Municipality.

An amount of R155 million will be levied by way of property tax and R610 million will be sourced from user charges. National allocations to fund operational activities amount to R24.1 million which includes the Finance Management Grant of R2,0 million the EPWP grant of R7.1 million and the INEP allocation of R15 million.

An amount of R1,287 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 R341 million for salaries, R56 million for repairs and maintenance and R406 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 R49.4 million has been set aside over the next three (3) years for the repairs and maintenance of roads and storm water across the Municipality.

This amount can be summarized as follows:

Financial Year	Repair and Maintenance
2020/2021	R15 722 030
2021/2022	R16 445 243
2022/2023	R17 201 725

The repairs and maintenance allocations represent repairs and maintenance on roads and storm water and does not include labour cost. The amounts allocated for Capital Projects from the MIG Funding are allocated as follows:

Financial Year	Capital Project from MIG
2020/2021	R 88 938 050
2021/2022	R 96 829 700
2022/2023	R102 603 800

ELECTRICITY SERVICES

The electricity service has been allocated an amount of R100.7 million over the MTREF 2020/2021 to 2022/2023 for infrastructure and maintenance of the electricity network. This amount includes labour cost. The amount is allocated as follows:

Financial Year	Operational Expenditure	Capital Expenditure
2020/2021	R17 050 202	R30 000 000
2021/2022	R17 834 511	R 8 384 000
2022/2023	R18 654 899	R 8 786 432

The Capital amount of R30 million for the 2020/2021 financial year includes a loan of R22 million.

The bulk electricity purchases amount to R406 million for the 2020/2021 financial year.

Electricity losses remain a challenge for the Municipality as it remained to be above 20% in the 2018/2019 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. The loan of R22 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 4.5% on the previous financial years tariff is proposed, which will provide for an amount of R36.6 million as service charges on the 2020/2021 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 0,95 months. 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>
2020/2021	R118 290 192
2021/2022	R149 702 254
2022/2023	R167 850 446

MULTI-YEAR PROJECTIONS (INCLUDING WATER AND SEWER)

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

ITEM	2020/2021	2021/2022	2022/2023
Revenue	R1 492 904 434	R1 571 197 746	R1 652 389 466

The table above reflects the multi-year projections on revenue which is mainly based on the inflation forecast contained in National Treasuries budget Circular 98 and 99 as well as the Grants contained in the Division of Revenue Bill (DORA) 2020/2021.

The operating revenue increased from R1 492 904 434 in the 2020/2021 financial year to R1 652 389 466 in the 2022/2023 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.

2020/2021	-	R531 702 000
2021/2022	-	R565 764 000
2022/2023	-	R600 689 000

Service Charges: Greater Tzaneen Municipality, including Water and Sewer services.

The increase in service charges are based on the inflation forecast contained in National Treasuries budget Circulars 98 and 99.

The water tariffs have however been increased by 65% which is not in line with the guideline received from National Treasury. The high increases are due to the fact that no funds are received from Mopani District Municipality for work done in their area of jurisdiction.

ITEM	2020/2021	2021/2022	2022/2023
Service charges	R674 907 232	R705 968 965	R738 460 305

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

The operating expenditure has increased from R1,361 billion in the financial year to R1,469 billion in the 2022/2023 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	2020/2021	2021/2022	2022/2023
Property Rates	4.5%	4,6%	4.6%
Electricity	6.22%	5.2%	8.9%
Refuse	4.5%	4.6%	4.6%
Water	65%	4.6%	4.6%
Sewerage	4.5%	4.6%	4.6%

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 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 Circulars 98 and 99 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

With the exception of the water tariffs the increases in the service charge tariffs are within the upper limit set by National Treasury for the 2020/2021 financial year and according to the inflation forecast for the 2021/2022 and 2022/2023 financial years.

The effective budget management is however dependent 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 Councils and Accounting Officers 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 an extract from the Municipality's 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 drafting the 2020/2021 Budget. This schedule is meant to ensure that all Legislative requirements are complied with during the preparation and approval of the 2020/2021 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
30 August 2019	Table the Process Plan to Council	Mayor	Members of Council
3 September 2019	Review Financial Position	CFO	MM & Directors
17 September 2019	Draft Initial allocations to functions: Budget	CFO	MM & Directors
15 October 2019	Start preparing draft budget and plans for the next 3 years	All Directors	MM, Directors and Managers
October 2019	Preparations and submission of 3-5 Year proposed projects	All Directors	Directors, Managers and all Officials
23-25 January 2020	Budget request submitted to Chief Financial Officer and MM	Directors	CFO
22 February 2020	Submit Budget requests to Budget Steering Committee. Finalize projects to be included in the Draft Budget	CFO (Manager Financial Services & Reporting)	CFO
15 March 2020	Present Draft Budget to Budget Steering Committee	CFO	Budget Steering committee
26 March 2020	Finalize Draft Budget Report and Schedules	CFO, Manager Financial Services	CFO
20 March 2020	EXCO meeting (Integration and Draft IDP and Budget	Cluster Chairperson and CORP	Finance Cluster Committee
28 March 2020	Finance Cluster & Council Adopts the Draft IDP and Budget	Mayor and EXCO	EXCO and All Councillors
April 2020	Public Participation on Draft IDP and Budget	PPP, IDP and Budget	Community and Stakeholders
5 April 2020	Publish Preliminary Budget and Draft IDP in newspapers and make it available on Councils website	CFO	Communication
5 April 2020	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 2020	Present Final Budget to Budget Steering Committee	CFO	Budget Steering Committee
21 May 2020	EXCO (Submit Final IDP/Budget changes to Finance Study Group for consideration)	Cluster Chairperson and CORP	Finance Cluster Committee
24 May 2020	Finance Cluster and Council to approve Final Budget and IDP	Mayor and EXCO	EXCO and All Councillors
7 June 2020	Publish Final Budget and IDP in newspaper and Website	IDP, Communication	Communities

7 June 2020	Submit IDP and Budget to National Treasury, Provincial Treasury, DPLG and Mopani District Municipality	MM & CFO	IDP Officer and Budget Manager
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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 Circulars no. 98 and 99 of the 2020/2021 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 projected inflation target for 2020/2021.

The upper boundary of tariff increases prescribed by National Treasury in Circulars no 98 and 99 is 6.0% 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 for the provision of general services. Determining the effective property rates 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, and 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 4.5% 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 15% on the property rates tariffs for the 2020/2021 financial year will be affected as approved by Council during the 2017/2018 budget process.

The categories of property rates and the proposed rates for the 2020/2021 financial year is contained in item 3 of this report.

TARIFF INCREASES TO CONSUMPTIVE TARIFF-BASED SERVICES ARE:

- | | |
|-------------------------|-------|
| • Electricity (average) | 6.22% |
| • Water | 65% |
| • Sanitation | 4.5% |
| • Solid Waste | 4.5% |

With the exception of the Water Tariffs all tariff increases are within the guidelines set by National Treasury which confirms that Greater Tzaneen Municipality does not prejudice National Economic Policy on Inflation.

ELECTRICITY

Council is advised that NERSA approved an increase of 6.22% 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 2020/2021.

The increase of 6.22% 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 65% on the 2019/2020 approved tariffs. This increase is not in line with the guidelines received from National Treasury. In calculating the water tariffs the following were taken into account.

