
REPORT OF THE DEPARTMENT OF THE CHIEF FINANCIAL SERVICES

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1.1 ANNEXURES

Annexure “A”	Supporting Tables A1 to A10 SA1 to SA 38 Supporting Charts	(Yellow)
Annexure “B”	Water & Sewer Budget	(Green)
Annexure “C”	Environmental Health Budget	(Pink)
Annexure “D”	Policies Revenue Related Policies <ul style="list-style-type: none">- Tariff Policy<ul style="list-style-type: none">• Electricity• Water• Sanitation• Refuse Removal• Property Rates- Credit Control & Debt Collection- Consumer Deposits- Cash Control Policy- Impairment of Debt Policy Budget Related Policies <ul style="list-style-type: none">- Budget Implementation and Management Policy- Indigent Policy- Supply Chain Management- Property Rates Policy- Cash Management and Investment Policy- Virement Policy- Adjustment Budget Policy- Preferential Procurement Policy- Borrowing Policy- Funding and Reserves Policy- Policy Relating to Long-Term Financial Planning- Policy Relating to Management and Disposal of Assets- Policy dealing with Infrastructure Investment and Capital Projects	

	- Subsistence and Travelling Policy	
	- Cost Containment Policy	
Annexure "E"	Guideline from National Treasury	(Yellow)
Annexure "F"	Monthly Cash Flow Statement	(Green)
Annexure "G"	Personnel & Salary Structure	(Pink)
Annexure "H"	Vehicle Budget	(White)
Annexure "I"	Budgeted Financial Statements	(Blue)
Annexure "J"	Certificate of water analysis	(Yellow)
Annexure "K"	Measureable Performance Objectives	(Pink)
Annexure "L"	Consolidated projection of Revenue and Expenditure	(Green)
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1.2 INTRODUCTION

PURPOSE OF THIS REPORT

The purpose of this report is to request Council to consider the 2021/2022 (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 2021/2022 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's no. 107 and 108 which state inter alia that municipal revenues and cash flows are expected to remain under pressure in the 2021/2022 financial year. As a result of the economic landscape, the Covid-19 pandemic, job losses and the increase in key cost drivers to provide Municipal Services, Municipalities finds 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.
- Cost containment measures to, amongst other things, control unnecessary spending on nice-to-have items and non-essential activities as highlighted in the Municipal Cost Containment Regulations read with MFMA Circular No. 82;
- Ensuring value for money through the procurement process;
- The affordability of providing free basic services to all households;

- Not taking on unfunded mandates; and
- Curbing the consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.

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

To curb the economic challenges that are experienced globally our Municipality will continue to follow a conservative approach in the drafting of this MTREF. This approach includes giving consideration to the cost containment measures suggested by National Treasury in the budget as well as continuous reviews of the operational cost base in an attempt to identify inefficiencies.

The budget was drafted with full consideration of the provisions contained in National Treasury Circulars, Covid-19 challenges, Councils financial position, sustainability, affordability and the fact that Municipalities were cautioned by National Treasury to keep increases in tariffs and other charges as low as practically possible. 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 legislative requirements and the Budget Steering Committee believes that the 2021/2022 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 **2021/2022** and the indicative revenue and projected expenditure for the two subsequent years **2022/2023 and 2023/2024** be approved.
- (b) That the Annexures and policies attached to this report be approved.
- (c) That Council takes cognizance thereof **that** the increase in tariffs on the previous year tariffs are **with the exception of the Refuse removal tariff** 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 allocations, for **capital projects including GTEDA** for the **2021/2022** financial year be approved as follows:

Grants	R 94 753 950
Loans	R 0
Own Sources	<u>R 35 395 000</u>
TOTAL	R130 148 950

- (f) That an amount of **R9 857 217** 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 the monthly accounts of poor households (indigent) that qualify for free basic services be approved at **R200,00** per month plus water consumption above 6 kilo litre per month.
- (j) That the measurable performance objectives for revenue for each source and for each vote as per **Item 8** be approved.

(k) CAPITAL BUDGET

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

Greater Tzaneen Municipality excluded GTEDA

	<u>Own sources</u>	<u>Grants</u>	<u>Loans.</u>
2021/2022 Financial year	R35 395 000	R 99 741 000	R0
2022/2023 Financial year	R57 500 000	R108 004 000	R0
2023/2024 Financial year	R69 150 000	R112 937 000	R0

- II That an amount of R99 741 000 be approved from Grants for the 2021/2022 financial year.
- III That no loan be taken up to finance Capital Projects during the 2021/2022 financial year.
- IV That Council takes cognizance of the R99 741 000 MIG allocation for capital projects of which R94 753 950 is allocated for Capital and R4 987 050 is allocated for Operational.
- V That Council takes cognizance of the capital allocation in the records of GTEDA to the amount of R258 500.

VI TRANSPORT BUDGET

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

(l) PERSONNEL

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

(m) INTEREST ON ARREARS OTHER THAN FOR RATES

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

(n) INTEREST ON 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.

(o) That R900 000 (previous year R850 000) be made available to the Mayor for the 2021/2022 financial year, allocated as follows:

I R500 000 Public Programs which must be subjected to Audit. (Funds will only be used for charity purposes)
(Previous year R500 000)

II R400 000 For Bursaries (Previous year R350 000)

(p) That R250 000 (Previous year R250 000) be made available for the Speaker Public Programs.

(q) 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.	R137.62	R150.91
	b. Basic waste charge for non-urban residential premises	R137.62	R150.91
2.	<u>Business waste</u>	<u>Current</u>	<u>Proposed</u>
	a. Basic waste charge	R458.72	R503.02
	b. Waste tariff per unit of 85 x litres, for 6 x kerbside-removals p.w.	R458.72	R503.02
3.	<u>Industrial waste</u>		
	a. Basic waste charge	R366.98	R402.42
	b. Waste tariff per unit of 85 x litres, for 3 x kerbside-removals p.w.	R366.98	R402.42

4.	<u>Institutional waste</u>		
	Basic waste charge	R459.80	R477.73
	Waste tariff per unit of 85 x litres, for 6 x kerbside-removals p.w.	R459.80	R477.73
5.	<u>Dead Animals</u>		
	Collection, transportation and disposal of animal carcasses per removal	R313.50	R325.73
6.	<u>Condemned Foodstuffs</u>		
	Collection; transportation and disposal of condemned foodstuffs per load of 1 x ton // 1 m ³ or part thereof and issuing of safe disposal certificates	R1 217.42	R1 264.90
7.	<u>Clean up Tariff of Dirty Stands/Premises</u>		
	Clean up tariff per ton or 1m ³ or part there-off	R0	R2 500.00
8.	<u>Bulky Waste charges for Removals in 6m³ Skip-containers</u>		
	Removal of 6m ³ (or part there-of) of compactable-waste p.w.	R822.42	R854.49
	Removal of 6m ³ (or part there-of) of non-compactable-waste p.w.	R2 069.10	R2 149.79
9.	<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)	R303.05	R314.87
	Per entry of a lorry load not exceeding 3 tons // 3m ³ , but exceeding ≤ 1 ton // 1m ³ (or part thereof)	R595.65	R618.88
	Per entry of a lorry load not exceeding 6 x tons // 6m ³ but exceeding ≤ 3 x tons // 3m ³ (or part thereof)	R1 480.77	R1 538.52
	Per entry of a lorry load not exceeding 10 x tons // 10m ³ but exceeding ≤ 6 x tons // 6m ³ (or part thereof)	R2 523.68	R2 622.10
	Per entry of a lorry load exceeding ≤ 10 x tons // 10m ³ (or part thereof)	R3 269.81	R3 397.33
10.	<u>Health Care Risk Waste charges for collection, transportation & disposal</u>	<u>Current</u>	<u>Proposed</u>
	≤ = 5 x lit sharps	R177.65	R184.58
	≤ = 5 x lit human tissue	R282.15	R293.15
	≤ = 10 x lit sharps	R386.65	R401.73
	≤ = 10 x lit human tissue	R386.65	R401.73
	≤ = 20 x lit sharps	R553.85	R575.45
	≤ = 20 x lit human tissue	R553.85	R575.45
≤ = 85 x lit H.C.R.W. in liner	R198.55	R206.29	

≤ = 25 x lit H.C.R.W box + liner	R146.30	R152.01
≤ = 50 x lit H.C.R.W box + liner	R292.60	R304.01
≤ = 140 x lit H.C.R.W box + liner	R721.05	R749.17
≤ = 140 x lit Empty liners	R41.80	R43.43

(r) WATER SUPPLY: TARIFFS

That the following tariffs for water supply be approved

Tariffs Basic Charges

	CURRENT	PROPOSED
Domestic (AA)	R37.105	R38.55
Business (BA)	R58.609	R60.89
Industrial (CA)	R58.609	R60.89
State (EA)	R99.640	R103.53
Dept (FA)	R37.105	R38.55
Transnet (HA)	R99.640	R103.53
Flats	R60.562	R62.92
Education	R46.900	R48.73

Tariffs for Consumption

i	DOMESTIC (AA)	CURRENT	PROPOSED
	0 – 6 kl	R1.36 per kl	R1.41 per kl
	7 – 10 kl	R3.81 per kl	R3.96 per kl
	11 – 25 kl	R6.72 per kl	R6.98 per kl
	26 – 35 kl	R9.08 per kl	R9.43 per kl
	36 – 100 kl	R10.12 per kl	R10.51 per kl
	101 kl and more	R19.06 per kl	R19.80 per kl
ii	BUSINESS (BA) / INDUSTRIAL (CA)		
	0 – 50 kl	R4.85 per kl	R5.04 per kl
	51 – 100 kl	R8.08 per kl	R8.40 per kl
	101 and more	R9.70 per kl	R10.08 per kl
iii	STATE (EA) TRANSNET (HA)		
	0 – 50 kl	R8.98 per kl	R9.33 per kl
	51 – 250 kl	R11.97 per kl	R12.44 per kl
	251 and more	R12.72 per kl	R13.22 per kl
iv	DEPT (FA) (MUNICIPAL BUILDINGS)		
	0 – 6 kl	R0.98 per kl	R1.02 per kl
	7 – 10 kl	R2.62 per kl	R2.72 per kl
	11 – 25 kl	R4.62 per kl	R4.80 per kl
	26 – 35 kl	R5.54 per kl	R5.76 per kl
	36 – 100 kl	R6.94 per kl	R7.21 per kl
	101 kl and more	R12.96 per kl	R13.47 per kl
v	FLATS		
	0 – 75 kl	R2.39 per kl	R2.48 per kl
	76 – 120 kl	R7.58 per kl	R7.88 per kl
	121 – 200 kl	R7.98 per kl	R8.29 per kl
	201 – 250 kl	R8.38 per kl	R8.71 per kl
	251 – 370 kl	R8.78 per kl	R9.12 per kl
	371kl and more	R9.58 per kl	R9.95 per kl
vi	EDUCATION		
	0 – 50 kl	R3.88 per kl	R4.03 per kl
	51 – 200 kl	R5.17 per kl	R5.37 per kl
	201 – 400 kl	R5.49 per kl	R5.70 per kl
	401 kl and more	R6.46 per kl	R6.71 per kl

HAENERTSBURG WATER TARIFFS

	CURRENT	PROPOSED
0 – 6 kl	8.41 per kl	8.73 per kl
7 – 10 kl	8.41 per kl	8.73 per kl
11 – 25 kl	8.41 per kl	8.73 per kl
26 – 35 kl	8.41 per kl	8.73 per kl
36 – 100 kl	8.41 per kl	8.73 per kl
101 kl and more	8.41 per kl	8.73 per kl

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

(r) SEWERAGE: TARIFFS

That the following tariffs for sewer services be approved:

	CURRENT	PROPOSED
Charge per m ² (Basic Charge)	R0.353/kl	R0.367/kl
CHARGE PER KL WATER USAGE/MONTH		
Domestic (AA)	R0.898/kl	R0.933/kl
Business (BA)	R1.50/kl	R1.56/kl
Hotel (BB)	R1.25/kl	R1.30/kl
Guest Houses	R1.25/kl	R1.30/kl
Industrial (CA)	R1.50/kl	R1.56/kl
Flats (IA)	R0.898/kl	R0.933/kl
State (EA)	R1.148/kl	R1.193/kl
Education	R0.50/kl	R0.52/kl
Incentives	R0.50/kl	R0.52/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	R0.002258	R0.002470
Business and Commercial Properties		
Tariff on market value	R0.013812	R0.014351
Cemeteries and Crematoriums Properties		
Tariff on market value	R0.00	R0.00
Industrial Properties		
Tariff on market value	R0.013812	R0.014351
Municipal Properties		
Tariff on market value	R0.00	R0.00

Vacant Land		
Tariff on market value	R0.013812	R0.014351
Public Benefit Organization Properties		
Tariff on market value	R0.002258	R0.002470
Public Service Infrastructure		
Tariff on market value	R0.002258	R0.002470
Properties for Religious Use		
Tariff on market value	R0.00	R0.00
Residential Properties		
Tariff on market value	R0.013812	R0.014351
State-Owned Properties		
Tariff on market value	R0.013812	R0.014351

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>
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 taken into account:

“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.

