

FINAL ANNUAL BUDGET 2023/2024 FINANCIAL YEAR (2023/2024)

(EC 2023 03 22, C 2023 03 30)

(5/1/1)

REPORT OF THE DEPARTMENT OF THE CHIEF FINANCIAL OFFICER, MS. P.M. MAKHUBELA

STRATEGIC OBJECTIVE

The strategic objective of this matter is under sound financial management and viability.

PURPOSE

The purpose of this report is to request Council to consider and approve the 2023/2024 (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.

BACKGROUND

In terms of Local Government Municipal Finance Management Act, the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

The budget process is guided by National Treasury Circular (MFMA Circular No.122 and 123).

FINANCIAL IMPLICATIONS

The Revenue and Expenditure Budgets are summarized as follows:

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

The total projected revenue for the 2023/2024 financial year amounts to R1,816 billion. This increase is mainly due to the increase in property rates, service charges and external grants from Government.

The total revenue budget includes an amount of R521 million which represents the equitable share allocation to the Greater Tzaneen Municipality.

An amount of R150 million will be levied by way of property tax and R884 million will be sourced from user charges. National allocations to fund operational activities amount to R37,2 million which includes the Finance Management Grant of R2,0 million, the EPWP grant of R5,4 million; the energy efficiency grant of R5 million, MIG operation of R 5,6 million and the INEP allocation of R19 million

An amount of R1, 594 Billion has been made available on the operational budget for expenditure. This substantial increase is largely due to the increase in employee

related costs, inventory consumed and bulk purchases. The Expenditure amount includes R439 million for employee related costs, R111 million for inventory consumed excluding labour costs and R 515 million for the purchase of bulk electricity.

An amount of R190 million has been allocated for capital expenditure for the 2023/2024 financial year. This amount includes the MIG allocation of R107 million which will be spent on roads, community hall and purchase of waste removal truck.

The summary of the operating and capital budgets are as follows:

OPERATING AND CAPITAL BUDGET	2023/2024 FINAL BUDGET	2024/2025 FINAL BUDGET	2025/2026 FINAL BUDGET
TOTAL OPERATING REVENUE	R 1 815 522 342	R 1 968 075 803	R 2 145 831 902
TOTAL OPERATING EXPENDITURE	R 1 594 993 276	R 1 692 734 155	R 1 848 694 071
TOTAL CAPITAL EXPENDITURE	R 189 566 744	R 222 624 801	R 283 087 168
TOTAL OPEX AND CAPEX BUDGET	R 1 784 560 011	R 1 915 358 956	R 2 131 781 239

GRANT ALLOCATIONS

The total grant allocations for Greater Tzaneen Municipality in the 2023/2024 financial year which are in line with Division of revenue act are reflected below:

MUNICIPAL GRANTS FOR 2023/2024			
Description	2023/2024	2024/2025	2025/2026
EQUITABLE SHARE	R 521,211,000	R 562,130,000	R 560,254,000
MIG	R 112,922,000	R 118,155,000	R 123,610,000
FMG	R 2,000,000	R 2,000,000	R 2,000,000
EPWP	R 5,412,000	-	-
INEP	R 25,168,000	R 12,000,000	R 12,538,000
Energy Efficiency	R 5,000,000	-	-
TOTAL	R 671,713,000	R 694,285,000	R 698,402,000

PROPOSED TARIFF INCREASES

Proposed tariff increase on service charges and property rates are as follows:

CATEGORY	2023/2024	2024/2025	2025/2026
Property Rates	5.3%	4.9%	4.7%
Electricity	20.70%	14.70%	17.70%
Refuse	5.3%	4.9%	4.7%
Water (Haenertsburg)	5.3%	4.9%	4.7%
Water (Other users)	5.3%	4.9%	4.7%
Sewerage	5.3%	4.9%	4.7%

EMPLOYEE RELATED COSTS

The total salary bill which amounts to R439 million includes the budgeted positions to be filled during the 2023/2024 financial year. The positions will be filled through the process of service delivery priorities and the approved municipal organogram.

BUDGET RELATED POLICIES

The following reviewed budget related policies are attached to this document for approval by Council as part of the 2023/2024 budget–

Revenue Related Policies

- Tariff Policy
 - Electricity
 - Water
 - Sanitation
 - Refuse Removal
 - Property Rates
- Credit Control & Debt Collection
- Consumer Deposits
- Cash Control Policy
- Impairment of debt policy

Budget related policies

- Budget Implementation and Management Policy
- Indigent Policy
- Supply Chain Management

- Property Rates Policy
- Cash Management and Investment Policy
- Virement Policy
- Adjustment Budget 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
- Petty cash policy

POLICY IMPLICATIONS

Compliance to section 22 of the Municipal Finance Management Act, the budget must be submitted to National Treasury and the Provincial Treasury together with the quality certificate approved by the accounting officer.

LEGAL IMPLICATIONS

Currently None

RISK IMPLICATIONS

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

ENVIRONMENTAL IMPLICATIONS

None

CHANGE MANAGEMENT IMPLICATIONS

Ensure compliance to MFMA and timely submission of final budget on schedule A, version 6.6 in line with Municipal Budget and Reporting Regulations

CONSIDERATION

That the Capital and Operational Estimates for the 2022/2023 financial year be approved and that the Accounting Officer proceeds with the publication of the Final

Annual Budget as outlined in section 22 of the Municipal Finance Management Act 56 of 2003

RECOMMENDATION

1. That the Capital and Operational Estimates for the 2023/2024 financial year as more fully recorded in the report in this regard be approved and that the Accounting Officer proceeds with the publication of the Annual Budget as outlined in section 22 of the Municipal Finance Management Act 56 of 2003.
2. That the 2023/2024 to 2025/2026 financial year's budget related policies be approved as more fully set out in **Part 2 of supporting documents in the budget**
3. That the final 2023/2024 tariff listing for municipal services as more fully set out in part 1 of supporting budget documents be approved
4. That it be noted that the final 2023/2024 Estimates will after approval by the Council in terms of section 22 of the Municipal Finance Management Act, be submitted to National Treasury and the Provincial Treasury, together with the quality certificate approved by the accounting officer.
5. That an amount of R 12 585 230 be allocated to GTEDA Municipal entity
6. That the detailed budget resolutions contained in the budget report be approved

COMMENTS FROM CORPORATE SERVICES

COMMENTS FROM ENGINEERING SERVICES

COMMENTS FROM ELECTRICAL ENGINEERING

COMMENTS FROM PED

COMMENTS FROM COMMUNITY SERVICES

COMMENTS FROM THE CFO

COMMENTS FROM THE MUNICIPAL MANAGER

RESOLVED TO RECOMMEND

- 1 That the Capital and Operational Estimates for the 2023/2024 financial year as more fully recorded in the report in this regard be approved and that the Accounting Officer proceeds with the publication of the Annual Budget as outlined in section 22 of the Municipal Finance Management Act 56 of 2003.

2. That the 2023/2024 to 2025/2026 financial year's budget related policies be approved as more fully set out in **Part 2 of supporting documents in the budget**

3. That the final 2023/2024 tariff listing for municipal services as more fully set out in part 1 of supporting budget documents be approved

4. That it be noted that the final 2023/2024 Estimates will after approval by the Council in terms of section 22 of the Municipal Finance Management Act, be submitted to National Treasury and the Provincial Treasury, together with the quality certificate approved by the accounting officer.

5. That an amount of R 12 585 230 be allocated to GTEDA Municipal entity

6. That the detailed budget resolutions contained in the budget report be approved

FOR CONSIDERATION