- Affordability of the tariff increases
- Breakeven point of the services
- Essential Operational Requirements
- Equitable share allocation from MDM

The fact that no Grant funding is received from MDM the Water Service Authority necessitates the high increase in the Water Tariff.

SANITATION

The proposed sewer tariff increase is 4.5% for the 2020/2021 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 4.5% is necessary to address essential operational requirements.

SOLID WASTE

The proposed Solid Waste Tariff increase is 4.5% for the 2020/2021 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 MFMA Circular 71 guideline from National Treasury the fact that it shows an upward trend when compared with the previous year need 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 2020/2021 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 30.4% 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 2020/2021 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 10% 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, 98 and 99 guidelines 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	26,50%
• Bulk Purchases	31.55%
• Repairs & Maintenance (Excluding Labor cost)	4.36%
• General Expenses	10.43%

(C) PAST AND CURRENT PERFORMANCE ACHIEVEMENTS

MUNICIPAL MANAGER'S DEPARTMENT:

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

- Council approved the 2019/20 IDP on 25 May 2019, 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 2019/2020 SDBIP was approved by the Mayor on the 22nd June 2019 and quarterly progress reports are submitted to Council.
- The 2018/2019 Annual Performance Report was submitted to the Auditor General, Treasury and CoGHSTA on the 31st August 2019.
- The midyear performance report for 2019/20 was submitted to the Auditor General, Treasury and CoGHSTA on the 24th of January 2020.
- The Annual Report for 2018/2019 was reviewed by MPAC and approved by Council by March 2019. The Draft Annual report for 2018-2019 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 2019/2020 financial year.
- The Annual Performance Assessment of individuals took place for the 2018/19 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 27 February 2019 for a three year period. All quarterly Audit Committee meetings were held.
- The Annual Disaster Management Report for 2018/19 was approved by Council on the 29th of October 2019. 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 27 February 2019 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

PERFORMANCE MANAGEMENT

The 2019/20 SDBIP was approved by the Mayor on 22nd of JUNE 2019 and quarterly progress reports were submitted to council.

The 2018/2019 Annual Performance Report was submitted to the Auditor General, Treasury and COGHSTA on the 31st August 2019.

The mid-year performance report for 2019/2020 was submitted to the Auditor General, Treasury and COGHSTA on the 24th of January 2020. The Draft Annual Report for 2018/2019 was presented to Council on the

31st of January 2020 and advertised for public comments and to be reviewed by MPAC.

Annual Performance assessments were conducted for the 18/19 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 2019/20 and monthly progress reports are being submitted on an Electronic System.

IDP

Council approved the 2019/20 IDP on 25 May 2019, 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 2017/2018 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 division established Legal Tariffs by means of which the legal fees our service providers charge the institution will be contained.

The Municipality settled several completed cases in 2018/2019 financial year. All of which were successfully contested and won, the initiative of which saved the Municipality significant amount of legal fees.

FINANCIAL SERVICES DEPARTMENT:

Multi Year Budgets (3 Years)

- The 2020/2021 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 2018/2019 Financial Statements were compiled during August 2019 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 R380 790 713 for the first 6 months. Revenue generated through services represents 46% of the total income.

The Municipality averages payment rate of 89%.

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 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.

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 Stormwater, 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, stormwater systems, community halls, public toilets, various municipal buildings, libraries, sports facilities / stadiums, 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, Haenetsburg, Nkowankowa and Lenyenye towns

Road and Storm water

This division is responsible for maintenance of roads, installation and unblocking of stormwater 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 stormwater 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, stormwater 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 R93 619 000 (inclusive of VAT). The unit is also responsible for coordination of EPWP.

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 especially 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 was replaced with 9 new vehicles and a crane for the truck. Although this is a huge improvement, we still need to replace three (3) more vehicles.

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

10 Council meetings were held (3 normal and 7 Special Council meetings).

Training was arranged for relevant officials in all departments on the use of the Electronic document system (Collaborator) to process electronic memorandums.

2 MPAC oversight reports were submitted to Council for adoption

2. INFORMATION TECHNOLOGY

Internet Services were upgraded from 10 MB to 80MB; Office 365 is currently implemented.

Connectivity satellite offices is being improved.

3. HUMAN RESOURCES

Council staff complement was at a total of 650. Organisational review process and work study investigation are underway and are being done with the assistance of an independent consultant. It is anticipated that the process would be concluded by the end of April 2020.

4. COMMUNICATION AND MARKETING

2 Newsletters were published in the last two quarters.

The following events were profiled.

- State of the Municipal Address(26 July 2019) Runnymede sports centre
- Taste of Tzaneen (31 October – 02 November 2019) Fairview hotel
- Tzaneen Agricultural Expo (4-5 October and 30 September 2019) Tzaneen country lodge
- Agri Golf (11 October 2019) Tzaneen country club

5. PUBLIC PARTICIPATION

In first and second quarter it was only 23 community feedback meetings held in 2019/2020 financial year

Only two imbizos in first and second quarter held in 2019/2020 financial year.

PLANNING & ECONOMIC DEVELOPMENT DEPARTMENT

LAND AND HUMAN SETTLEMENTS DIVISION

Nkowankowa and Lenyenye	Nkowankowa Cemetery is finalized. Community service department and Engineering service must budget and implement the project. Lenyenye Cemetery is finalized
Tzaneen Extension 89 (Portion 37 of the Farm Hamawasha 557LT)	Approval was received from SANRAL the appointed Town planner has submitted to Surveyor General for final approval.
Upgrading of Informal Settlement: Purpose and progress	- The layout map has been approved and the Project is closed.

report	
Purchasing of Portion 9 and 38 of the Farm Hamawasha (Letaba Brickyard)	Approval was received from SANRAL the appointed Town planner has submitted to surveyor general for final approval.
2017/18 Housing Units 700	<ul style="list-style-type: none"> • 558 - Completed • Outstanding 142 units are carried over to 2021
Portion 2 of Novengilla Farm	<ul style="list-style-type: none"> • The transfer has been done on the 28 March 2018. Waiting for budget allocation for township establishment.

TOWN PLANNING DIVISION

1. The SDF together with the secondary development Policies have been adopted and Gazetted 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, gazetted on 17th November 2017
 - b. The SPLUMA By-Law of GTM was gazetted on the 25th August 2017
 - c. Land development Office has been delegated and is fully operational
 - d. There's no backlog on land development applications.
 - 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 Lifeguard.