(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 521.06	R1 758.96
25 kVA Three phase	45 Amp	R2 073.65	R2 038.00
50 kVA Three phase	80 Amp	R2 749.19	R2 406.83
75 kVA Three phase	100 Amp	R3 823.62	R3 565.68

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 R1.7378

B.2.2 A consumption charge, per kWh consumed
(Agric/Domestic) Three phase R1.8145

B.2.3 A consumption charge, per kWh consumed
(Agric/Domestic) Single phase R2.1908

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) **R0.0521c**

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) **R0.0544c**

PLUS

B.3.3 On single phase connections and additional charge per kWh for every unit consumed above 1500 units.
(Agriculture/Domestic 1 phase) **R0.0657c**

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 580.19**

- C.1.2 Business **R3 676.75**
- C.2** If the demand is registered during the months of June, July or August per point of supply:
(Agricultural/Domestic) **R436.18**
- C.3** If the demand is registered during the months of September to May per point of supply:
(Agric/Domestic) **R271.09**
- C.4** If the demand is registered during the months of June, July or August per point of supply:
(Business) **R333.00**
- C.5** If the demand is registered during the months of September to May per point of supply:
(Business) **R163.09**
- 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) **R1.3334**
- C.6.2 If the kWh has been consumed during the months of September to May:
(Agric/Domestic) **R1.0199**
- 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) **R1.3655**
- C.7.2 If the kWh were consumed during the months of September to May:
(Business) **R1.0072**
- 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:

R12 834.04

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:

R87.60

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

R87.60

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 **R5.0639**

D.3.1.2 During Standard Hours **R1.4456**

D.3.1.3 During Off-Peak Hours **R0.8457**

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

D.3.2.1 During Peak Hours **R1.5269**

D.3.2.2 During Standard Hours **R1.0911**

D.3.2.3 During Off-Peak Hours **R0.7506**

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

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

(June, July, August)

Standard Hours will be from 09:00 to 17:00, 19:00 to 22:00 on weekdays and from 07:00 to 12:00 and 18:00 to 20:00 on Saturdays. **(June, July, August)**

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

(June, July, August)

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

(September to May)

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

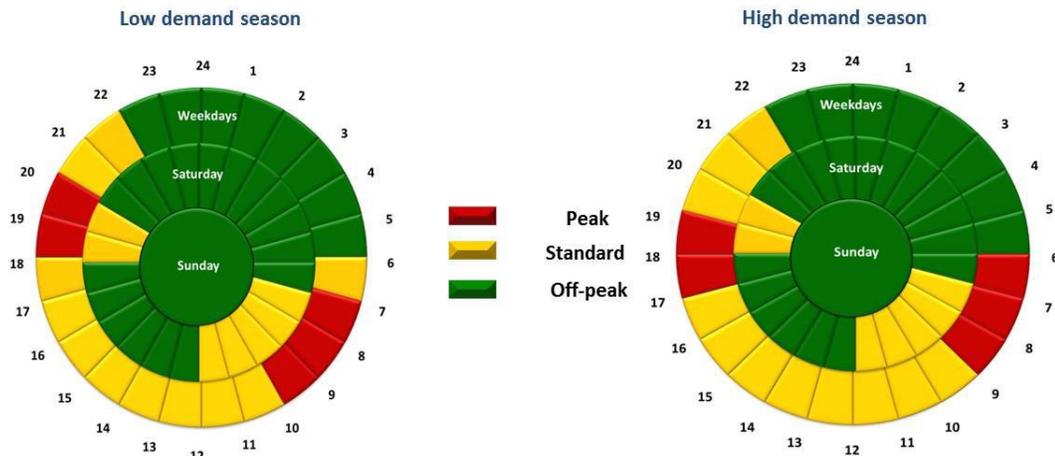
(September to May)

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

(September to May)

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

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



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

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

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

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

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

(u) Credit Control

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

(v) PRE-PAID TARIFF
IBT IMPLEMENTATION

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

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

DOMESTIC TARIFFS (IBT’s)			
DOMESTIC BLOCK 1 0 – 50 kWh (c/kWh)	DOMESTIC BLOCK 2 51 – 350 kWh (c/kWh)	DOMESTIC BLOCK 3 351 – 600 kWh (c/kWh)	DOMESTIC BLOCK 4 >600 kWh (c/kWh)
R1.2914	R1.6597	R2.3431	R2.7553

Commercial Pre paid Single Phase Tariff

Tariff Description	
Commercial Single Phase Pre paid 16 kVA	R2.6569

Commercial Pre paid Three Phase Tariff

Tariff Description	
Commercial Three Phase Pre paid 25 – 75 kVA	R2.6569

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

SUNDRY TARIFFS 2021/2022

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 2021 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	R18 000.00

DISCONNECTION CHARGES

Electricity

Electricity Cut – disconnections	R 425.00	R 440.00
Electricity Cut – Removal of meters	R 660.00	R 687.00
Remove installation	R2 800.00	R 2 914.00

Water

Water restriction: Business	R 230.00	R 250.00
Water restriction: Residential (15 – 20mm)	R 255.00	R 270.00
Water disconnection: nonresidential (15 – 40 mm)	R 600.00	R 650.00
Water disconnection: non-residential (50-100mm)	R 980.00	R 1 050.00
Water Tanker/Kiloliter	R 27.00	R 30.00
Water Normalize Flow Res/Bus	R 300.00	R 325.00
Water Normalize Flow Farmers	R 320.00	R 350.00

SERVICE CONTRIBUTION TARIFF (2021/2022) PER KVA

1.	New LV connection (Electrification)	R4 220
2.	LV at pole transformer rural	R4 310
3.	11kV at 33/11kV rural sub	R3 157
4.	33kV at 33/11kv rural sub	R3 155
5.	33kV busbars at 66/33kV rural main sub	R2 945
6.	66kV busbars at 66/33kV rural main sub	R1 819
7.	LV 1 ph at kiosk	R5 811
8.	LV 3ph at kiosk	R4 624
9.	LV busbars minisub provided by developer	R2 728
10.	LV busbars in minisub	R3 826
11.	11kV RMU MU provided by developer	R3 263
12.	11kV busbars at switching sub	R2 537
13.	11kV busbars main sub (Urban)	R1 473
14.	66kV busbars at main sub (Urban)	R1 010
15.	66kV busbars intake sub (Urban)	R431
16.	32kV busbars intake sub (Urban)	R57

EVENTS

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

- Tent that takes capacity of 50 people **R6 250-00** non-refundable
- More than the capacity of 50 people **R10 400-00** non-refundable

R5 000-00 fine to be levied on vehicles driving on the synthetic track.

More than one tent and stage and the pitch, pitch protectors must be hired, transported and installed by the event organizers.

TARIFFS

		CURRENT	PROPOSED
Major soccer game	-	R7 900	R8 295
Sport bodies at club level: Stadium	-	R 820	R865
Sport bodies at inter-district level	-	R1 520	R1 600
Athletics (Adults)	-	R1 520	R1 600
Athletics (Schools)	-	R1 520	R1 600
Rally's	-	R7 900	R8 295
Church Activities	-	R3 500	R3 675
Meeting at Nkowankowa Community Hall		R170 p/h	R190 p/h

Government and Agencies meetings and workshops

R710 p/day R750 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	R850	R900
	VODACOM	R750	R790
	CASTLE	R380	R400

Sporting codes such as:	Tennis, Netball, Volleyball	R3 500	R3 675
	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.

	CURRENT	PROPOSED
Burgersdorp Stadium -	R500/day	R525 /day
Lenyenye Stadium -	R500/day	R525/day
Julesburg Stadium -	R500/day	R525/day
Julesburg Hall -	R210/day	R225/day

BURGERSDORP STADIUM

Major Games -	R600/day	R630/day
change room or ablution		
Small Clubs -	R250/day	R275/day
Runnyemedede Stadium -	R200/day	R220/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

	CURRENT	PROPOSED
Film shows -	R1 680	R1 765
Arts and Culture Activities -	R2 020	R2 120
Political Rally -	R2 020	R2 120
Traditional Dance -	R1 680	R1 765

Charitable Organisation & NGO	-	R 650	R690
Wedding Ceremony	-	R2 020	R2 120
Funeral Service	-	R1 010	R1 065
Church Activities	-	R 1 010	R1 065
Meetings	-	R 170/hour	R190/hour
Festivals	-	R20 000	R20 000
		AND 20% of all gate takings	
Minitzani Hall	-	R 200/day	R200 /day
Clubhouse	-	R 380/day	R380/day
Project room (Muhlaba hall)	-	R 170/day	R250/day
Graduation functions	-	R1 680	R1 765
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	R10/car
Conference Room Nkowankowa Stadium	-	R 370/day	R370/day
Rent of Tumer room (Heanertsburg Library)	-	R 200/day	R200/day
Project room (Muhlaba hall)	-	R 200/day	R200/day
Developed park hire for church services, party, etc	-	R 600/day	R600/day

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

SWIMMING POOL USAGE

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

Admission fee **R30.00** per day except infants from 3 years down and pensioners in possession of their pension card.

Monthly Tickets from **R180,00** per person

School going kids **R120,00** per month

Season Tickets from **R980, 00** per person

Local School galas or Aquatic sport events will pay **R500 000**

Provincial and National school galas or aquatic sport events pay **R800.00**

Swimming instruction done at remuneration by trainees during hours, which was previously approved per season, per instructor **be R3 600.00** for 3 lanes at 10 persons per lane for 2 hours a day or **R30.00** 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.

R600.00 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 OUTDOOR SPORT CENTER NKOWANKOWA C SECTION

Developmental games are free at soccer and net ball courts;

Soccer games **R210** for 2 hours;

Net ball games **R210** for 2 hours;

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

Use of gym equipment **R105** per month except week ends and public holidays;

Use of gym equipment per year **R935** (Special arrangement to be made for weekends and public holidays);

Indoor sport activities Clubs to pay **R2 080** 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 **2021**:

SCHEDULE

BURIAL SERVICES IN GREATER TZANEEN MUNICIPALITY

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

	CURRENT	PROPOSED
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1.1 Per grave for any person under 10 years:	R650	R700
1.2 Per grave for any person 10 years and over:	R1 050	R1 120
1.3 Opening for second burial:	R650	R700

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

Children under 10 years per grave	R1 370	R1 450
Adults 10 years and over per grave	R2 700	R2 800
Re-opening for second burial	R1 450	R1 530
Niches: Per niche per deceased	R 650	R700
Memorial work: Removal or re-affixing to per memorial work.	R 380	R400
Removal of ashes from a niche: Per removal	R 280	R350

CHARGES PAYABLE FOR THE USE OF THE PUBLIC LIBRARIES 2021/2022

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
R200.00 per person

Duplicate certificate of
Membership

R20.00

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)	R625.00 per day or part thereof
Rent of Haenertsburg Boardroom	R210.00 per day or part thereof.
Rent of Shiluvane 2 nd Study Room. (During working hours)	R115.00 per day or part thereof
Rent of Mulati 2 nd Study Room. (During working hours)	R115.00 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 2021 by the substitution for item 3 of the following:
Miscellaneous Charges

1(a) For each separate 19 mm new water connection:

(Old tariff 2020/2021) VAT included = R3 775.25)

Proposed Tariff 2021/2022 VAT included = R3 930.00

1(b) For each new 50 mm water connection

(Old tariff 2020/2021) VAT included = R13 835.06)

Proposed Tariff 2021/2022 VAT included = R14 400.00

1(c) For each new 80 - 110 mm water connection

(Old tariff 2020/2021) VAT included = R16 428.96)

Proposed Tariff 2021/2022 VAT included = R17 100.00

1 (d) For each water re-connection & disconnection:

(Old tariff 2020/2021) VAT included = R1 382.47)

Proposed Tariff 2021/2022 VAT included = R1 439.00

1 (e) Water tanker/kilo litre:

(Old tariff 2020/2021) VAT included = R18.27)

Proposed Tariff 2021/2022 VAT included = R19.00

WATER LABORATORY TARIFFS

**CHEMICAL
ORGANIC
DETERMINANDS**

Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Chemical Oxygen Demand (O.45µm Filtered)	FCOD	mg/L O ₂	R 250.24	No

**CHEMICAL
INORGANIC
DETERMINANDS**

Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Ammonia Nitrogen	NH ₃	mg/L N	R 79.56	No
Chloride	Cl	mg/L Cl	R 88.79	No
Fluoride	F	mg/L F	R 92.25	No
Free Chlorine	ClFre	mg/L Cl ₂	R 196.04	No
Nitrate Nitrogen	NO ₃	mg/L N	R 151.07	No
Orthophosphate	PO ₄	mg/L P	R101.48	No
Sulphate	SO ₄	mg/L SO ₄	R 74.96	No

**CHEMICAL
PHYSICAL
DETERMINANDS**

Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Apparent Colour	Col	PtCo	R 73.80	No
Conductivity	Cond	Ms/m@25°C	R 42.66	No
Dissolved Solids	TDS	mg/L@180°C	R 81.86	No
PH	PH		R 42.66	No
Suspended Solids	TSS	mg/L@105°C	R 95.71	No
Total Alkalinity	Talk	mg/LCaCO ₃	R 81.86	No
Turbidity	Turb	FTU	R 70.34	No

Calculation Methods (requires additional determinands, please confirm with laboratory)				
Ryznar Index	RyzInd		R 31.14	No

OTHER

Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Calcium Hardness	CaHard	mg/L	R 78.42	No
Magnesium Hardness	MgHard	mg/L	R 78.42	No
Total Hardness	Thard	mg/L CaCO ₃	R126.45	No

**CHEMICAL
METALIC
DETERMINANDS**

Dissolved Metals

Determinand	Abbreviation for request purposes	Analysis Units	Tariff excl VAT	SANAS Accreditation
Aluminium	Al	mg/LAl	R 70.35	No
Calcium	Ca	mg/L Ca	R 70.35	No
Iron	Fe	mg/L Fe	R 70.35	No
Magnesium	Mg	mg/LMg	R 70.35	No
Manganese	Mn	mg/LMn	R 70.35	No
Potassium	K	mg/LK	R 70.35	No
Sodium	Na	mg/L Na	R 70.35	No
Zinc	Zn	mg/ L Zn	R 70.35	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 66.88	No
Total Coliforms	TC	cfu/100ml	R 167.21	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 2021.

Sewer connection:

(Old tariff 2020/2021) + VAT = R3 930.27

Proposed Tariff 2021/2022 + VAT = R4 091.00

Sewer Honey sucker:

(Old tariff 2020/2021) + VAT = R 156/m³

+ R0/km from 0 – 60 km

+R4.14/km from 61 – 120 km

+R5.91/km from 121 km plus

Proposed tariff 2021/2022 + VAT = R162.00/m³

+ R0/km from 0 – 60 km

+R4.34/km from 61 – 120 km

+R6.20/km from 121 km plus

	<u>CURRENT</u>	<u>PROPOSED</u>
* Domestic effluent by private tanker =	R 43.20/m ³	R45.00/m ³
* Domestic effluent by private discharger per 200 Liter / Drum	R 14.40/l/d	R15.00/l/d
* Trade effluent from outside Municipal's jurisdiction per tanker	R620.34/t	R646.00/t
* Trade effluent from inside municipal jurisdiction =	R542.79/t	R565.00/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 2021** 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: **2021/2022 R660.00 (2020/2021) tariff was R660-00).**

The charges payable for any building plans shall be **R11.00 per m² for 2021/2022 for 2020/2021 tariff was R10-50.**

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 **R4.00** per m² (**2020/2021 - tariff R3.92**) of the reinforced area is payable for every new building in which structural steelwork or concrete is utilized for the main framework as the main structural components of the building.
2. Charges payable for approval of alterations to existing buildings and buildings of special character such as factory chimneys, spires and similar erections, shall be calculated on the estimated value thereof at the rate of **R36** for every **R545-00** or part thereof, with a minimum charge of **R795.00** and a maximum charge of **R8 588.00-00**.
3. Building plans for swimming pools will be approved at a charge of **R541.00 per plan (2020/2021 tariff – R520.00-00)**
4. Charges payable for the re-inspection of buildings and swimming pools: **R771.00 per re-inspection. (2020/2021 Old tariff R741-00)**
5. New tariffs for copy of approved building plans **R240/** copy.
6. Re- examination of building plans the costs as per item 1.
7. Town maps **R250.00** per copy (Old Tariff (**R240-00**))

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 2021** by the addition in part (iii) after clause (2) of the following:

TESTING OF METERS

	<u>CURRENT TARIFF</u>	<u>PROPOSED TARIFF</u>
I Rural	R2 223.00	R2 314.00
II Town	R1 556.00	R1 620.00
III New Connection charge	R 396.00	R412.00

PRE-PAID

Keypad Replacement Fee	R 449.00	R467.00
Lost Card Fee	R 44.00	R46.00

Pre-paid:

Conventional to 60 Amp pre-paid Conversion charge (If infrastructure is available)	R2 098.00	R2 395.00
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Pre-paid:

Upgrade from 20 Amp to 60 Amp Connection (Consumers to provide COC) (Rural settlements overhead connections only)	R1 962.00	R6 800.00
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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 2021** as set out in the Schedule below.