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 utilisation 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 – Kerbside-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 litterpicking 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 ± 15 years.
 - The Landfill-site & the D.o.C.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 2020/2021 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	2019/2020	2020/2021	2021/2022	2022/2023
Municipal Manager	71 183 861	73 832 159	76 159 743	79 661 021
PED Services	29 106 702	31 030 789	32 422 418	33 894 517
Financial services	100 502 249	113 189 995	117 325 417	122 625 326
Corporate Services	59 983 697	63 973 170	66 831 374	69 900 537
Engineering services	163 933 171	163 075 942	158 681 336	165 858 110
Community Services	234 736 937	269 568 063	274 253 039	286 868 382
Electrical Services	569 099 024	572 684 922	604 549 039	630 259 438
GTEDA	INCLUDED IN PED			
TOTAL	1 228 545 641	1 287 355 040	1 330 222 367	1 389 067 332

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

DEPARTMENT	2019/2020	2020/2021	2021/2022	2022/2023
Municipal Manager	71 183 861	73 832 159	76 159 743	79 661 021
PED Services	29 106 702	31 030 789	32 422 418	33 894 517
Financial Services	100 502 249	113 189 995	117 325 417	122 625 326
Corporate Services	59 983 697	63 973 170	66 831 374	69 900 537
Engineering Services	230 856 443	236 520 522	235 504 367	246 215 000
Community Services	234 736 937	269 568 063	274 253 039	286 868 382
Electrical Services	569 099 024	572 684 922	604 549 039	630 259 438
TOTAL	1 295 468 913	1 360 799 620	1 407 045 397	1 469 424 222

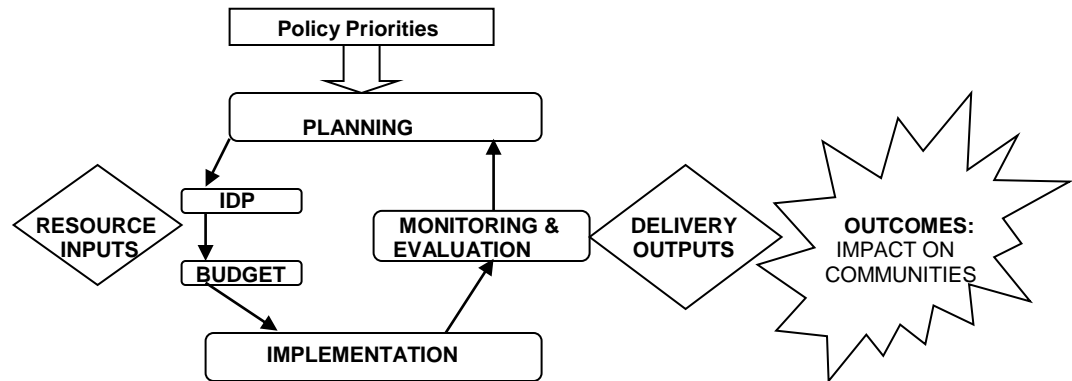
(E) MUNICIPAL PRIORITIES AND LINKAGES TO THE IDP

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 affected 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 2018/2019
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 prioritised
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 remains a challenge in

Table 12: Service Delivery priorities per ward (Highest Priority first)		
Ward	Priority name and detail	Progress during 2018/2019
	water reticulation One big reservoir at Sethong Mountain and water reticulation Two new borehole at Mmabanyana	many communities. The municipality is delivering water through water tankers to alleviate the problem.
9	Paving of Thako Sefolwe to Kherobeni road link to Greater Letaba municipality Paving of Mopye to Sebabane 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	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 2018/2019
	Additional stand pipe that must installed at Lassie Spaza and Sesana Street	
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 regravelling	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	

Table 12: Service Delivery priorities per ward (Highest Priority first)		
Ward	Priority name and detail	Progress during 2018/2019
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, Mogoboya Primary, Ramoba High, Thabina Primary and Modupi Primary schools Internal streets Sports ground	Streets grading is done through municipal priority programme.
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 IDP Process Plan has been developed to align with the Provincial (PIPF) and District framework and has been approved by Council.

ACTIVITY

DATE

Approval of Draft IDP	18 May 2020
Public Participation Programme	May 2020
Approval of final IDP	26 June 2020

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 6th to 8th November 2019. The Strategic Phase was also held on the 24th January 2020.

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 38.

PART 2:

SUPPORTING DOCUMENTATION (Budget Report)

6. 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 2020/2021 financial year was developed and approved by Council in August 2019. 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, Gazette 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 2020/2021 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 Councilor 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 2019/2020 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 2020/2021 budget realities to ensure that critical service delivery needs are budgeted for.

The Mayor and Councilors have, through the IDP process, guided the 2020/2021 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 timetable, followed by the approval of the IDP and the drafting of the budget to determine the affordability of service delivery.

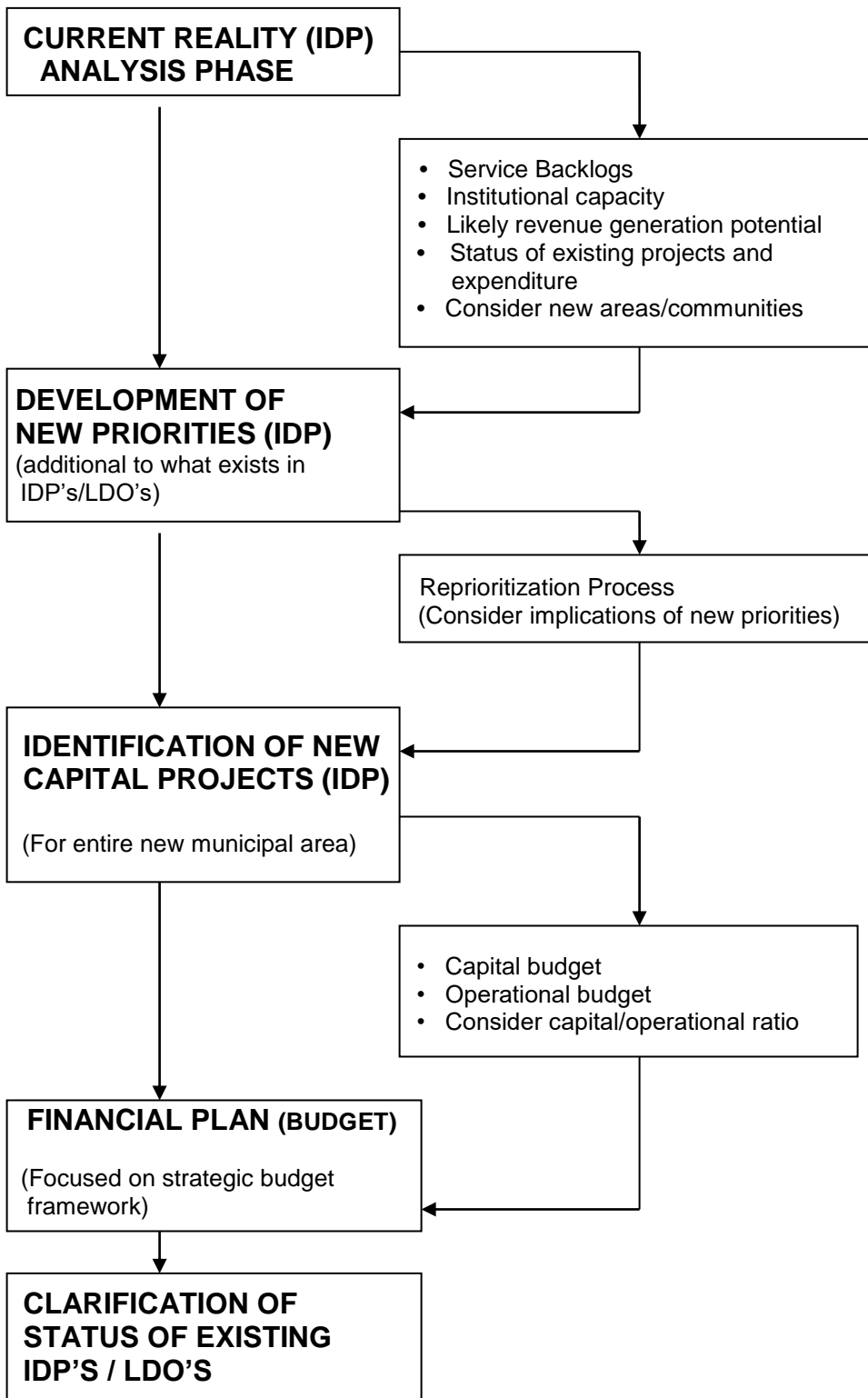
It is then followed by the Public Participation process to ensure that the needs of our communities have been considered after which the IDP and budget are tabled to Council for approval.

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. Due to the state of disaster which prohibits public gatherings, public comments have been sourced through online platforms and one on one interactions.

(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 2019 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 were 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 was 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.

The Speaker of Greater Tzaneen Council, Councilor Dikeledi Mmetle invited members of the public to submit comments on the Draft 2020/2021 Budget and the Draft 2020/2021 Integrated Development Plan (IDP). Due to the State of Disaster which prohibits public gatherings, public comments have been sourced through online platforms and one on one interactions.

Residents accessed the Draft Budget and IDP on the Municipalities website: www.greatertzaneen.gov.za or alternatively sending a message to 0662933656.

Mayor Maripe Mangena delivered a summary of both the IDP and Budget on Wednesday, 20 May 2020 at 14h00 live on the GTM Facebook page.

The livestream was followed by a detailed presentation by the Head of the Finance Cluster, Councilor Thabo Maunatlala on 21 May 2020 also live on the GTM Facebook page at 14h00. Both presentations have been broadcast live on Vision FM (88.5/101.7).

Members of the public could also send their comments via Facebook or use the Municipalities website.

7000 pamphlets have been distributed across the 35 Wards to reach members of the public without access to the internet. Public Wi-Fi hotspots have been set-up in the following places: Nkowankowa Community Hall, Lenyenye Community Hall, Relela Community Hall, Burgersdorp Stadium, and Runnymede Thusong Service Centre.

The IDP and Budget timetable was approved by Council, 10 months before the start of the budget year in order to comply with the requirements of the MFMA. This timetable 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 May 2020 was followed by extensive publication of the IDP and budget in newspapers. It was also published on Councils website.

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 Office who kept 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 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 will be 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 submitted 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 actions, had to be taken to address the needs of the Community.

7. 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 2020/2021 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 the Municipality to its development goals and guides the Municipal Budget.

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

The following factors have been considered during this process:

- IDP priorities and strategic objectives
- Economic climate and trends
- Councils cash flow situation
- Current debtor's 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.

8. 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	82.75%
"B" Total outstanding service debtors	545 544 060
"C" Annual revenue actually received for services	659 276 721

DEBT COVERAGE

$$A = B - C$$

D

"A" Debt Coverage	16.44
"B" Total Operating Revenue Received	<u>796 670 404</u>
"C" Operating Grants	369 533 000
"D" Debt Service Payments	25 979 924

COST COVERAGE

$$A = B + C$$

D

"A" Cost Coverage	0.95
"B" All available cash at a particular time	<u>53 798 323</u>
"C" Investments	15 000 000
"D" Monthly Fixed Operating Expenditure	72 449 440

(B) MEASURABLE PERFORMANCE OBJECTIVES FOR:

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

Providing clean water and managing wastewater.

- Mopani District Municipality is the 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 Wastewater 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 Wastewater and Lenyenye Maturation Ponds. In this case Greater Tzaneen Municipality supplies chemicals and maintains the wastewater 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 2020/2021 as outlined in the budget.

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

9. 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.”

10. 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. Circulars no 98 and 99 indicate an inflation rate of 4.5% for the 2020/2021 financial year.

PERSONNEL ISSUES

The 2018 to 2021 Salary and wage collective agreement dated 29 June 2018 determines that for the 2020/2021 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 2020.

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

The composition of and increases to Councilor'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 Councilor'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 6.22%, largely due to the increase for Eskom bulk purchases.

Water and Sewerage tariff adjustments are 65% and 4.5% respectively, while refuse and disposal charges are modeled to increase by 4.5%. The water increases are not 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 10% 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 2020/2021 financial year:

Water	R163 684 000
Sewer	R120 786 000

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

Water	R13 814 622
Sewer	R 1 804 480

J) ELECTRICITY

An increase of 6.22% 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 considered.

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 are not allocated to certain services but that it be allocated within the context of the overall financial position of Council.

11. OVERVIEW OF BUDGET FUNDING

Fiscal Overview

During October 2019, the Municipality was informed by National Treasury that 126 Municipalities, of which Greater Tzaneen is one, adopted unfunded budgets for the 2019/2020 financial year. These unfunded budgets, if not addressed, could lead to the inability to pay creditors within legislation time-frames, especially bulk suppliers.

Section 18 of the MFMA prohibits the adoption of an unfunded budget and failure to comply with the requirements may lead to Provincial intervention.

The Municipalities were therefor provided the opportunity to correct these unfunded budgets through a Special Adjustment budget.

The budget tabled to Council today is based on the 2019/2020 Special Adjustment budget and drafted in a way that the Municipality will be able to pay for bulk services and focus on collecting the revenues owed to Council and eliminate wasteful and non-core spending.

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.

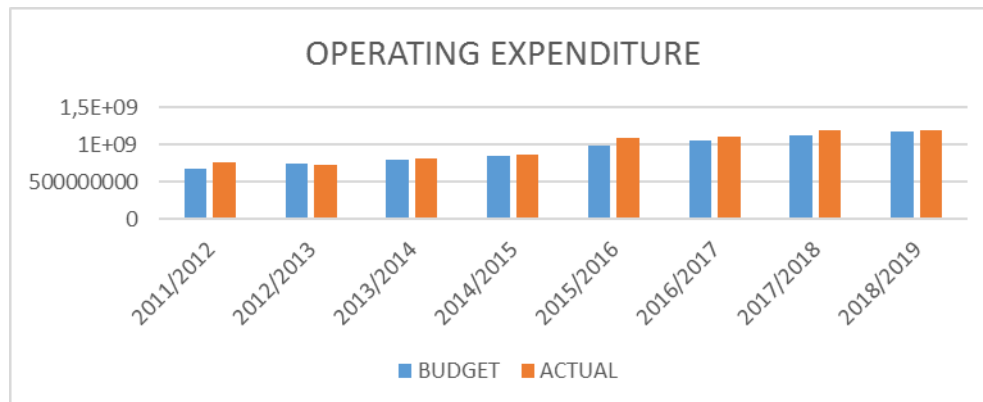
(A) Outcomes of the Past Years and Current year

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

OPERATING EXPENDITURE

YEAR	BUDGET	ACTUAL
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
2018/2019	1 184 776 021	1 202 734 280

GRAPH
Operating Expenditure

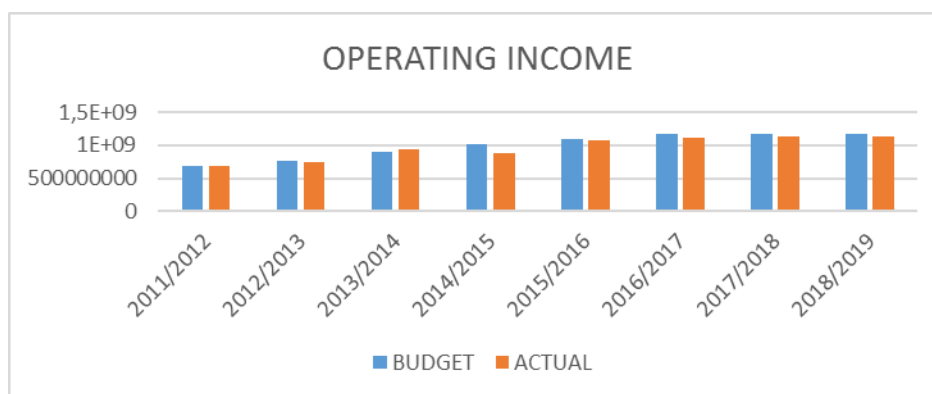


The graph below indicates the comparison between budgeted and actual operating Income over the past 8 year.