SECTION A:

FEES EXCLUDING ADVERTISEMENT AND INSPECTION

	<u>CURRENT TARIFF</u>	<u>PROPOSED 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 594.00	R7 905.00
ii Application for consent use/special consent, excluding Spaza shops	R2 029.00	R2 112.00
iii Application for consent use for spaza shops provided for in terms of an existing scheme	R277.00	R288.00
iv Application for amendment of an existing scheme or land use scheme by the rezoning of land	R4 416.00	R4 597.00
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 416.00	R4 597.00
vi Application for subdivision for property in 5 or less portions	R2 491.00	R2 593.00
vii Application for subdivision for property in more than 5 portions	R2 622.00 for the first 5 portions plus R232 in respect of each further portion	R2 730.00 for the first 5 portions plus R242.00 in respect of each further portion
viii Application for consolidation of any land	R1 000.00	R1 041.00
ix Exemption of Municipal Approval ito Section 63 of the SPLUMA By-Law of GTM	R 524.00	R 545.00
x Application for permanent closure of any public place	R2 470.00	R2 571.00
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	R 163.00	R170.00
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	R 370.00	R385.00

		<u>CURRENT TARIFF</u>	<u>PROPOSED TARIFF</u>
xiii	Application for Tribunal's reasons	R 833.00	R867.00
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 491.00	R2 593.00
xv	Amendment of pending subdivision application –	R2 134.00	R2 221.00
xvi	Amendment of pending Township application –		
	• Amendment not material	R2 134.00	R2 221.00
	• Material amendment	R7 122.00	R7 414.00
xvii	Phasing of Township Application –	R2 134.00	R2 221.00
xviii	Consideration of a Site Development Plan i.t.o. Tzaneen Town Planning Scheme, 2000	R2 134.00	R2 221.00
xix	Application for extension of time –		
	All applications	R1 060.00	R1 103.00
	1 st Application (Year 1)	R1 060.00	R1 103.00
	2 nd Application (Year 2)	R2 134.00	R2 221.00
	3 rd Application (Year 3)	R3 194.00	R3 325.00
xx	Hard copy of Spatial Development Framework document	R6 189.00	R6 443.00
xxi	Hard copy of SPLUMA By-Law of Greater Tzaneen Municipality	R2 334.00	R2 430.00
xxii	Copy of record of Municipal Planning Tribunal i.t.o. Section 44(2) of the SPLUMA By-Law of Greater Tzaneen Municipality	R2 334.00	R2 430.00
xxiii	Lodging of an objection	R5 769.00	R6 006.00
xxv	Granting of intervener status ito Section 127 of the SPLUMA By-Law of Greater Tzaneen Mun.	R8 182.00	R8 517.00
xxiii	Lodging of an Appeal	R8 182.00	R8 517.00

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>CURRENT TARIFF</u>	<u>PROPOSED TARIFF</u>
i Notice of application in Provincial Gazette and Newspapers	R4 374.00	R4 553.00
ii Inspection and hearing regarding any application	R1 919.00	R1 998.00

ALLOCATION AND RATES FOR HAWKERS BUSINESSES

<u>Site Allocation</u>	<u>Type of Business</u>	<u>Current Rates</u>	<u>Proposed Rates</u>
Market Stall	Hairdressing	R11/d	R11.50/d
	Food and Soft drinks	R22/d	R23.00/d
	Fruit and Vegetables	R11/d	R11.50/d
	Accessories and other Appliances (Cell/Jeweler/hair/books)	R11/d	R11.50/d
	Clothing	R22/d	R23.00/d
Pavements/Sidewalks	Fruit and Vegetables	R5.50/d	R5.70/d
	Accessories (Cell/Jewelery/Hair)	R5.50/d	R5.70/d
	Clothing and Toys	R11/d	R11.50/d
Trolleys/Designated Cart	Food and Soft drinks	R11/d	R11.50/d
	Accessories	R5.50/d	R5.70/d
	Fruit and Vegetables	R5.50/d	R5.70/d
Junction/Road side	Food and Soft drinks	R11/d	R11.50/d
	Fruit and Vegetables	R11/d	R11.50/d
	Décor materials (flower pots/flowers, etc.)	R11/d	R11.50/d

Open designated site Hawkers fee centre of town	R 44.00/d	R 45.80/d
Adv. of Board handling fee	R 550.00	R 572.50
Adv. Board Approval fee	R 550.00	R 572.50
Adv. Sign Board Application fee	R 500.00	R 520.00
Adv. Sign Board Inspection fee	R 100.00	R 104.00
Hawkers Bush Mechanics	R 550.00	R 572.50
Hawkers Car wash	R 550.00	R 572.50
Taxi & Busses	R1 100.00	R1 145.00

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 sandpits	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 Sells to retailers. Sells to both public, and retailers	R100.00	R500.00 R500.00 R500.00	R600.00 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 households' 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,	R100.00	R400.00	R480.00

	camping sites and provision of short-stay accommodation		R100.00 R300.00	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 activities	R100.00	R200.00	R240.00
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 R18.00 and Proposed R20.00

Supply of Duplicate statements
Current R18.00 and Proposed R20.00

Furnishing of Clearance Certificate Electronically
Current R150.00 and Proposed R170.00

Furnishing of Clearance Certificate Manually
Current R210.00 and Proposed R230.00

Furnishing of Valuation Certificate
Current R160.00 and Proposed R170.00

Furnishing of Duplicate Clearance Certificate
Current R100.00 and Proposed R120.00

Applying for Clearance Figures Electronically
Current R140.00 and proposed R160.00

Applying for Clearance Figures Manually
Current R210.00 and proposed R240.00

Final reading levy
Current R100.00 and Proposed R120.00

Credit Control Action – Friendly Reminders and
Final Demand Notice
Current R45.00 and Proposed R47.00

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

Copy of the Valuation Roll
Current R1 000.00 and Proposed R1 200.00

MINIMUM INITIAL CONSUMER DEPOSITS PER CATEGORY:

	CURRENT	PROPOSED
Flats with electricity only	R1 100.00	R1 300.00
Flats with electricity and water	R1 430.00	R1 650.00
Residential and agricultural properties:		
Single phase	R1 870.00	R2 150.00
Three phase	R4 620.00	R5 300.00
Business:		
Single phase	R5 500.00	R6 300.00
Three phase	R7 700.00	R8 900.00
Minimum deposit adjustment for disconnected accounts	R 120.00	R120.00
Minimum deposit adjustment for dishonoured cheques and returned debit orders	R 120.00	R120.00
Pre-paid electrical users (Water deposit)	R 400.00	R500.00

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

All above tariffs are VAT excluded.

RENTAL OF UNIMPROVED PORTIONS OF THE FARM LETABA FLYING CLUB 512

Hanger number	Area/m²	Current Rental per Month	Proposed Rental per Month
1A	437	R1 333.62	R1 466.98
1	118	R 360.11	R 396.12
2	215	R 656.14	R 721.75
3	660	R2 014.17	R2 215.58
4	225	R 686.65	R 755.32
5	175	R 534.06	R 587.47
6	123	Club Hanger	R 0.00
7	137	R 418.09	R 459.90
8	215	R 656.14	R 721.75
9	283	R 863.65	R 950.02
10A	207	R 631.72	R 694.89

10	190	R 579.84	R 637.83
11	215	R 656.14	R 721.75
12	193	R 589.00	R 647.89
13	483	R1 474.01	R1 621.41
14	231	R 704.97	R 775.46
15	473	R1 443.49	R1 587.83
16	422	R1 287.85	R1 416.63
16A	400	R1 220.70	R1 342.77
23	204	R 622.57	R 684.82
24	391	R1 312.56	R1 443.82
25	219	R 659.19	R 725.10
28	123	R 375.36	R 412.90
29	188	R 573.75	R 631.12
30	180	R 0.00	R 0.00
31	225	R 0.00	R 0.00
Main Hanger	188	Rent paid to LED	R 0.00
Main Building	992	R 909.43	R1 000.37

LANDING FEES

	CURRENT	PROPOSED
Single motor aircraft:	R130 per landing	R150 per landing
Double motor aircraft:	R200 per landing	R230 per landing
Helicopter:	R100 per landing	R150 per landing
Parking fees:	R 60 per night	R80 per night
Indigent Management Fee	R150.00	R200.00

ENVIRONMENTAL HEALTH FEES

	CURRENT	PROPOSED
Cleaning of overgrown stands	R0.90c/m ²	R0.94
Collection, transportation disposal and issuing of a Safe disposal certificate.	R1 165.00	R1 212.00
Application for certificate of Acceptability	R 250.00	R 260.00
Application for certificate of competency	R 500.00	R 520.00
Validation of waste management plan	R1 500.00	R1 560.00

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 R625,00 per candidate/applicant per election and a R150,00 deposit which is refundable.

Pamphlets

An amount of R210.00 per applicant which is not refundable.

Advertisement – Properties

With regard to advertisement of the selling of properties, an amount of R625.00 per calendar year or any part thereof.

Banners

With regard to banners, an amount of R210.00 of which R125.00 is refundable.

Driving School Registrations

With regard to driving school registration an amount of R1 050.00 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 2021 as follows:

	CURRENT	PROPOSED
a) Written information: for every folio of 150 words or part thereof:	R8,00	R8.50
b) Continuous search for information:		
- For the first hour	R50,00	R52.00
- For every additional hour or part thereof	R28,00	R29.00
c) Photostat Copies (per copy)	R0,75	R0.80
d) Faxes:		
i Faxes received (per A4 copy)	R3,75	R3.90
ii Faxes dispatched (per A4 copy)	R3,75	R3.90
e) Duplicating Work:		
Per folio	R0,35	R0.36
Per master	R0,35	R0.36

4. **THE BUDGET**

EXECUTIVE SUMMARY

INTRODUCTION

National Treasury projected real economic growth of 3,3 per cent in 2021. The real GDP growth is expected to moderate to 1,7 per cent in 2022 and 1,5 per cent in 2023. They also confirmed that South Africa experienced its largest recorded decline in economic output in the second quarter of 2020 due to the strict COVID-19 lock down.

The main risks to the economic outlook are:

- Weaker – than expected growth.
- Continued deterioration in public finances, and
- A failure to implement structural reforms.

The second wave of COVID-19 infections accompanied by new restrictions on economic activities have significant implications on our countries economic outlook.

Apart from the second wave of COVID-19 infections, the uninterrupted supply of electricity remains a binding constraint. Ongoing problems with the utility's operations continue to disrupt the supply of electricity to businesses and households and power interruptions are expected to continue into 2021. 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.

Due to the decline in Covid-19 infections and the current state of the pandemic in the country, cabinet decided to move the country from coronavirus alert Level 3 to alert Level 1 with effect from 1 March 2021. Lockdown Level 1 implies that there are still certain restrictions that are imposed on all South Africans. Since the total lockdown on the 27th of March 2020 certain sectors like the tourism industry have collapsed many businesses have closed down, state owned enterprises, i.e., SAA as well as other airlines have indicated that they are in financial distress. Municipalities reported a drastic decrease in the collection of outstanding debt. Stats S.A. reported job losses of approximately two million people which had dire consequences for our economy.

We are currently in an economic crisis with high levels of unemployment. Good Governance and accountability are therefore essential for sustainable and economic growth to ensure amongst others equitable allocation and distribution of the Municipalities resources. The efficient delivery of Municipal services will create 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 seeing that its performance is unacceptable and below standard.

Distribution losses of 22,01 percent, 20,62 percent and 20,91 percent for the 2017/2018, 2018/2019 and 2019/2020 financial years respectively have been recorded in Councils financial statements. This is way above the excepted norm of 10 percent.

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

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.

MAXIMISING REVENUE GENERATION

The Municipality approached the DBSA **for** 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.

Revenue enhancement road map

High Priority Interventions

- BILL-001: Accounts with no electricity meter readings or estimates.
- BILL-017: Debtors Department Format
- ELEC-001: Developed stands with no or low consumption (Electricity)
- ELEC-002: Electricity Prepaid Meter – Indigents
- ELEC-003: Electricity Prepaid Meter - All Residential Customers
- ELEC-004: Vegetation Control
- ELEC-005: GTLM Metering at Nkowankowa & Lenyenye
- ELEC-006: Replace Metering at Tarentaalrand Main Substation and Gravelotte (Bulk Intake Points)
- ELEC-008: HAMSA Report
- ELEC-009: NMD Increase.

- ELEC-010: Wheeling Agreement
- ELEC-011: AMR (smart metering) for LPU's
- GEN-003: Monitor KPIs
- WAT-001: Developed stands with no or low consumption (Water)
- WAT-002: Meter audit of large water consumers
- WAT-003: IWA water balance
- WAT-004: Debtors high consumption
- WAT-005: Community Water Saving Awareness Campaign

Medium Priority Interventions

- BILL-004: Prepaid - Billing link
- BILL-005: Link billing system to cadastral data
- BILL-008: Update of billing system master data
- BILL-009: Credit Performance
- BILL-010: Implement an incentive plan to increase debt collection rate.
- BILL-011: Prepaid Services
- BILL-012: No availability charges
- BILL-013: Review active debtors list and age analysis monthly.
- BILL-014: Accounts should only be opened in the name of the owner of the property.
- BILL-015: Review inflated rate charged by Baatshuma for re-reading meters (R 6.24 vs R 7.97).
- BILL-016: Update Baatshuma Mandate
- ELEC-012: Refurbish and commission existing capacitor banks or purchase new ones.
- ELEC-013: Introduce a control room for swift communication between GTLM and consumers.
- ELEC-014: Introduce preventative maintenance strategies and move away from reactive maintenance.
- ELEC-015: Losses Contributing Factors
- ELEC-016: Agricultural Debtors

- GEN-004: Cash Flow
- WAT-006: Water meter replacement program
- WAT-007: Implement WC/WDM program 20 Low Priority Interventions

Low- Priority Interventions

- GEN-001: Revenue Enhancement Task Team (RETT)
- BILL-002: Update of Indigent Register
- ELEC-007: Geographical Location of all LPU meters
- GEN-002: GTLM Culture
- BILL-003: Tariff code clean up.
- BILL-006: Clean prepaid meter data
- BILL-007: Update of Indigent Register

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 **term**. 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:

- **Covid-19 Restrictions**
- 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.

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

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

The financial strain on our consumers which resulted from the **country wide lockdown, COVID-19 pandemic**, rising unemployment, the increase in service charges and the increase in food prices must not be underestimated. Consumer disposable income is dropping and if their financial position / payment ability is not taken into account with the determination of service charge increases we will have to prepare for an increase in arrear accounts.

The 2020/2021 medium term revenue and expenditure framework proposes a consolidated budget of **R1 459 Billion** which includes the budget of our Municipal entity, GTEDA as well as budgets for the water and sewer services of which Greater Tzaneen Municipality is only the service provider. These two budgets will be submitted to Mopani District Municipality, the service authority, for approval and submission to Provincial Treasury for consideration. The budget of GTEDA will be discussed separately in the budget report as well as in a consolidated format.

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

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

LOCAL GOVERNMENT ELECTIONS

The date for the Local Government Elections has not been determined yet, but it is scheduled to take place during 2021. The fact that the election date has not been determined causes confusion on the responsibility to approve the IDP and Budget. To ensure that approved tariffs are in place on 1 July 2021 National Treasury advised as follows:

- The current Municipal leadership is responsible for the drafting of the 2021/2022 MTREF and expenditure appropriations must be prioritized and aligned to the Policy intent as described in the Municipalities Integrated Development Plan (IDP).
- If the elections take place after the start of the financial year, the outgoing Council will be responsible for approving the Budget and Tariffs for the 2021/2022 MTREF and the newly elected Council for the implementation thereof.
- According to Section 16 of the MFMA, a Municipal Council must approve the Municipalities Annual Budget before the start of the financial year, failure to comply, Provincial Treasury must in terms of Section 26 of the MFMA intervene, and the intervention includes dissolving the Municipal Council.
- The outgoing Council must guard against the preparation of an “election friendly budget” with unrealistic low tariff increases and an over-ambitious capital expenditure programme. Such a budget will result in an unfunded Budget which will not be approved by National Treasury.
- The consultations during the public participation programme may not be used to serve the narrow interests of political parties.
- Due to the negative financial impact of the COVID-19 pandemic Municipalities must refrain from suspending Credit Control and Debt Collection efforts.
- Municipalities must also take note of the Regulatory framework contained in the Municipal Cost containment regulations regarding the use of Municipal funds to fund election campaigns and other non-priority issues.

BACK TO BASICS FOR LOCAL GOVERNMENT

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

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

mSCOA IMPLEMENTATION

MUNICIPAL STANDARD CHART OF ACCOUNTS (mSCOA)

RELEASE OF VERSION 6.5 OF THE CHART

The mSCOA chart is reviewed on an annual basis to address implementation challenges and correct chart related errors. Towards this end, the 2020/2021 MTREF was drafted and approved on version 6.4 of the chart. The Adjustment Budget and mid-year performance report strings for the 2020/2021 financial year were also submitted in version 6.4 of the chart.

The preparation of the 2021/2022 Draft MTREF will however be done in version 6.5 of the chart.

BUDGETING, TRANSACTING AND REPORTING IN mSCOA

Greater Tzaneen Municipality implemented the INZALO EMS mSCOA System over a period of time and went live on 1 July 2020. Although many challenges and system relate errors are experienced all the suggested modules of mSCOA, with the exception of the following, have been implemented and are currently in use.

- Human Resources and Salary module
- The Payday System is still in use and is integrated with the INZALO EMS System
- Asset Register is in progress with the conversion of asset data to mSCOA.
- With regard to Performance Management the Action Assist is still in use with data being extracted from the mSCOA System.

All information required for reporting purposes are extracted from the INZALO EMS System and are submitted in monthly strings to the Treasury portal.

As the mSCOA chart is a complex process frequent meetings are held to evaluate the process outcome against the approved road map.

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

While the Country was still in lockdown level one a second wave of COVID-19 infections was announced and the lockdown level one was changed to lockdown level three with stricter restrictions. The new variant of COVID-19 is now well established in our Country with a devastating effect. It also appears that it may be more contagious than the virus that drove the first

wave of infections. The number of new infections far exceeds what we experienced during the first wave and thousands more people will lose their jobs. This will result in household budgets becoming increasingly under more pressure and it will become more difficult to collect money. The Government however obtained Covid-19 vaccines and the first healthcare workers were vaccinated on 17 February 2021. On the 1st of March 2021 Cabinet decided to move the Country back from Alert, Level 3 to Alert Level 1 with certain restrictions still in place.

Government is also in the process to bring the country back to normality, but this will be a new normal, since it is doubted that we will have the same normal in the near future. Over this period many businesses and organizations were pushed into the digital space and virtual meetings have become in a way the new normal. Our Municipality had various webinars since the total lockdown in March 2020 and we intend to extend this in the future. This will assist with the provision of sustainable service delivery.

The challenge with on-going functionality of Municipal services 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

OVERVIEW OF THE 2021/2022 MTREF BUDGET (Including Water and Sewer)

OPERATING AND CAPITAL BUDGET EXPENDITURE	2020/2021 FINAL BUDGET	2021/2022 DRAFT BUDGET	2022/2023 DRAFT BUDGET	2023/2024 DRAFT BUDGET
TOTAL OPERATING REVENUE	1 557 061 459	1 619 992 244	1 718 100 754	1 798 971 012
TOTAL OPERATING EXPENDITURE	1 411 818 185	1 459 142 006	1 503 895 719	1 591 927 605
TOTAL CAPITAL EXPENDITURE	130 973 034	130 148 950	160 103 800	176 440 150
TOTAL OPEX AND CAPEX BUDGET	1 542 791 219	1 589 290 956	1 663 999 519	1 768 367 755

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 increase in capital expenditure is the result of a 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 needs 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 Adjustment Budget	Sum of 2021 2022 Draft budget	Sum of 2022 2023 budget	Sum of 2023 2024 Budget
Expenditure By Type / Bulk purchases	411 779 884	481 352 500	493 941 500	537 623 400
Expenditure By Type / Contracted services	80 107 420	80 707 420	84 097 132	87 797 405
Expenditure By Type / Debt impairment	81 235 699	81 235 699	84 647 598	88 372 093
Expenditure By Type / Depreciation and asset impairment	132 970 807	128 882 245	134 295 299	140 204 292
Expenditure By Type / Employee related costs	387 819 519	393 286 954	409 805 006	427 836 426
Expenditure By Type / Finance charges	16 228 808	16 326 562	17 012 278	17 760 818
Expenditure By Type / Other expenditure	144 169 427	155 625 542	162 161 815	169 296 935
Expenditure By Type / Other materials	76 453 434	77 221 186	80 464 476	84 004 913
Expenditure By Type / Remuneration of councillors	28 157 907	28 405 898	29 598 946	30 901 299
Expenditure By Type / Transfers and subsidies	31 351 664	16 098 000	7 871 670	8 130 023
	1 390 274 569	1 459 142 006	1 503 895 719	1 591 927 605

Row Labels	Sum of Adjustment Budget	Sum of 2021 2022 Draft budget	Sum of 2022 2023 budget	Sum of 2023 2024 Budget
Revenue By Source / Agency services	-22 664 291	-22 664 291	-23 616 191	-24 655 304
Revenue By Source / Fines, penalties and forfeits	-38 501 136	-38 501 136	-40 118 184	-41 883 384
Revenue By Source / Interest earned - external investments	-4 300 000	-3 500 000	-3 647 000	-3 807 468
Revenue By Source / Interest earned - outstanding debtors	-31 600 000	-31 600 000	-32 927 200	-34 375 997
Revenue By Source / Licences and permits	-36 717 000	-36 717 000	-38 259 114	-39 942 515
Revenue By Source / Other revenue	-6 472 576	-6 472 576	-6 744 424	-7 041 179
Revenue By Source / Property rates	-132 500 000	-137 500 000	-143 275 000	-149 579 100
Revenue By Source / Rental of facilities and equipment	-1 170 100	-1 170 100	-1 219 244	-1 272 891
Revenue By Source / Service charges - electricity revenue	-580 743 000	-679 900 000	-739 204 000	-803 776 696
Revenue By Source / Service charges - refuse revenue	-35 416 132	-36 507 361	-38 040 670	-39 714 460
Revenue By Source / Service charges - sanitation revenue	-7 800 100	-7 800 100	-8 127 704	-8 485 323
Revenue By Source / Service charges - water revenue	-58 144 480	-58 817 680	-61 288 023	-63 984 696
Revenue By Source / Transfers and subsidies	-530 963 950	-464 088 050	-479 030 200	-473 161 850
Revenue By Source / Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)	0	0	0	0
Revenue By Source / Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-88 938 050	-94 753 950	-102 603 800	-107 290 150
	-1 575 930	-1 619 992	-1 718 100	
Grand Total	815	244	754	-1 798 971 012

The total Revenue budget for Greater Tzaneen Municipality for the 2021/2022 financial year is growing from R1.557billion in the 2020/2021 financial year to R1.620 billion in the 2021/2022 financial year. The Municipalities commitment to respond to the communities' demand for a better life is reflected in a budget in which the key priorities are the renewal repairs and maintenance of our electricity distribution network and related critical infrastructure maintenance.

The Revenue and Expenditure Budgets are summarized as follows:

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

The total revenue for the 2021/2022 financial year amounts to R1,620 billion, which represents an increase of R62million over the 2020/2021 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 R432 million which represents the equitable share allocation to the Greater Tzaneen Municipality.

An amount of R137 million will be levied by way of property tax and R783 million will be sourced from user charges. National allocations to fund operational activities amount to R26.4million which includes the Finance Management Grant of R2,0 million, the EPWP grant of R8.4million and the INEP allocation of R16 million

An amount of R11.459 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 R393 million for salaries, R77 million for repairs and maintenance and R481 million for the purchase of bulk electricity and water.

An amount of R130.1 million has been allocated for capital expenditure for the 2021/2022 financial year. This amount includes the MIG allocation of R94.7 million which will be spend on roads and storm water drainage systems. **No Capital Projects financed by loans are requested.** 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 R9.8 million which represents an increase of R896 thousand or 10% on the 2021/2022 Annual Budget. The total revenue amount consists of a Grant from GTM.

The total operational expenditure amounts to R9.8 million of which R5.3 million of the total expenditure represents salaries R1.3 represents contracted services and an amount of R2.9million of total expenditure represents general expenditure.

An amount of R258 500 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 2021/2022 financial year amounts to R1.545 billion, which represents an increase of R65 million over the 2020/2021 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 R432 million which represents the equitable share allocation to the Greater Tzaneen Municipality.

An amount of R137 million will be levied by way of property tax and R716 million will be sourced from user charges. National allocations to fund operational activities amount to R26.4 million which includes the Finance Management Grant of R2,0 million the EPWP grant of R8.4million and the INEP allocation of R16 million.

An amount of R1 385 billion has been made available on the operational budget for expenditure. This substantial increase is largely due to the increase in salaries, repairs and maintenance, and bulk purchases. The Expenditure amount includes R355 million for salaries, R70.9 million for repairs and maintenance and R475 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 R50 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
2021/2022	R16 032 300
2022/2023	R16 705 657
2023/2024	R17 440 705

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
2021/2022	R 94 753 950
2022/2023	R102 603 800
2023/2024	R107 290 150

ELECTRICITY SERVICES

The electricity service has been allocated an amount of R114.2 million over the MTREF 2021/2022 to 2023/2024 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
2021/2022	R26 668 414	R10 750 000
2022/2023	R27 788 487	R10 000 000
2023/2024	R29 011 181	R10 000 000

No Project is financed by loans.

The bulk electricity purchases amount to R475 million for the 2021/2022 financial year.

Electricity losses remain a challenge for the Municipality as it remained to be above 20% in the 2018/2019 and 2019/2020 financial years. This challenge

has a negative effect on the revenue raised from the highest contributor of the Municipalities internally generated funds.

The inadequate maintenance of the electricity network can be problematic as an electricity grid is enduring and tolerant, it will persevere and withstand long-time abuse. Many grid transformers are overloaded for many hours in a day, when load is increased the windings heat up, when load decreases, they cool down. In most cases, it will take years to destroy a transformer, but when it finally let go it could cost lives.

It is therefore important that the Municipality ensures that the electricity network is maintained adequately. Meter reading audits must also be performed to curb the losses.

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 9.6% on the previous financial years tariff is proposed, which will provide for an amount of R32 571 330 million as service charges on the 2021/2022 Budget.

The increase of 9,66% on the previous year tariffs is higher than prescribed by National Treasury and will have to be motivated during the Municipalities Budget presentation to Treasury

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 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	R116 490 192
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	2021/2022	2022/2023	2023/2024
Revenue	R 619 992 244	R1 718 100 754	R1 798 971 012

The table above reflects the multi-year projections on revenue which is mainly based on the inflation forecast contained in National Treasuries Budget Circular 107 and 108 as well as the Grants contained in the Division of Revenue Bill (DORA) 2021/2022.

The operating revenue increased from R1 619 992 244 in the 2021/2022 financial year to R1 798 971 012 in the 2023/2024 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

The increase in service charges are based on the inflation forecast contained in National Treasuries Budget Circulars 107 and 108.

ITEM	2021/2022	2022/2023	2023/2024
Service charges	R783 025 141	R846 660 397	R915 961 175

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

The operating expenditure has increased from R1.459billion in the 2021/2022 financial year to R1.591 billion in the 2023/2024 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

National Treasury informed Municipalities through Budget Circular’s 107 and 108 that the under-mentioned Macro Economic forecasts must be considered when preparing the 2021/2022 MTREF Municipal Budget

CATEGORY	2021/2022	2022/2023	2023/2024
Property Rates	3.9%	4.2%	4.4%
Electricity	16.0%	8.9%	8.9%
Refuse	3.9%	4.2%	4.4%
Water	3.9%	4.2%	4.4%
Sewerage	3.9%	4.2%	4.4%

The Municipality strives to project increases that are not above the CPI as advised by National Treasury. This is however hampered by a combination of increases in input cost associated with providing services and the ongoing attempt to ensure that cost reflective tariffs are approved and implemented. The 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 107 and 108 and is calculated on Councils general valuation roll implemented on 1 July 2017. Supplementary valuations will continue throughout the year. The increases in property rates are equal to the inflation forecast in all three financial years.