OPERATING INCOME

YEAR	BUDGET	ACTUAL
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
2018/2019	1 174 423 977	1 137 825 267

GRAPH Operating Income

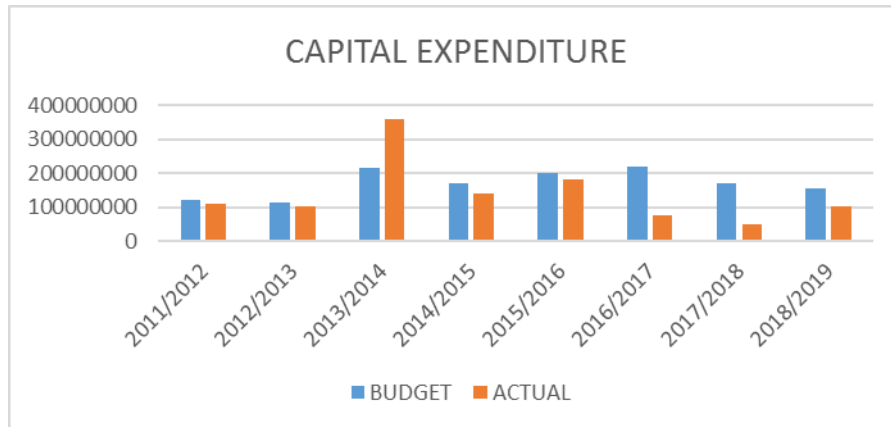


The capital expenditure against the budget of the past 8 years are also indicated graphically below:

CAPITAL EXPENDITURE – MIG INCLUDED

YEAR	BUDGET	ACTUAL
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
2018/2019	153 718 018	103 447 827

GRAPH
Capital Expenditure



The low spending of Capital during the 2018/2019 financial year is due to projects amounting to R27 014 727 transferred to RAL as well as a loan not fully utilized within the financial year.

OPERATING BUDGET 2019/2020

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 2018/2019 financial year:

Electricity	38,3%
Refuse Removal	2,9%
Property Rates	12,5%

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 2020/2021

The Greater Tzaneen Municipal operating income will be allocated as follows during 2020/2021 Financial year:

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

REVENUE	BUDGET
Property rates	-R 155 000 000
Property rates – penalties imposed and Collection charges	-R 12 500 000
Service charges	-R 610 767 132
Rental of facilities and equipment	-R 1 170 100
Interest earned – external investments	-R 4 301 000
Interest earned – outstanding debtors	-R 23 600 000
Fines	-R 38 501 136
Licenses and permits	-R 917 000
Income from agency services	-R 58 664 291
Government Grants and Subsidies	-R 532 902 000
Other Revenue	-R 2 222 573
Gains on disposal of property, plant & Equip.	-R 1 500 000
Income Foregone	<u>R 36 400 000</u>
TOTAL REVENUE	<u>-R1 405 645 232</u>

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

REVENUE	BUDGET
Property rates	-R 155 000 000
Property rates – penalties imposed and Collection charges	-R 12 500 000
Service charges	-R 674 907 232
Rental of facilities and equipment	-R 1 170 100
Interest earned – external investments	-R 4 301 000
Interest earned – outstanding debtors	-R 31 600 000
Fines	-R 38 501 136
Licenses and permits	-R 917 000
Income from agency services	-R 58 664 291
Government Grants and Subsidies	-R 548 521 102
Other Revenue	-R 2 222 573
Gains on disposal of property, plant & Equip.	-R 1 500 000
Income Foregone	<u>R 36 900 000</u>
TOTAL REVENUE	<u>-R1 492 904 434</u>

Operating Expenditure

The budgeted expenditure per item are as follows for the 2020/2021 financial year:

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

ITEM	BUDGET
Employee Related Costs	R 281 570 141
Employee Related Cost Social Contributions	R 59 632 579
Remunerations of Councillors	R 28 360 883
Bad Debts	R 70 035 699
Collection Costs	R 900 000
Inventory Surplus/Loss	R 0
Depreciation	R 132 883 252
Repairs and Maintenance	R 56 235 585
Interest Expense – External Borrowings	R 15 724 284
Bulk Purchases	R 406 187 500
Contracted Services	R 70 630 401
Grants & Subsidies paid	R 25 334 000
Grants & Subsidies Paid unconditional	R 5 585 000
General Expenses	R 134 275 716
EXPENDITURE TOTAL	<u>R1 287 355 040</u>

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

ITEM	BUDGET
Employee Related Costs	R 313 421 419
Employee Related Cost Social Contributions	R 65 426 071
Remunerations of Councillors	R 28 360 883
Bad Debts	R 81 235 699
Collection Costs	R 900 000
Inventory Surplus/Loss	R 0
Depreciation	R 132 883 252
Repairs and Maintenance	R 65 824 931
Interest Expense – External Borrowings	R 15 724 284
Bulk Purchases	R 411 387 500
Contracted Services	R 77 747 061
Grants & Subsidies paid	R 25 334 000
Grants & Subsidies Paid unconditional	R 5 585 000
General Expenses	R 136 969 520
EXPENDITURE TOTAL	<u>R1 360 799 620</u>

CAPITAL BUDGET

An amount of R128.9 million was approved for capital projects for the 2020/2021 financial year. This was funded as follows:

- Own Sources	R 19 800 000.00
- Loans	R 22 000 000.00
- Grants	<u>R 88 938 050.00</u>
TOTAL	<u>R130 738 050.00</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 ensure that the much needed development can be funded.

The 2020/2021 expenditure will be funded as follows:

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

Funding source	Amount
Grants & Subsidies	R 532 902 000
Rates & Service Charges	R 765 767 132
Sundry Income	<u>R 106 976 100</u>
Budgeted Revenue	<u>R1 405 645 232</u>

Greater Tzaneen Municipal Budget Including GTEDA and Water & Sewer:

Funding source	Amount
Grants & Subsidies	R 548 521 102
Rates & Service Charges	R 829 907 232
Sundry Income	<u>R 114 476 100</u>
Budgeted Revenue	<u>R1 492 904 434</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. With the exception of the Water Tariff the determination of tariffs for the 2020/2021 financial year has been guided by our Tariff Policy and guidelines set by National Treasury in the Municipal Budget Circulars 98 and 99 for the 2020/2021 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 2020/2021 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 4.5%, 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 Service

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 are drafted by Greater Tzaneen Municipality but submitted to Mopani District Municipality for approval.