Service Charges

The increases in the service charge tariffs are **with the exception of the refuse removal service** within the upper limit set by National Treasury for the 2021/2022 financial year and according to the inflation forecast for the 2022/2023 and 2023/2024 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 plans, policies and strategies;
- Perform internal controls and develop an 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 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 while drafting the 2021/2022 Budget. This schedule is meant to ensure that all Legislative requirements are complied with during the preparation and approval of the 2021/2022 Budget.

The IDP, Budget and PMS processes are done within Legislative guidelines 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	Manager Strategic Support	Strategic Support and Budget & Reporting Offices
27 August 2020	Table the Process Plan to Council	Mayor	Members of Council
3 September 2020	Review Financial Position	CFO	MM & Directors
17 September 2020	Draft initial allocations to functions: Budget	CFO	MM & Directors
15 October 2020	Start preparing draft budget and plans for the next 3 years	All Directors	MM, Directors and Managers
October 2020	Preparations and submission of 3 – 5 Years proposed projects	All Directors	Directors, Managers and all Officials
4 February 2021	Submit Adjustment Budget requests to CFO and MM for consideration	CFO (Manager Financial Services)	CFO & MM
29 January 2021	Budget Request submitted to Chief Financial Officer and MM	Directors	CFO
22 February 2021	*Finalise Adjustment Budget Report and present to Budget Steering Committee	CFO (Manager Financial Services & Rep)	CFO

	*Submit Budget requests to Budget Steering Committee. Finalise projects to be included in the Draft Budget.		
26 February 2021	EXCO to discuss Adjustment Budget	Cluster Chairperson	Finance Cluster Committee
15 March 2021	Present Draft Budget to Budget Steering Committee	CFO	Budget Steering Committee
26 March 2021	Finalise Draft Budget Report and Schedules	CFO, Manager Financial Services	CFO
23 March 2021	EXCO meeting (Integration and Draft IDP and Budget)	Cluster Chairperson and Corp	Finance Portfolio Committee
19 March 2021	Finance Cluster & Council Adopts the Draft IDP and Budget	Mayor and EXCO	EXCO and All Councillors
April 2021	Public Participation on Draft IDP and Budget	PPP, Strategic Support and Budget	Community and Stakeholders, All Councillors
02 April 2021	Publish Preliminary Budget and Draft IDP in newspapers	CFO	Communication
02 April 2021	Submit Draft IDP and Budget to National Treasury, Provincial Treasury and COGHSTA and Mopani District Municipality	CFO	National Treasury, Provincial Treasury, COGHSTA and Mopani District Municipality
20 May 2021	Present Final Budget to Budget Steering Committee	CFO	Budget Steering Committee
18 May 2021	EXCO (Submit Final IDP/Budget changes to Finance Study Group for consideration)	Cluster Chairperson and CORP	Finance Portfolio Committee
29 May 2021	Finance Cluster and Council to approve Final Budget and IDP	Mayor and EXCO	EXCO and All Councillors
4 June 2021	Publish Final Budget and IDP in Newspaper and Website	Strategic Support, Communication	Communities
4 June 2021	Submit IDP and Budget to National Treasury, Provincial Treasury, DPLG and Mopani District Municipality	MM & CFO	Manager Strategic Support and Manager Budget & Reporting

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 Advices Council not to increase its budget unrealistically.

National Treasury also cautioned Municipality's not to materially and unreasonably prejudice national economic policies particularly those on inflation and that cognizance must be taken of the Municipal Budget Circular's no. 107 and 108 of the 2021/2022 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 2021/2022.

The upper boundary of tariff increases prescribed by National Treasury in Circular no 107 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, 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 3.9% on the previous year Property Rates Tariffs are proposed. To comply with Legislative requirements a new valuation roll will be effective from the 1st of July 2022.

The categories of property rates and the proposed rates for the 2021/2022 financial year is contained in item 3 of this report.

TARIFF INCREASES TO CONSUMPTIVE TARIFF-BASED SERVICES ARE:

- Electricity (average) 16.0%
- Water 3.9%
- Sanitation 3.9%
- Solid Waste 9.66%

All tariff increases with the exception of the Solid Waste increase 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 16.0% 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 2021/2022.

The increase of 16.0% will be sufficient to provide for 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 3.9% on the 2020/2021 approved tariffs. This increase is 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

SANITATION

The proposed sewer tariff increase is 3.9% for the 2021/2022 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 3.9% is necessary to address essential operational requirements.

SOLID WASTE

The proposed Solid Waste Tariff increase is 9.6% for the 2021/2022 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 needs to be noted. It must also be noted that Councilors allowances and contracted services are not included in this percentage.

Salaries have been increased by 4.1% in the 2021/2022 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 33% 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 2021/2022 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 Circular's, 107 and 108 guideline issued by National Treasury a line by line analysis have been done to improve efficiency and to ensure a credible budget.

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

- Employee cost 27%
- Bulk Purchases 33%
- Repairs & Maintenance (Excluding Labour cost) 5.3%
- General Expenses 10.7%

(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 20120/21 IDP, 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 2020/2021 SDBIP was approved by the Mayor on the 24th July 2020 and quarterly progress reports are submitted to Council. The Back to Basics Action Plan for 2020/21 was approved by the Council on the 29th of October 2020. Quarterly Back to Basics reports are submitted to council.

- The 2019/2020 Annual Performance Report was submitted to the Auditor General, Treasury and CoGHSTA on the 31st October 2020.
- The Midyear Performance Report for 2020/21 was submitted to the Auditor General, Treasury and CoGHSTA on the 25th of January 2021.
- The Annual Report for 2019/2020 will only be reviewed by MPAC and approved by Council by March 2021, due to an extension of reporting due to covid, AGSA is currently auditing the DAPR and the AR will only be concluded after the AGSA report, the final AR will be concluded in March 2021.
- The MM and Directors have signed performance agreements for the 2020/2021 financial year.
- The Annual Performance Assessment of individuals for 2019/20 Financial year will only take place after the finalization of the APR by AGSA in April 2021.
- 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.

- Compliance monitoring with relevant Laws and Regulations are being conducted and monitored on continuous basis.

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:

253 Blankets
222 Mattresses
5 Tents

Awareness Campaigns on Floods and Fire were conducted as follows:

The following schools were visited:

Politsi Primary, Favasi Primary, Mpenyisi Primary, Tsakane Primary, Lekgolo Maake Primary, Tingisi Primary, Masekwane Primary, Phepene Primary, Ntwanano Primary, Politsi Primary, Motupa Kgomo Primary, Khethapoye Primary, Tlhalifa Primary, Mookgo Block 5 and Tours Primary.

Projects Done:

- Homeless Shelter
- Mandela Day Activities

Special events attended:

- Letaba Expo, GTM Womens Celebration
- McLaren International Circus
- Annual Mopani Career Expo

- Annual Tzaneen Music Festival
- Mayoral Imbizo
- Reverend Mangena Maake Memorial Lecture
- Mopani Prayer Day
- Simply Life
- SASSA Event
- Annual Muhlava Day Celebration
- Funeral of the late Cllr Mahasha

Performance

Adoption of Annual Disaster Management Report by Council, EXCO and Mopani District within the framework time.

PERFORMANCE MANAGEMENT

The 2020/21 SDBIP was approved by the Mayor on 24th of July 2020 and quarterly progress reports were submitted to council. The Back to Basics Action Plan for 2020/21 was approved by the Council on the 29th of October 2020. Quarterly Back to Basics reports are submitted to council.

The 2019/2020 Annual Performance Report was submitted to the Auditor General, Treasury and COGHSTA on the 31st October 2020.

The mid-year performance report for 2020/2021 was submitted to the Auditor General, Treasury and COGHSTA on the 25th January 2021. the annual report for 2019/2020 will only be reviewed by MPAC and approved by council by march 2021, they were an extension of reporting due to covid, AGSA is currently auditing the DAPR and the AR will only be concluded after the AGSA report, the final AR will be concluded in march 2021.

The MM and Directors have signed performance agreements for the 2020/2021 financial year.

The Annual Performance Assessment of individuals for 2019/20 Financial year will only take place after the finalization of the APR by AGSA in April 2021.

IDP

Council approved the 2020/21 IDP on 26 May 2020, along with the budget, and it was submitted to the MEC for COGHSTA and Provincial Treasury. The delay in the approval of the IDP was caused by the COVID 19 and Disaster

Management regulations which prohibited gathering of many people. However, the IDP was approved within the legislated time frames.

The IDP Process of 2019/20 unfolded as planned and most activities took place despite changes in venues. The IDP Rep Forums took place as planned until March 2020 and it was later held virtually.

The 2020 IDP public participation took place through social media platforms. Where possible CDF assisted in gathering inputs by physically interviews and meetings in the ward level. Other stakeholders contributed through the emails and dropping of written inputs in the public participation unit. All community inputs were incorporated into the final IDP which was later approved by Council.

The submission of the IDP in the provincial COGHSTA was done through emails.

The main challenges in the implementation of the IDP Process Plan were as follows

- Not all Rep Forums met as planned
- Minimal inputs during public participation
- Social media not reaching all community members
- Access to data by community stakeholders
- Not incline to technology by community stakeholders
- Delay in implementation of process plan during the lockdown
- Delay in approval of the Final IDP by Council

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 2019/2020 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 2021/2021 Draft 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 has been implemented on 1 July 2020.

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 2019/2020 Financial Statements were compiled during October 2020 due to the Nationwide Lockdown in accordance with the new format required by National Treasury and the audit is still in progress. Consolidated financial statements were also compiled to accommodate Councils Municipal Entity. The Audit of the Municipalities Consolidated Annual Financial Statements has not started yet.

Revenue

The municipality managed to collect **R310 473 000** for the first 6 months.

The Municipality averages payment rate of **92%**.

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 **will be appointed from 1 November 2021** for a period of three years.

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.

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. **The building control unit is responsible for the administration of building plan applications, processing and approval of which the timeframe is 30 days from the date of submission.**

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 **R99 741 000**(inclusive of VAT). The unit is also responsible for coordination of EPWP.

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

ELECTRICAL ENGINEERING DEPARTMENT

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

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

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

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

VEGETATION CONTROL

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

AGEING INFRASTRUCTURE

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

INFRASTRUCTURE THEFT

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

AGEING FLEET

The electrical fleet 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

7 Council meetings were held (2 normal and 5 Special Council meetings) in the 2020/2021 financial year.

All Council resolutions for 2020/21 financial year were 100% implemented.

All Council and its Committees meetings were held virtual from March 2020 to September 2020, until the national lockdown restrictions were uplifted to level 5 from October to December 2020. The virtual meetings continued again from January 2021 to date. The restrictions were reduced to level 3 and on the 1st of March 2021 it was moved to Alert Level 1.

4 MPAC oversight reports were submitted to Council for adoption in 2020/2021 financial year.

2. INFORMATION TECHNOLOGY

Internet Services were upgraded from 80 MB to 100 MB; Office 365 is currently implemented and in a process to migrate to office 365 online. Connectivity satellite offices is being improved.

3. HUMAN RESOURCES

Council staff complement was at a total of 673. 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 2021. A total of 138 employees were trained as per Councils Training Plan submitted to LGSETA. A Performance Management Officer was appointed and the project for Cascading level 3 and level 4 will be effective from the 1st of July 2021.

4. COMMUNICATION AND MARKETING

2 Newsletters were published in the last two quarters.

The following events were profiled.

- MEC For Health And Mayor Visit Dan To Prepare Households For Infection Surge
- Friday, 31 July 2020 launch 40 brand new low-cost housing units at Talana
- 8 July - Handover of a site for high mast at Dan village
- Monitoring of Covid-19 compliance in funerals.
- Monitoring of Covid-19 compliance in places of worship.
- Monitoring of Post Office
- Monitoring of Malls
- Live streaming of the Mayor's remarks during the funeral of a GBV victim at Shipungu Village
- Minister Stella Ndabeni Abrahams visit to Nwamitwa/Karibu on 15 October 2020
- Opening of the Tzaneen Correctional Services on 18 November 2020
- Mayor and MEC's visit to the a GBV victim stabbed to death at Mokgolobotho Village on 4 November 2020
- Media Briefing on the municipal strike streamed live on 16 November 2020

- Mayoral Imbizo at Rikhotso Village livestreamed on 4 December 2020

- 2500 A2 Posters Printed (Covid19 Precautions)
- 2500 x A2 Posters printed (Covid19 Regulations summary)

5. **PUBLIC PARTICIPATION**

On account of challenges brought about the Covid-19 pandemic, normal public participation activities could not be undertaken. However, one Imbizo was held during the second quarter.

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 report	- The layout map has been approved and the Project is closed.
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 gazette by GTM Council on the 31st August 2017
2. Implementation of SPLUMA process has accomplished on the following:
 - a. The Greater Tzaneen Municipal Planning Tribunal was adopted

on 26th October 2017 by council, gazette on 17th November 2017

- b. The SPLUMA By-Law of GTM was gazette on the 25th August 2017
- c. Land development Office has been delegated and is fully operational
- d. 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. A large state-of-the-art library at Runnymede is in the final building stage and should open to the community by July 2021.

During the 2019/2020 financial year 80654 library users were assisted.

Due to Covid-19, libraries were closed from 19 March 2020 to 3 August 2020, when the Tzaneen and Shiluvane Libraries opened for limited hours. The Haenertsburg library opened on 2 November 2020, for limited hours. Libraries were closed again on 21 December 2020 until further notice.

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.

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

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 Centers (DoCs) for utilization by communities, to mitigate deforestation-practices.
 - 97 x DoCs have been erected in Rural Waste Service areas of which only 40 x is activated, whilst 57 DoC's are not utilized due to budget constraints.
 - Dedicated "Financial" interventions is needed to implement the requirements of the National Basic Refuse Removal Policy as well as the National Waste Management Strategy.

- *Collection & transportation*
 - A level 1 service – Curbside-removals is rendered at 8% of all households (representing 8,537 of the 108,687 H/h's)
 - A level 2 service – Communal Drop of Centre removals is rendered at 44% of all households (representing 47,822 of the 108 687 H/h's)
 - A level 3 service – Communal on site disposal exist @ 48% of all households (representing 52 170 of the 108 687 H/h's)
 - Health Care Risk Waste is removed to an appropriate licensed facility for incineration.
 - The cost to address the service in full (urban and rural), with immediate effect, will be approximately R168 000 000,00 per annum for all waste service areas.

- *Litter Picking*
 - 140 x designated urban litter picking routes are cleansed on a scheduled daily basis.
 - Rural roads & open areas at the 40 x activated EPWP Waste Service Areas, are cleansed on scheduled basis.