The proposed Sanitation Tariffs for 2020/2021 are consistent with National Policy on the extension of free basic services, the National Strategic Framework for 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 2019/2020 financial year be retained, with a proposed 65% increase in volumetric water tariffs generally, and a proposed 4.5% increase in sanitation tariffs generally.

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 2020/2021. This guideline proposes an increase of 6.22% 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 4.5% on the 2019/2020 tariffs with effect from 1 July 2020.

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 2019 to December 2019:

DEBTOR REVENUE	JULY 19 R000,	AUG 19 R000,	SEPT 19 R000,	OCT 19 R000,	NOV 19 R000,	DEC 19 R000,
Revenue Billed	63 060	70 988	76 092	70 519	58 760	55 428
Revenue Collected	55 577	58 782	69 843	82 210	58 115	56 264
% Revenue Collected	88.13%	82.81%	91.79%	116.58%	98.90%	101.51%

The MFMA requires that the budget be based on realistic forecasts for revenue and the average collection rate for Greater Tzaneen Municipality amounts to 96.62%.

(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 which 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 investment of Greater Tzaneen Municipality are disclosed as follows.

Valuation of unlisted Investment

Standard Bank R17 388 103

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 R17 388 103.

(g) GRANT ALLOCATION

National Treasury advised Municipalities, through their Budget Circular 98, to use the indicative numbers as set out in the 2019 Division of Revenue Act to compile their 2020/2021 MTREF. In terms of the outer year (2022/2023) 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. 43025 of 17 February 2020, in the 2020/2021 Draft Budget.

The grant allocations as published in the 2020/2021 Division of Revenue Bill are summarized as follows:

<u>Allocation</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>
Equitable Share	R413 949 000	R446 738 000	R475 585 000
Municipal Infrastructure Grant	R 93 619 000	R101 926 000	R108 004 000
Financial Man Grant	R 2 000 000	R 2 100 000	R 2 100 000
INEP (Elect)	R 15 000 000	R 15 000 000	R 15 000 000
Expanded Public works Prog.	R 7 134 000	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>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>
INEP	R9 041 000	R 8 481 000	R10 446 000
MSIG	R 0	R 2 700 000	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	2020/2021	2021/2022	2022/2023
Water	R163 684 000	R180 642 000	R198 657 000
Sanitation	R120 786 000	R130 049 000	R138 470 000

As water service provider some of these funds need to be transferred to Greater Tzaneen Municipality.

12. 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 2020/2021: ALLOCATION R93,619,000.00

Project Name	MIG Fund	Counter Fund	Total
1. Mawa Low Level bridge	R2,057,113.15	R0	R2,057,113.15
2. Lenyenye Taxi Rank	R2,942,886.85	R0	R2,942,886.85
3. Mulati Access Road Paving	R13,653,118.02	R0	R13,653,118.02
4. Tarring Nkowankowa A Codesa and Hani Street	R4,478,953.00	R0	R4,478,953.00
5. Paving of Marirone to Motupa Street	R1,380,000.00	R0	R1,380,000.00
6. Upgrading of Mopye High School Access Road	R5,000,000.00	R0	R5,000,000.00
7. Nelson Ramodike High School Access Road	R12,620,000.00	R0	R12,620,000.00

8. Upgrading of Relela Access Road	R13,953,582.67	R0	R13,953,582.67
9. Matapa to Leseke Access Road to School	R10,793,479.79	R0	R10,793,479.79
10. Paving of Moseanoka to Cell C Pharare Internal Streets in Ward 28	R6,029,170.97	R0	R6,029,170.97
11. Paving of Risaba, Mnisi, Shando, to Driving school Internal Street in Ward 5	R6,000,000.00	R0	R6,000,000.00
12. Paving of Main road from Ndhuna Mandlakazi, Efrika, Zangoma, Mpenyisi to Jamba Cross Internal Street (in Ward 13, Mandlakazi) and Nwamitwa Bridge via Nhlengeleti School to Taxi Rank, Clinic via Lwandlamoni School to Nwamitwa/Mandlakazi Road (in Ward 12)	R8,649,744.66	R0	R8,649,744.66
13. Supply and Installation of High Mast lights in Dan Village	R1,380,000.00	R0	R1,380,000.00
PMU Management	R 4,680,950.00	R0	R 4,680,950.00
TOTAL	R93,619,000.00	R0	R93,619,000.00

FINANCIAL YEAR 2021/2022: ALLOCATION R101, 926, 000.00

Project Name	MIG Fund	Counter Fund	Total
1. Paving of Nelson Ramodike High School Access Road	R5, 370,050.00	R0	R5, 370,050.00
2. Tarring of Nkowankowa B Streets	R2,000,000.00	R0	R2,000,000.00
3. Paving of Topanama Access Road to Serurubele School	R2,000,000.00	R0	R2,000,000.00
4. Paving of Marirone to Motupa Street	R15,000,000.00	R0	R15,000,000.00
5. Paving of Thapane Street	R2,000,000.00	R0	R2,000,000.00
6. Tickyline to Makhwibidung Construction of Storm Water Drainage System	R3,500,000.00	R0	R3,500,000.00
7. Lenyenye Street Paving	R2,000,000.00	R0	R2,000,000.00
8. Upgrading of Zangoma to Mariveni	R8,469,640.00	R0	R8,469,640.00
9. Paving of Moseanoka to Cell C Pharare Internal Streets in Ward 28	R15,000,000.00	R0	R15,000,000.00

10. Nkowankowan Section D Street Paving	R2,000,000.00	R0	R2,000,000.00
11. Paving of Risaba, Mnisi, Shando, to Driving school Internal Street in Ward 5	R15,000,000.00	R0	R15,000,000.00
12. Paving of Main road from Ndhuna Mandlakazi, Efrika, Zangoma, Mpenyisi to Jamba Cross Internal Street (in Ward 13, Mandlakazi) and Nwamitwa Bridge via Nhlengeleti School to Taxi Rank, Clinic via Lwandlamoni School to Nwamitwa/Mandlakazi Road (in Ward 12)	R24,490,010.00	R0	R24,490,010.00
PMU Management	R5,096,300.00	R0	R5,096,300.00
TOTAL	R101, 926, 000.	R0	R101, 926, 000.