- *Vehicle replacements*
 - *A dedicated replacement-programme of Waste specialized-vehicle is urgently needed to ensure the fleet being turn-around every 5 x years.*
- *Treatment & disposal*
 - One 11 x ha permitted landfill site which has been classified as a GMB-site, which is managed by a Service Provider in compliance with specifications.
 - The expected lifespan 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

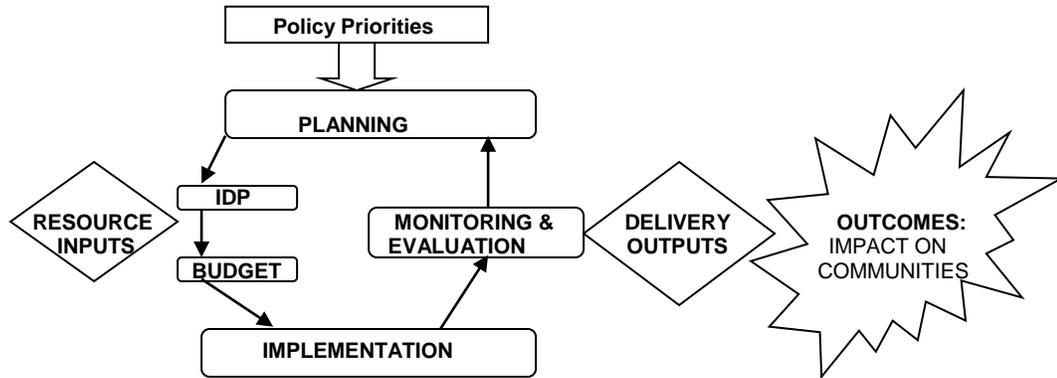
With the implementation of the mSCOA system the consolidated Expenditure figures are contained in the mSCOA Data Strings which will be submitted to Treasury with the approved Draft Budget Report

(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 **2021/2022** 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

- The IDP must be in alignment with the National Development Plan, Limpopo Development Plan and the Mopani District Planning Framework. The IDP must be prepared in line with the District Development Model (One Plan One Budget Model)

✓ 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. No fundamental changes were done in the Vision as this is the last lap of the five-year span of current Council.

- Mission and values were also reaffirmed and no amendments were made

✓ Project Phase

- Prioritized projects approved and being implemented. Most projects are funded through Municipal Infrastructure Grants.

(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 utilizations of human and capital resources. Using the outcome-based planning methodology the Municipality has a proven way of developing strategies to attain its 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 its 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 the quality of life for all living within the Municipal boundaries).

(H) KEY AMENDMENTS TO BUDGET RELATED POLICIES

No key amendments have been effected on policies.

(I) DEMOGRAPHIC, ECONOMIC AND OTHER ASSUMPTIONS

All assumptions are contained in Item 10, Budget assumptions.

J) PROGRESS WITH PROVISION OF BASIC SERVICES

Ward	Priority name and detail	Progress during 2019/2020
1	Senakwe, Matipane to Morapalala road upgrading to tar or paving	The project is in the IDP and phased in budgeting
2	Road maintenance, Water, Library, Internal streets in Mawa Block 9, Mawa Block 9 bridge to be constructed, Mawa road upgrading to tar	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem. Other needs are forwarded to the sector departments
3	No inputs came directly from the ward	n/a
4	No inputs came directly from the ward	n/a
5	No inputs came directly from the ward	n/a
6	No inputs came directly from the ward	n/a
7	No inputs came directly from the ward	n/a
8	Marirone road upgrading (Budget reduced)	The road was in the budgeted for but affected by budget adjustments
9	Thako, Jokong to Sefolwe road to be upgraded	The road has been budgeted for.
10	No inputs came directly from the ward	n/a
11	Water shortage at Babanana	n/a
12	N'wamitwa to Deerpark road	The road is a provincial road and the matter has been referred to RAL/DPW
13	Ritavi to Mandlakazi water pipeline	Intervention is being made through Mopani District and Department of Public Works, Roads and Infrastructure.
14	Constant power outage at Flora Park	The electrical department is attending to power outages on a call bases
15	Street maintenance in Tzaneen town, Street lights at Letaba River Estate	The internal streets are being attended to on an ongoing basis

Table 12: Service Delivery priorities per ward (Highest Priority first)		
Ward	Priority name and detail	Progress during 2019/2020
16	Renovation of Khujwana old clinic, Construction of bus stops	The issue is referred to the sector departments concerned
17	No inputs came directly from the ward	n/a
18	Abandoned borehole project at Mohlaba Cross (JB), water, boreholes, paving of internal streets, new primary school, electricity in extensions, maintenance of tar road, sanitation, RDP houses, jobs, community hall, Apollo lights at bus stops,	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem. RDP houses are very slow due to small allocation by COGHSTA
19	No inputs came directly from the ward	n/a
20	No inputs came directly from the ward	n/a
21	Internal streets, street and Apollo lights, internal streets, library next to Bombeleni, LED, CO-OPERATIVES SUPPORT, jobs, shortage of water, sewerage, flood lights,	Internal streets are maintained. Apollo lights have been prioritized but not yet budgeted for.
22	Mhangweni road to be upgraded	The road is in the IDP but not yet budgeted for
23	Zangoma to Mariveni road to be upgraded to tar or paving, Maintenance of Letsitele to Eiland road	The road was upgraded but it was not completed due to community differences regarding the route
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	Mulati road must be completed	The Mulati road was affected by court process but a new contractor has been appointed to complete the project.
26	ZCC to Pharare road to be upgraded to tar or paving, Potholes on Makhwibidung to Masoma	The road belongs to RAL
27	Upgrading of Matsofale road	Electrification projects have been budgeted for.

Table 12: Service Delivery priorities per ward (Highest Priority first)		
Ward	Priority name and detail	Progress during 2019/2020
	Electrification of Sonkwane ext. and Shilubane west ext. Low level bridges (Bokgakga high and Malekeke) Apollo light at Makhubidung	
28	Water shortage at Burgersdorp	Water remains a challenge in many communities. The municipality is delivering water through water tankers to alleviate the problem.
29	No inputs came directly from the ward	n/a
30	Fixing and repairs of Apollo lights at Maake plaza, Tickline, Pulaneng, Thabeng, Ithuseng to Marumofase.	Maintenance programme is in place
31	Repair of street lights at Bodutung, Dilokong, Water, Marumofase to Nabane road to be upgraded to tar.	Maintenance programme is in place
32	Road upgrading at Matjakaneng, Bokgaga Ga Maake, Upgrading of Sunkwane road, bulk water, regravelling of roads, electricity in extensions, RDP houses, cleaning of reservoirs, water reticulation, jobs, EPWP, CWP, unemployment, unfinished water projects, library, tarred roads, sanitation, grading of sports grounds,	The project is not yet budgeted for
33	No inputs came directly from the ward	n/a

Table 12: Service Delivery priorities per ward (Highest Priority first)		
Ward	Priority name and detail	Progress during 2019/2020
34	Paving of roads, paving of motupa to craighhead, thusong centre and community hall, Apollo lights at manamela, bvumeng maponya, leseka, rasebalane and lesedi, cemetery toilets at fnb cemetery, maphoolo, phoshoko, leseka and maphalle cemeteries, emergency housing, household toilets, longvalley primary, internal streets grading, electricity for new extensions, sports centre, community library, park, drop in centre, Wi-Fi, ablution at lesedi thusong centre	The projects are in the IDP but not yet budgeted for.

(k) DETAILS OF PROPOSED AMENDMENTS TO THE IDP

Preparatory Phase

The IDP Process Plan has been developed to ensure alignment with the Provincial Integrated Planning Framework (PIPF) and Mopani District Planning framework and has been approved by Council in August 2020.

ACTIVITY

DATE

Approval of Draft IDP	25 March 2020
Public Participation Programme	April 2020
Approval of final IDP	31 May 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 7th to 9th November 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 2021/2022 financial year was developed and approved by Council in August 2020. The process plan provides broad timeframes for the IDP and Budget preparation process and the main aim of the process plan is to ensure integration between the IDP and Budget and the adoption of a well-balanced and credible budget.

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

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

The Budget Steering Committee has been established and is functional. It discusses all budget related activities to ensure that all legislative

requirements are adhered to and that a well balance and realistic budget is approved.

Some of the issues, with regard to the 2021/2022 financial year, that were discussed by the Budget Steering Committee include:

- Budget Dates
- Budget Risks
- Adjustment Budget
- Inflation Forecast
- COVID-19 Second wave
- Local Government Elections
- Approval of Budget and Tariffs
- Property Rates
- National Treasury Audits on mSCOA
- Non-compliance with mSCOA
- Revenue Budget
- Budget assessment by Treasury
- Increase in salaries
- Overtime
- Increase in Councillor allowances
- DORA Allocations
- Increase in tariffs
- Service Level Standards
- Amount to be allocated for capital projects
- Financing of Capital Projects
- Budget Requests
- Increase in Electricity Bulk purchase
- Repairs and maintenance
 - Renewal R & M
 - Routine R & M
- Budgeted Employee Structure
 - New Positions
 - Current Vacant Positions
- Electricity Tariff structure to NERSA
- Sundry Tariffs
- Dates IDP process to be finalized
 - Adjustment budget
 - Draft IDP
 - Draft budget
 - Final IDP
 - Final Budget
- MDM Previous budgets

- Water and Sewer Budget = Operational
- Water and Sewer Budget = Capital
- GTEDA
- Review of past performances
- Budget requests
- mSCOA Readiness

- GTM
- GTEDA

Budget meetings were held with all departments with the commencement of the budget process to review the 2020/2021 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 2021/2022 budget realities to ensure that critical service delivery needs are budgeted for.

The Mayor and Councillors have, through the IDP process, guided the 2021/2022 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.

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

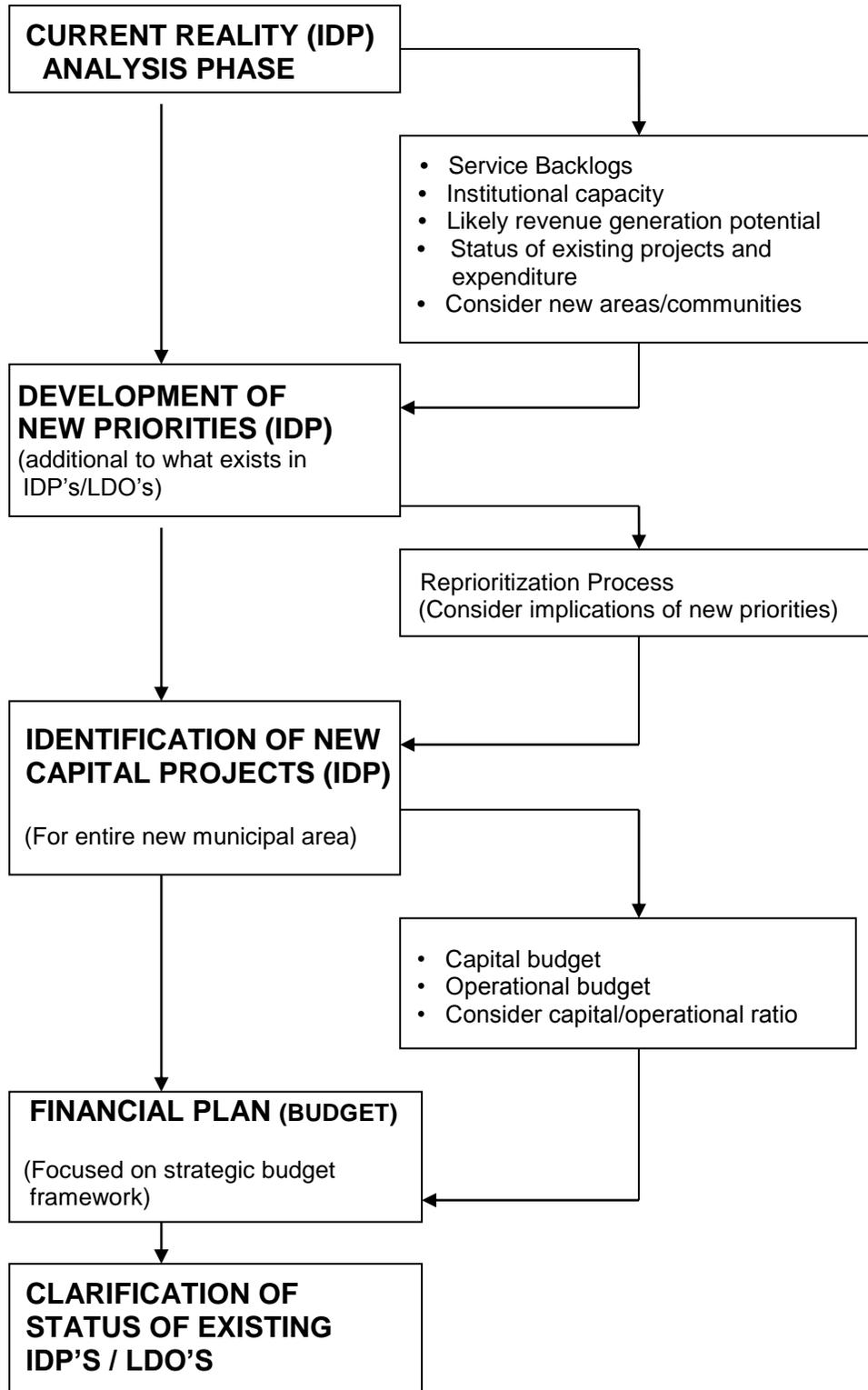
It is then followed by Public Participation process to ensure that the needs of our communities have been considered after which the IDP and budget are tabled to Council for approval.

Integrated Development Planning is seen as a function of Municipal Management which includes a system of planning and delivery. The Integrated Development Planning process is meant to arrive at decisions on

issues that need to be provided for in Municipal budgets. Integrated Development Planning not only informs Management it also guides the activities from the planning stage through the budget culminating in the execution thereof.

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

INTERIM IDP/BUDGET METHODOLOGY (1-2 WORKSHOPS)



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

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

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

“22 PUBLICATION OF ANNUAL BUDGETS

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

in accordance with Chapter 4 of the Municipal Systems Act-

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

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

submit the annual budget:-

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

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

The Municipalities Consultation process on its Draft IDP review and Draft Budget commenced during August 2020 with the approval of the IDP, Budget and PMS calendar.

After approval of the Draft IDP and Draft Budget it will be 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 will be placed on Councils website after approval by Council. It will also be made public as required by Section 22 of the MFMA and the local community will be invited to submit representations in connection with the budget to Council.

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

Public hearings will be held in all 35 Wards. The meetings will be scheduled during **April 2021**.

The meeting schedule will be distributed under a separate cover.

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 **March 2021** will be followed by extensive publication of the IDP and budget in newspapers. It will also be published on Councils website.

Public hearing on both the operational and capital budgets will be held during **April 2021**.

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

During the consultative process all verbal questions and answers will be recorded.

All written submissions will be directed to the IDP Office who keeps record thereof.

All the submissions received during the consultation process will be considered before the tabling of the final budget.

The following documents will also be submitted in pdf format to the LG upload portal to enable Treasury to comment on the budget.

- The Budget documentation as set out in the MBRR.
- The non-financial supporting tables
- The Draft Budget Report in electronic format
- The Council Resolution for the tabled and adopted budget.
- Signed quality certificate as prescribed in the MBRR.
- D schedules specific for the entity

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 **IDP Officer** will submit a summarized report (as per the framework above) to the Chief Financial Officer who will scrutinize the report and the Mayor, Municipal Manager and Chief Financial Officer, will determine what action if any, has to be taken to address the needs of the Community.

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

<p>The Vision of Greater Tzaneen Municipality</p> <p>A green prosperous and united Municipality that provided quality services to all.</p>

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 2021/2022 financial year.

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

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

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

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

- IDP priorities and strategic objectives
- Economic climate and trends
- Councils cash flow situation
- Current debtor's payment levels
- Council's current loan status
- Tariff increases 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 on 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	50%
“B” Total outstanding service debtors	422 486 018
“C” Annual revenue actually received for services	853 077 461

DEBT COVERAGE

$$A = B - C$$

D

"A" Debt Coverage	34
"B" Total Operating Revenue Received	1 543 374 463
"C" Operating Grants	464 088 050
"D" Debt Service Payments	32 077 181

COST COVERAGE

$$A = B + C$$

D

"A" Cost Coverage	0.50
"B" All available cash at a particular time	45 000 000
"C" Investments	0
"D" Monthly Fixed Operating Expenditure	89 473 404

(B) MEASURABLE PERFORMANCE OBJECTIVES FOR:

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

Providing clean water and managing wastewater.

- **The** 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. **Challenges** were 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 **result** 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 **taken** 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 **allocations for 2021/2022** 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 **which are** 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 **will be** implemented with effect from 1 July **2022**.

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.”

The Rebate has been phased out.

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. **Circular's no 107 and 108 indicate an inflation rate of 3.9% for the 2021/2022 financial year.**

PERSONNEL ISSUES

The Salary and Wage Collective Agreement for the period 1 July 2018 to 30 June 2021 has come to an end and a new agreement is under consultation. Municipalities have therefore been advised that in the absence of an agreement they must consider their financial sustainability in determining their salary increases. Given the current economic climate caused by the COVID-19 pandemic, Municipalities who can not afford their current wage cost, should apply no more than zero per cent increase in the 2021/2022 MTREF and exercise the option for exemption for any negotiated increases above the level of their affordability.

The Budget Steering Committee has after consultation resolved to recommend an increase based on the CPI inflation forecast of 4.1% with effect from 1 July 2021.

Provision for an increase of 4,1% has been made for the 2021/2022 financial year.

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

B) COUNCILLOR'S ALLOWANCES

Composition of and increases to Councillor's allowances are determined annually by the Minister of the Department of Co-operation and Traditional Affairs (COGSTA) through a Gazette setting out the upper limits of the allowances to Councillor's. This Gazette is normally issued towards the end of December to apply retrospectively from 1 July of that year. The Gazette had not been issued yet. An increase of **4,1%** 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. **No loan will be taken up during the 2021/2022 financial year.**

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 **92%** 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 additional rebate has now been phased out.**

The electricity tariff adjustment is **16.0%**, largely due to the increase for Eskom bulk purchases.

Water and Sewerage tariff adjustments are **3.9% on the previous year tariff**, while refuse and disposal charges are modeled to increase by **9.6%**. **All the increases with the exception of refuse removal** are within the upper limit set by National Treasury.

G) REPAIRS AND MAINTENANCE

Greater Tzaneen Municipality's target with regard to repairs and maintenance is set at 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 extends 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 2021/2022 financial year:

Water	R172 508 000
Sewer	<u>R123 269 000</u>
	<u>R295 777 000</u>

It is not clear why some of these funds are not transferred to the service provider Greater Tzaneen Municipality.

J) ESKOM

An increase of 16.0% was approved by NERSA.

K) TARGETED GROWTH

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

L) CAPITAL EXPENDITURE

It is recommended that no loan be taken up to finance Capital projects.

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

The budget tabled to Council today is based on the 2020/2021 Special Adjustment budget and **was** drafted in a way that the Municipality will be able to pay for bulk services, focus on collecting the revenues owed to Council and eliminate wasteful and non-core spending.

The Country wide lockdown and the fact that, according to Stats S.A., approximately two million people in South Africa have lost their jobs resulted in revenue collection been under pressure. This has a direct impact on the ability of the Municipality to pay for Bulk Services and to spent on service delivery.

The Municipality however see this as a temporary setback which creates new opportunities to find solutions and to provide services to ensure a better live for all our communities.

Peter Drucker said, ***“The greatest danger in times of turbulence is not the turbulence; it is to act with yesterday’s logic.”***

New and creative ways will have to be found to ensure financial sustainability.

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 days **from** 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. All senior managers are responsible for managing the respective votes or departments of the Municipality, 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.

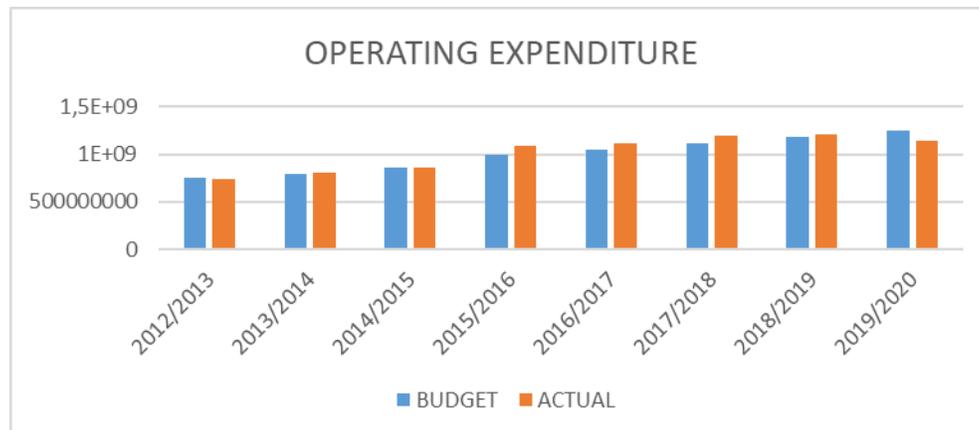
(A) Outcomes of the Past Years and Current year

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

OPERATING EXPENDITURE

YEAR	BUDGET	ACTUAL
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
2019/2020	1 248 665 025	1 139 784 807

GRAPH Operating Expenditure

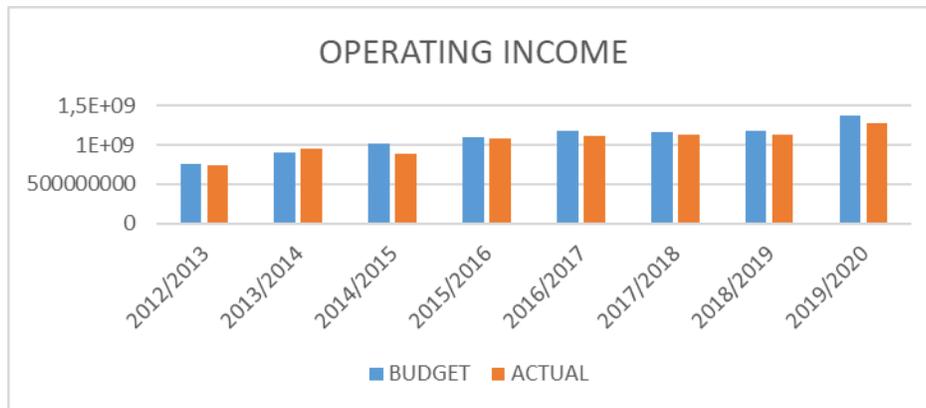


The graph below indicates the comparison between budgeted and actual operating income over the past 8 year.

OPERATING INCOME

YEAR	BUDGET	ACTUAL
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
2019/2020	1 368 008 037	1 274 427 231

GRAPH Operating Income

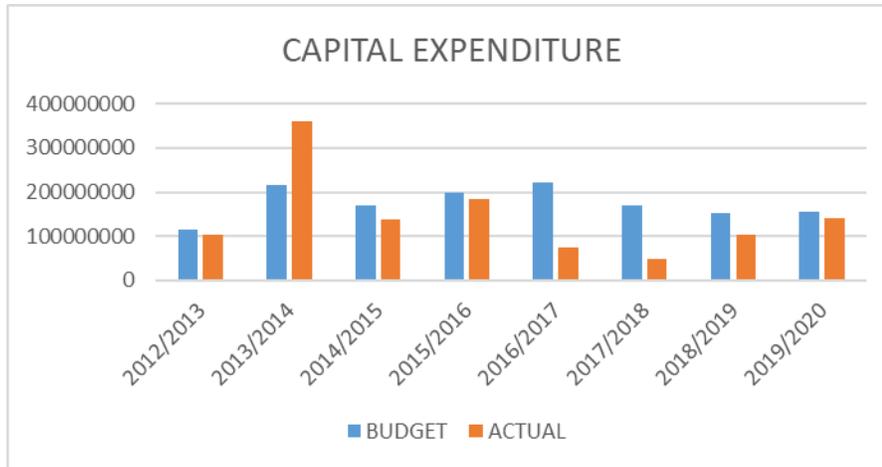


The capital expenditure against the budget of the past 8 years are also indicated graphically below:

CAPITAL EXPENDITURE – MIG INCLUDED

YEAR	BUDGET	ACTUAL
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
2019/2020	154 157 765	140 722 334

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 2020/2021

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 2020/2021 financial year:

Electricity	37,6%
Refuse Removal	2,1%
Property Rates	11,0%

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 2021/2022

The Greater Tzaneen Municipal operating income will be allocated as follows during 2021/2022 Financial year:

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

Excluding Water and Sewer

Revenue By Source / Agency services	-22 664 291
Revenue By Source / Fines, penalties and forfeits	-38 501 136
Revenue By Source / Interest earned - external investments	-3 500 000
Revenue By Source / Interest earned - outstanding debtors	-23 600 000
Revenue By Source / Licences and permits	-36 717 000
Revenue By Source / Other revenue	-6 472 575
Revenue By Source / Property rates	-137 500 000
Revenue By Source / Rental of facilities and equipment	-1 170 100
Revenue By Source / Service charges - electricity revenue	-679 900 000
Revenue By Source / Service charges - refuse revenue	-36 507 361
Revenue By Source / Service charges - sanitation revenue	0
Revenue By Source / Service charges - water revenue	0
Revenue By Source / Transfers and subsidies	-464 088 050
Revenue By Source / Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)	0
Revenue By Source / Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-94 753 950
	<hr/>
	-1 545 374 463

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

Including Water and Sewer

Revenue By Source / Agency services	-R	22 664 291,00
Revenue By Source / Fines, penalties and forfeits	-R	38 501 136,00
Revenue By Source / Interest earned - external investments	-R	3 500 000,00
Revenue By Source / Interest earned - outstanding debtors	-R	31 600 000,00
Revenue By Source / Licences and permits	-R	36 717 000,00
Revenue By Source / Other revenue	-R	6 472 576,00
Revenue By Source / Property rates	-R	137 500 000,00
Revenue By Source / Rental of facilities and equipment	-R	1 170 100,00
Revenue By Source / Service charges - electricity revenue	-R	679 900 000,00
Revenue By Source / Service charges - refuse revenue	-R	36 507 361,00
Revenue By Source / Service charges - sanitation revenue	-R	7 800 100,00
Revenue By Source / Service charges - water revenue	-R	58 817 680,00
Revenue By Source / Transfers and subsidies	-R	464 088 050,00
Revenue By Source / Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)	R	-
Revenue By Source / Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-R	94 753 950,00
	-R	1 619 992 244,00

Operating Expenditure

The budgeted expenditure per item are as follows for the 2021/2022 financial year:

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

Excluding Water and Sewer

Expenditure By Type / Bulk purchases	475 400 000
Expenditure By Type / Contracted services	70 215 209
Expenditure By Type / Debt impairment	70 035 699
Expenditure By Type / Depreciation and asset impairment	128 882 245
Expenditure By Type / Employee related costs	355 745 264
Expenditure By Type / Finance charges	16 326 562
Expenditure By Type / Other expenditure	153 396 361
Expenditure By Type / Other materials	70 925 318
Expenditure By Type / Remuneration of councillors	28 405 898
Expenditure By Type / Transfers and subsidies	16 098 000
	1 385 430 556

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

Including Water and Sewer

Expenditure By Type / Bulk purchases	R	481 352 500,00
Expenditure By Type / Contracted services	R	80 707 420,00
Expenditure By Type / Debt impairment	R	81 235 699,00
Expenditure By Type / Depreciation and asset impairment	R	128 882 245,00
Expenditure By Type / Employee related costs	R	393 286 954,00
Expenditure By Type / Finance charges	R	16 326 562,00
Expenditure By Type / Other expenditure	R	155 625 542,00
Expenditure By Type / Other materials	R	77 221 186,00
Expenditure By Type / Remuneration of councillors	R	28 405 898,00
Expenditure By Type / Transfers and subsidies	R	16 098 000,00
	R	1 459 142 006,00

CAPITAL BUDGET

An amount of **R130** million was approved for capital projects for the **2021/2022** financial year. This was funded as follows:

- Own Sources	R 35 395 000
- Loans	R 0
- Grants	<u>R 94 741 000</u>
TOTAL	<u>R130 136 000</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:

- A second wave of COVID-19 infections accompanied by new restrictions on economic activities.
- Electricity remains a constraint with power interruptions expected to continue into 2021.
- Job losses which have a negative effect on payment for services rendered.
- 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 2021/2022 expenditure will be funded as follows:

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

Funding source	Amount
Grants & Subsidies	R 558 842 000
Rates & Service Charges	R 853 907 361
Sundry Income	<u>R 132 625 102</u>
Budgeted Revenue	<u>R1 545 374 463</u>

Greater Tzaneen Municipal Budget Including GTEDA and Water & Sewer:

Funding source	Amount
Grants & Subsidies	R 558 842 000
Rates & Service Charges	R 920 525 141
Sundry Income	<u>R 140 625 103</u>
Budgeted Revenue	<u>R1 619 992 244</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 Refuse Removal Tariff** the determination of tariffs for the financial year has been guided by our Tariff Policy and guidelines set by National Treasury in the Municipal Budget Circular's **107 and 108 for the 2021/2022 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 valuation roll has been implemented from 1 July 2017 and the Property Rates Tariff contained in the 2021/2022 Draft Budget is calculated on the 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 3.9%, in line with the CPI inflation forecast seeing that this is a tax and not a metered service of which the user has the choice to the extent he/she wants to make use of it.