FINANCIAL YEAR 2022/2023: ALLOCATION R108,004,000.00

Project Name	MIG Fund	Counter Fund	Total
1. Tarring of Nkowankowa B Streets	R5,500,000.00	R0	R5,500,000.00
2. Paving of Topanama Access Road to Serurubele School	R7,752,000.00	R0	R7,752,000.00
3. Paving of Thapane Street	R7,000,000.00	R0	R7,000,000.00
4. Lenyenye Street Paving	R5,500,000.00	R0	R5,500,000.00
5. Upgrading of Zangoma to Mariveni	R7,572,850.00	R0	R7,572,850.00
6. Paving of Moseanoka to Cell C Pharare Internal Streets in Ward 28	R19,117,728.00	R0	R19,117,728.00
7. Nkowankowan Section D Street paving	R7,000,000.00	R0	R7,000,000.00
8. Paving of Risaba, Mnisi, Shando, to Driving school Internal Street in Ward 5	R18,598,491.00	R0	R18,598,491.00
9. Paving of Main road from Ndhuna Mandlakazi, Efrika, Zangoma, Mpenyisi to Jamba Cross Internal Street (in Ward 13, Mandlakazi) and Nwamitwa Bridge via Nhlengeleti School to Taxi Rank, Clinic via Lwandlamoni School to Nwamitwa/Mandlakazi Road (in Ward 12)	R21,562,731.00	R0	R21,562,731.00
10. Construction of Bulamahlo Community Hall	R1,000,000.00	R0	R1,000,000.00

11. Upgrading of Access Street from khopo, Molapisane School via Tickyline and myakayaka Serutung to Malengenge	R1,000,000.00	R0	R1,000,000.00
12. Construction of Runnymede Sport Facility Phase II	R1,000,000.00	R0	R1,000,000.00
PMU Management	R5,400,200.00	R0	R5,400,200.00
TOTAL	R108,004,000.00	R0	R108,004,000.00

13. ALLOCATIONS OF GRANTS MADE BY THE MUNICIPALITY

The allocations made by Council for the 2020/2021 financial year can be summarized as follows:

	2019/2020	2020/2021
Museum	R 45 000	R 45 000
Eskom EBSST	R4 000 000	R4 000 000
Mayor Special Account	R 500 000	R 500 000
SPCA	R 100 000	R 100 000
Mayors Bursary Account	R 350 000	R 350 000
Sport Council	R 190 000	R 190 000
Arts & Cultural	R 150 000	R 150 000
Speaker Special Account	R 250 000	R 250 000

14. 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	3 825
COUNCILLOR	9 831 421	173 502	3 277 135	1 966 356	151 455
EXCO	1 444 260	19 278	481 420	218 484	10 674
FULL TIME	2 588 887	19 278	862 962	218 484	20 994
MAYOR	690 370	3 856	230 123	43 697	2 836
SPEAKER	552 295	3 856	184 098	43 697	2 363
SECTION 79	3 084 163	42 412	1 028 054	480 665	22 888
TOTAL	18 709 173	266 036	6 236 384	3 015 079	215 036

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

	MUNICIPAL MANAGER	DIRECTOR PLANNING & ECONOMIC DEVELOPMENT	CHIEF FINANCIAL OFFICER	DIRECTOR CORPORATE SERVICES	DIRECTOR COMMUNITY SERVICES	DIRECTOR ELECTRICAL ENGINEERING SERVICES	DIRECTOR ENGINEERING SERVICES
B/SALARY	1 819 172	1 293 190	1 487 168	1 247 074	1 293 190	1 487 168	1 487 169
INSENTIVE Bonus	181 917	129 319	148 717	124 707	129 319	148 717	148 729
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	15 800	11 056	12 881	10 800	11 066	11 530	11 420
LEAVE RED	58 213	41 382	47 589	39 906	41 382	166 562	47 589
CELL PHONE	25 704	25 704	25 704	25 704	25 704	25 704	25 704

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

BENEFIT	2019/2020 AMOUNT	2020/2021 AMOUNT
Basic Salary	R221 888 594	R232 832 209
Overtime	R 24 157 309	R 23 976 800
Bonus	R 18 513 243	R 17 693 540
Standby	R 4 587 671	R 4 838 214
Leave Redemption	R 8 947 691	R 13 346 043
Housing Allowance	R 2 296 243	R 2 035 124
Travel Allowance	R 17 414 625	R 17 668 065
Performance Incentive Schemes	R 0	R 1 011 426
Medical Aid Contribution	R 19 203 144	R 18 030 028
Pension Schemes	R 39 645 107	R 42 095 499
UIF Contribution	R 1 323 697	R 1 308 748
Group Insurance	R 3 652 744	R 3 909 864
Workmens Compensation	R 3 293 076	R 3 229 453
SETA	R 3 111 364	R 3 184 289
Bargaining Council	R 78 160	R 81 932
TOTAL	<u>R368 112 668</u>	<u>R385 241 232</u>

Cost to Council: Political Office – Bearers and collectively

	SALARY	LAPTOP	TRAVELLING	TEL. ALL	SETA
CHIEF WHIP	517 777	3 856	172 592	43 697	3 825
COUNCILLOR	9 831 421	173 502	3 277 135	1 966 356	151 455
EXCO	1 444 260	19 278	481 420	218 484	10 674
FULL TIME	2 588 887	19 278	862 962	218 484	20 994
MAYOR	690 370	3 856	230 123	43 697	2 836
SPEAKER	552 295	3 856	184 098	43 697	2 363
SECTION 79	3 084 163	42 412	1 028 054	480 665	22 888
TOTAL	18 709 173	266 036	6 236 384	3 015 079	215 036

Number of Councillors: 69

Number of Personnel: 652

Greater Tzaneen has 652 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.

2020/2021

DEPARTMENT	OWN SOURCES	LOANS	GRANTS	TOTAL
Eng. Services	8 000 000	0	88 938 050	96 938 050
Elect. Services	8 000 000	22 000 000		30 000 000
Community Services	2 300 000	0		2 300 000
Finance	500 000			500 000
Corporate Services	0	0		0
PED	1 235 000			1 235 000
MM	0			0
TOTAL	20 035 000	22 000 000	88 938 050	130 973 050

2021/2022

DEPARTMENT	OWN SOURCES	LOANS	GRANTS	TOTAL
Eng. Services		0	96 829 700	96 829 700
Elect. Services	8 384 000	0	0	8 384 000
PED	235 000			235 000
Finance	700 000			700 000
TOTAL	9 319 000	0	96 829 700	106 148 700

2022/2023

DEPARTMENT	OWN SOURCES	LOANS	GRANTS	TOTAL
Eng. Services		0	102 603 800	102 603 800
Elect. Services	8 786 432	0	0	8 786 432
PED	235 000			235 000
Finance	700 000			700 000
TOTAL	9 721 432	0	102 603 800	112 325 232

The Capital budget decreased from R142 332 525 in the 2019/2020 financial year to R130 973 050 in the 2020/2021 financial year.

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

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 2020 to 30 June 2021. 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 Trichardtsdal, 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 are 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.

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
UNIEQUO	VALUATION ROLL
FOCUS OUTSORUCING	PRINTING OF MUNICIPAL ACCOUNTS/STATEMENTS
CONTOUR TECHNOLOGY	PROVISION OF PREPAID ELECTRICITY

B. INFORMATION ON EXPENDITURE ON EACH CONTRACT FOR THE LAST THREE YEARS

NAME	SERVICE	Expenditure for 3 Years
UNIEQUO	VALUATION ROLL	1 055 018
FOCUS OUTSORUCING	PRINTING OF MUNICIPAL ACCOUNTS/STATEMENTS	404 989
CONTOUR TECHNOLOGY	PROVISION OF PREPAID ELECTRICITY	640 580

C. TOTAL EXPENDITURE ON EACH CONTRACT TO DATE

NAME	SERVICE	Amount paid to date
UNIEQUO	VALUATION ROLL	1 228 557
FOCUS OUTSORUCING	PRINTING OF MUNICIPAL ACCOUNTS/STATEMENTS	2 524 532
CONTOUR TECHNOLOGY	PROVISION OF PREPAID ELECTRICITY	1 375 059

D. PLANNED EXPENDITURE ON EACH CONTRACT FOR THE BUDGET YEAR AND THE FOLLLOWING TWO YEARS

NAME	SERVICE	PLANNED EXP
UNIEQUO	VALUATION ROLL	1 350 000
FOCUS OUTSORUCING	PRINTING OF MUNICIPAL ACCOUNTS/STATEMENTS	350 000
CONTOUR TECHNOLOGY	PROVISION OF PREPAID ELECTRICITY	350 000

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 R133 million on 30 June 2019.

The details of the capital budget are summarized as follows:

LOANS

Loans of R22 million will be taken up during the 2020/2021 financial year to finance capital projects.

Consolidated Capital Projects from Own Sources:
Greater Tzaneen Municipality.

2020/2021

DEPARTMENT NUMBER	DEPARTMENT	2020/2021	2021/2022	2022/2023
002	Municipal Manager		0	0
052	Corporate Services		0	0
032	Financial Services	500 000	700 000	700 000
140	Community Services	2 300 000		
0062	Engineering Services	8 000 000		
162	Electrical Engineering Services	8 000 000	8 384 000	8 786 432
012	PED	1 000 000		
	TOTAL	19 800 000	9 084 000	9 486 432

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

2020/2021 Financial year R235 000

2021/2022 Financial year R235 000

2022/2023 Financial year R235 000

Capital Projects from Grants: Greater Tzaneen Municipality.

DEPARTMENT NUMBER	DEPARTMENT	2020/2021	2021/2022	2022/2023
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)	88 938 050	96 829 700	102 603 800
162	Electrical Engineering Services (EED)	0	0	0
012	PED (NDPG)	0	0	0
	TOTAL	88 938 050	96 829 700	102 603 800

Capital from Loans

DEPARTMENT NUMBER	DEPARTMENT	2020/2021	2021/2022	2022/2023
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)	22 000 000	0	0
012	PED (NDPG)	0	0	0
	TOTAL	22 000 000	0	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 R30 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 R22 million loan to finance Capital projects during the 2020/2021 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 2020/2021 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 wastewater.

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 2020/2021 allocation amounts to R8 961 106.41

Future Objectives:

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

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 2020/21, 2021/22, 2022/23

	YEAR 1		YEAR 2		YEAR 3	
	Total Budget 2020/21	% diff	Total Budget 2021/2022	% diff	Total Budget 2022/2023	
01 - INCOME						
011- Interest Earned	-		-		-	
0141 - Interest Received			-		-	
022- Operating Grants/Subsidies	106,41	8 961	-10%	217,05	9 857	9%
XXX- Other (Facilitation Fees)						
0230 - SERVICES SETA						
0233 - Municipal	106,41	8 961	9%	217,05	9 857	9%
024- Other Revenue						
0250 - Facilitation Fees						
xxxx - Other Cash Sales						
TOTAL INCOME	106,41	8 961	-10%	217,05	9 857	9%
02 - EXPENSES						
051- Employ Related Costs	646,97	3 168	9%	511,66	3 485	9%
1001 - Salaries Basic	436,10	2 841	9%	579,71	3 125	9%
1002 - Overtime	719,69	22	9%	991,65	24	9%
1004 - Annual Bonus (13th Cheque)	000,00	132	9%	200,00	145	9%
1010 - Leave Pay	028,67	113	9%	331,54	124	9%
1016 - Performance Bonus	462,50	59	9%	408,75	65	9%
053- Employ Related Costs	751,07	1 192	9%	026,17	1 312	9%
1021 -Contribution-Medical aid scheme						
1022 - Contribution-Pension schemes						

XXX - Contribution-Housing Subsidy	-	-	-	-	-		
1023 - UIF/Levy (Stat Payments)	751,07	1 192	9%	026,17	1 312	9%	1 443 228,79
058 - Remuneration of Directors	100,00	674	2%	510,00	741	9%	815 661,00
1053 - Emoluments	850,00	553	9%	235,00	609	9%	670 158,50
1057 - Travel/Accom	250,00	120	-31%	275,00	132	9%	145 502,50
1054 - Secretarial Support	-	-	-	-	-	-	-
064 - Depreciation	554,85	87	9%	310,34	96	9%	105 941,37
1091 - Depreciation	554,85	87	9%	310,34	96	9%	105 941,37
066 - Repairs and Maintenance	500,00	5	9%	050,00	6	9%	6 655,00
1101 - Furniture/Office Equipment	500,00	5	9%	050,00	6	9%	6 655,00
068 - Interest Expense	523,86	4	9%	976,25	4	9%	5 473,87
1231 - External	523,86	4	9%	976,25	4	9%	5 473,87
074 - Contracted Services	808,00	894	-6%	288,79	984	9%	1 082 717,67
1261 - Information Technology	121,44	66	9%	733,58	72	9%	80 006,94
1263 - Security	830,97	6	9%	514,06	7	9%	8 265,47
1265 - Cleaning	-	-	-	-	-	-	-
1270 - Internal Audit	500,00	159	9%	450,00	175	9%	192 995,00
1271 - Copier Rental	930,63	181	-66%	123,70	200	9%	220 136,06
1277 - Rent Premises	424,96	480	9%	467,45	528	9%	581 314,20
078 - General Expenses	221,67	2 698	-46%	043,84	2 968	9%	3 264 848,22
1301 - Advertising	262,61	34	9%	688,87	37	9%	41 457,76
1302 - Advertising Recruitment	-	-	-	-	-	-	-
1303 - Audit Fees	616,20	403	-31%	977,82	443	9%	488 375,60
1306 - Bank Fees / Interest on Overdraft	533,40	48	9%	386,74	53	9%	58 725,41
1307 - Community Based Planning	786,13	1 047	107%	564,75	1 152	9%	1 267 821,22
1310 - Consultancy/Legal Costs	600,00	107	-54%	360,00	118	9%	130 196,00
1311 - Consumables Domestic	441,13	1	9%	585,25	1	9%	1 743,77
1320 - Entertainment Public	592,96	8	9%	452,25	9	9%	10 397,48
1327 - Insurance	077,91	18	9%	885,70	19	9%	21 874,27

1347 - Postage & Courier	857,88		9%	943,67		9%	1 038,03
1348 - Printing/Stationery	475,28	44	9%	922,80	48	9%	53 815,09
1363 - Subscriptions	235,59	35	9%	759,14	38	9%	42 635,06
1364 - Subsistence/Travel/Accom	300,00	300	9%	330,00	330	9%	363 363,00
1366 - Telephone/Cellphone	937,84	80	-47%	031,62	89	9%	97 934,79
1368 - Training	476,09	83	9%	823,69	91	9%	101 006,06
1379 - Accounting Costs	973,67	312	8%	271,03	344	9%	378 698,14
1380 - Social Inclusion	000,00	5		500,00	5		6 050,00
1381 - Bursaries	555,00	104	9%	010,50	115	9%	126 511,55
1382 - Serminar & Workshop							60
							500,00
03 - CAPITAL EXPENDITURE		235			258		
608 - Other Assets	000,00		0%	500,00		9%	284 350,00
5023 - Office Equipment	000,00	235	0%	500,00	258	9%	284 350,00
TOTAL EXPENSES	106,41	8 961	-10%	217,05	9 857	9%	10 842 938,75
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