Water and Sewer Services

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

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

The proposed Sanitation Tariffs for 2021/2022 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 2020/2021 financial year be retained, with a proposed 3.9% increase in volumetric water tariffs generally, and a proposed 3.9% increase in sanitation tariffs generally.

Indigent Accounts

It is also recommended that the indigent account be increased for R150 to R200.

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 2021/2022. This guideline proposes an increase of 16.0% 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 3.9% on the 2020/2021 tariffs with effect from 1 July 2021.

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 2020 to December 2020:

DEBTOR REVENUE	JULY 20 R000,	AUG 20 R000,	SEPT 20 R000,	OCT 20 R000,	NOV 20 R000,	DEC 20 R000,
Revenue Billed	63 433	76 671	51 906	35 573	63 470	64 940
Revenue Collected	47 797	46 448	60 405	49 646	52 782	53 395
% Revenue Collected	75.35%	60.58%	116.37%	139.56%	83.16%	82.22%

The MFMA requires that the budget be based on realistic forecasts for revenue and the average collection rate for Greater Tzaneen Municipality amounts to **92.87%**.

(e) SAVINGS AND EFFICIENCIES

To ensure value for money and efficient utilization of resources, performance indicators have been set for all Section 57 Directors.

In-year reports (monthly and quarterly) as well as annual reporting are done on functional service delivery against information contained in the approved SDBIP.

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

(f) INVESTMENTS

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

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

Valuation of unlisted Investment

Standard Bank **R21 113 399**

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 **R21 113 399**.

(g) GRANT ALLOCATION

National Treasury advised Municipalities, through their Budget Circular's **107 and 108**, to use the indicative numbers as set out in the **2020** Division of Revenue Act to compile their **2021/2022** MTREF. In terms of the outer year (**2023/2024**) financial year Municipalities are advised to conservatively limit

funding allocations to the indicative numbers as proposed in the **2020 DORA for 2021**.

Greater Tzaneen Municipality however included the Grant allocations as contained in the DORA as published in Government Gazette no. **44173** of **5** February 2021, in the **2021/2022** Draft Budget.

The grant allocations as published in the **2021/2022** Division of Revenue Bill are summarized as follows:

<u>Allocation</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
Equitable Share	R 432 618 000	R 475 630 000	R 449 515 000
Municipal Infrastructure Grant	R 99 741 000	R 108 004 000	R 112 937 000
Financial Man Grant	R 2 000 000	R 2 000 000	R 2 000 000
INEP (Elect)	R 16 020 000	R 14 000 000	R 16 000 000
Expanded Public works Prog.	R 8 463 000	R 0	R

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

<u>GRANT</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
INEP	R 17 566 000	R 9 602 000	R 17 039 000
MSIG	R 0	R 0	R 0

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:

<u>GRANT</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
Water	R 172 508 000	R 187 391 000	R 191 079 000
Sanitation	R 123 269 000	R 129 320 000	R 128 508 000

It is not clear why some of these funds are not transferred to Greater Tzaneen Municipality the service provider as the Municipality does work in the Mopani District Municipal area of jurisdiction

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:

Funding sources	Project Description	Sum of 2021/2022	Sum of 2022/2023	Sum of 2023/2024
MIG	Lenyenye Street paving	1 000 000	4 000 000	7 500 000
	Matapa to Leseka Access Road to School	4 753 950		
	Mulati Access road Paving	16 000 000	18 000 000	
	Nkowakowa Section D street paving	1 000 000	4 000 000	7 500 000
	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)	20 000 000	21 603 800	24 290 150
	Paving of Marirone to Motupa Street	5 000 000	4 000 000	7 500 000
	Paving of Moseanoka to Cell C Pharare Internal Streets in Ward 28	20 000 000	19 000 000	18 500 000
	Paving of Risaba, Mnisi, Shando, to Driving school Internal Street in Ward 5	17 000 000	16 000 000	8 000 000
	Paving of Thapane Street	1 000 000	4 000 000	7 500 000
	Paving of Topanama Access Road to Serurubele School	1 000 000	4 000 000	7 500 000
	Tarring Nkowankowa A Codesa and Hani Street	2 500 000		
	Tarring of Nkowankowa B Streets	1 000 000	4 000 000	7 500 000
	Tickyline to Makhwibuding Construction of storm water drainage systems.	3 500 000		
	Upgrading of Zangoma to Mariveni	1 000 000	4 000 000	7 500 000
	(blank)			4 000 000
MIG	TOTAL MIG CAPITAL FUNDING	94 753 950	102 603 800	107 290 150
	PMU Management	4 987 050	5 400 200	5 646 850
	TOTAL MIG GRANT FUNDING	99 741 000	108 004 000	112 937 000

13. ALLOCATIONS OF GRANTS MADE BY THE MUNICIPALITY

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

	2020/2021	2021/2022
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 400 000
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	523 404.68	3 747.60	174 468.27	42 472.80	7 403.51
COUNCILLOR	220 850.81	3 747.60	73 616.86	42 472.80	3 349.98
EXCO	291 991.13	3 747.60	97 330.42	42 472.80	4 317.98
FULL TIME	523 404.68	3 747.60	174 468.27	42 472.80	5 549.70
MAYOR	697 873.33	3 747.60	232 624.52	42 472.80	7 723.30
SPEAKER	558 297.34	3 747.60	186 098.95	42 472.80	6 263.61
SECTION 79	283 425.49	3 747.60	94 475.25	42 472.80	4 203.68

(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	1 768 214.49	1 292 160.99	1 485 985.86	1 292 160.99	1 292 160.99	1 485 985.86	1 485 985.86
INSENTIVE Bonus	0	0	0	0	0	0	0
A/BONUS	0	0	0	0	0	0	0
UIF	1 857.81	1857.81	1857.81	1857.81	1857.81	1857.81	1857.81
SETA	15 308.70	10 745.74	12 924.97	11 297.64	11 107.76	11 611.94	14 089.10
LEAVE RED	56 582.86	41 349.15	47 551.55	41 349.15	41 349.15	225 869.85	47 551.55
CELL PHONE	24 984.00	24 984.00	24 984.00	24 984.00	24 984.00	24 984.00	24 984.00

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

Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances:Allowances:Accommodation, Travel and Incidental	14 913 681
Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances:Allowances:Housing Benefits and Incidental:Housing Benefits	244 292
Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances:Allowances:Housing Benefits and Incidental:Rental Subsidy	1 377 528
Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Bonus	1 586 927
Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Leave Pay	5 000 000
Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Overtime:Structured	33 000 000
Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances:Allowances:Service Related Benefits:Standby Allowance	2 547 990
Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances:Basic Salary and Wages	232 469 358
Expenditure:Employee Related Cost:Municipal Staff:Salaries, Wages and Allowances:Bonuses	16 425 466
Expenditure:Employee Related Cost:Municipal Staff:Social Contributions:Bargaining Council	85 453
Expenditure:Employee Related Cost:Municipal Staff:Social Contributions:Group Life Insurance	4 134 588
Expenditure:Employee Related Cost:Municipal Staff:Social Contributions:Medical	21 858 378
Expenditure:Employee Related Cost:Municipal Staff:Social Contributions:Pension	45 021 849
Expenditure:Employee Related Cost:Municipal Staff:Social Contributions:Unemployment Insurance	1 285 604

Expenditure:Employee Related Cost:Senior Management:Chief Financial Officer:Salaries and Allowances:Basic Salary	1 485 986
Expenditure:Employee Related Cost:Senior Management:Chief Financial Officer:Salaries and Allowances:Bonuses	0
Expenditure:Employee Related Cost:Senior Management:Chief Financial Officer:Salaries and Allowances:Service Related Benefits:Leave Pay	0
Expenditure:Employee Related Cost:Senior Management:Chief Financial Officer:Social Contributions:Unemployment Insurance	1 911
Expenditure:Employee Related Cost:Senior Management:Designation:Salaries and Allowances:Basic Salary	6 848 455
Expenditure:Employee Related Cost:Senior Management:Designation:Salaries and Allowances:Bonuses	3 191 752
Expenditure:Employee Related Cost:Senior Management:Designation:Salaries and Allowances:Service Related Benefits:Leave Pay	0
Expenditure:Employee Related Cost:Senior Management:Designation:Social Contributions:Unemployment Insurance	9 657
Expenditure:Employee Related Cost:Senior Management:Municipal Manager (MM):Salaries and Allowances:Allowance:Accommodation, Travel and Incidental	27 953
Expenditure:Employee Related Cost:Senior Management:Municipal Manager (MM):Salaries and Allowances:Basic Salary	1 768 215
Expenditure:Employee Related Cost:Senior Management:Municipal Manager (MM):Salaries and Allowances:Bonuses	0
Expenditure:Employee Related Cost:Senior Management:Municipal Manager (MM):Salaries and Allowances:Service Related Benefits:Leave Pay	0
Expenditure:Employee Related Cost:Senior Management:Municipal Manager (MM):Social Contributions:Unemployment Insurance	1 911
	393 286 954

Cost to Council: Political Office – Bearers and collectively

	SALARY	LAPTOP	TRAVELLING	TEL ALL	SETA
CHIEF WHIP	523 404.68	3 747.60	174 468.27	42 472.80	7 403.51
COUNCILLOR	9 938 286.67	168 642.00	3 312 758.48	1 911 276.00	150 749.10
EXCO	1 459 955.66	18 738.00	486 652.09	212 364.00	21 589.92
FULL TIME	2 617 023.41	18 738.00	872 341.34	212 364.00	27 748.48
MAYOR	697 873.33	3 747.60	232 624.52	42 472.80	7 723.30
SPEAKER	558 297.34	3 747.60	186 098.95	42 472.80	6 263.61
SECTION 79	3 117 680.41	41 223.60	1 039 227.72	467 200.80	46 240.51
TOTAL	18 912 521.48	258 584.40	6 304 171.37	2 930 623.20	267 718.44

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.

2021/2022

DEPARTMENT	OWN SOURCES	LOANS	GRANTS	TOTAL
Eng. Services	20 300 000	0	94 753 950	115 053 950
Elect. Services	10 750 000	0		10 750 000
Community Services	845 000	0		845 000
Finance	700 000			700 000
Corporate Services	0	0		0
PED	2 800 000			2 800 000
MM	0			0
TOTAL	35 395 000	0	94 753 950	130 148 950

2022/2023

DEPARTMENT	OWN SOURCES	LOANS	GRANTS	TOTAL
Eng. Services	43 500 000	0	102 603 800	146 103 800
Elect. Services	10 000 000	0	0	10 000 000
PED	4 000 000			4 000 000
Finance	0			0
TOTAL	57 500 000	0	102 603 800	160 103 800

2023/2024

DEPARTMENT	OWN SOURCES	LOANS	GRANTS	TOTAL
Eng. Services	55 150 000	0	107 290 150	162 440 150
Elect. Services	10 000 000	0	0	10 000 000
PED	4 000 000			4 000 000
Finance	0			0
TOTAL	69 150 000	0	107 290 150	176 440 150

The Capital budget **increases** from R130 148 950 in the 2021/2022 financial year to R**176 440 150** in the 2023/2024 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 2021 to 30 June 2022**. 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 **present and future** 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 is no other sources than ground water. More than 35% of the total boreholes are dysfunctional due to vandalism, theft of electrical cables, transformers and also theft of borehole pumps. Council supplies water to the rest of the rural community through water tankers.

Wastewater Treatment

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

Maintenance of Water services network

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

- Tzaneen
- Nkowankowa
- Lenyenye
- Letsitele
- Haenertsburg

Although Greater Tzaneen Municipality always respond to community request to repair or assist with maintenance to equipment in rural areas the maintenance in rural areas is the **responsibility** 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 **four** 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 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	1 143 995
FOCUS OUTSORUCING	PRINTING OF MUNICIPAL ACCOUNTS/STATEMENTS	410 683
CONTOUR TECHNOLOGY	PROVISION OF PREPAID ELECTRICITY	827 082

C. TOTAL EXPENDITURE ON EACH CONTRACT TO DATE

NAME	SERVICE	Amount paid to date
UNIEQUO	VALUATION ROLL	1 525 327
FOCUS OUTSORUCING	PRINTING OF MUNICIPAL ACCOUNTS/STATEMENTS	547 578
CONTOUR TECHNOLOGY	PROVISION OF PREPAID ELECTRICITY	1 102 776

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

NAME	SERVICE	PLANNED EXP p.a.
UNIEQUO	VALUATION ROLL	1 677 860
FOCUS OUTSORUCING	PRINTING OF MUNICIPAL ACCOUNTS/STATEMENTS	602 336
CONTOUR TECHNOLOGY	PROVISION OF PREPAID ELECTRICITY	1 213 054

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 2020.

The details of the capital budget are summarized as follows:

LOANS

No loans will be taken up during the 2021/2022 financial year to finance capital projects.

Consolidated Capital Projects from Own Sources:
Greater Tzaneen Municipality.

DEPARTMENT NUMBER	DEPARTMENT	2021/2022	2022/2023	2023/2024
002	Municipal Manager	0	0	0
052	Corporate Services	0	0	0
032	Financial Services	700 000	0	0
140	Community Services	845 000		0
0062	Engineering Services	20 300 000	43 500 000	55 150 000
162	Electrical Engineering Services	10 750 000	10 000 000	10 000 000
012	PED	2 800 000	4 000 000	4 000 000
	TOTAL	35 395 000	57 500 000	69 150 000

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

2021/2022 Financial year R258 500

2022/2023 Financial year R284 350

2023/2024 Financial year R312 785

Capital Projects from Grants: Greater Tzaneen Municipality.

DEPARTMENT NUMBER	DEPARTMENT	2021/2022	2022/2023	2023/2024
002	Municipal Manager	0	0	
052	Corporate Services	0	0	
032	Budget & Treasury Office	0	0	
140	Community Services	0	0	
062	Engineering Services (MIG)	94 753 950	102 603 800	107 290 150

162	Electrical Engineering Services (EED)	0	0	
012	PED (NDPG)	0	0	
	TOTAL	94 753 950	102 603 800	107 290 150

Capital from Loans

DEPARTMENT NUMBER	DEPARTMENT	2021/2022	2022/2023	2023/2024
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)	0	0	0
012	PED (NDPG)	0	0	0
	TOTAL	0	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

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 2021/2022 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 **Municipal** Public Accounts Committee has been established to ensure that the administration is held accountable for the Management of Municipal funds, 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 2021/2022 allocation amounts to R9 857 217.

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%

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							500,00
03 - CAPITAL EXPENDITURE							
608 - Other Assets	000,00	235	0%	500,00	258	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