



ADJUSTMENT BUDGET OF

GREATER GIYANI MUNICIPALITY

**2021/22 TO 2023/24
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS**

Approved by council on 28 FEBRUARY 2022

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- **All public libraries within the municipality**
 - **At www.greatergiyani.gov.za**

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Part 1 – Adjustments Budget

1.1 Mayor's Report

1. INTRODUCTION

According to Local Government: Municipal Finance Management Act no 56 of 2003 Section 28,

(1) A municipality may revise an approved annual budget through an adjustments budget.

(2) An adjustments budget-

a) Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year:

b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for:

c) May, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality:

d) May authorise the utilisation of projected savings in one vote toward spending under another vote;

e) May authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably, have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;

f) May correct any errors in the annual budget: and

g) May provide for any other expenditure within a prescribed framework.

ADJUSTMENT BUDGET

The 2021/2022 budget is adjusted as follows:

	Original Budget	Adjustment Budget	Reasons
Income	R615 679 148	R581 607 459	Refuse revenue, rental of facilities, interest earned on external investment, traffic fines, license and permits and other revenue has decreased to R34 071 691.
Operational Expenditure	R502 006 846	R475 285 328	

The Capital Budget for 2021/2022 is adjusted as follows:

	Original Budget	Adjustment Budget
ALTERNATIVE ROAD TO GIYANI FROM R81	500,000.00	500,000.00
Nkomo B to A (D3837) Upgrading from gravel to tarr	0.00	182042
Section E Upgrading from gravel to paving (Voningani)	8,000,000.00	20453874
Blinkwater upgrading of internal streets	8,100,000.00	4,969,877.00
Thomo upgrading of internal streets	12,212,641.10	26,416,833.00
Nkuri Zamani upgrading of internal streets	8,100,000.00	4,705,915.00
Shimange Upgrading from gravel to paving	20,100,000.00	19,698,242.00
Servicing of 539 sites	500,000.00	500,000.00
Selawa upgrading of roads from gravel to paving	0.00	1,600,000.00
Aternative route from Elim Road R578 to Giyani via Siyandhani	550,000.00	550,000.00
Hlomela upgrading from Gravel to Paving	0.00	500,000.00
Waste Disposal Site Development	500,000.00	1675960
Automated PMS System	1,170,000.00	200,000.00
Jim-Nghalalume Community Hall	2,000,000.00	2,000,000.00
Nwazekudzeku Community Hall	2,000,000.00	7,602,066.00
Upgrading of Nkhensani Access	50,000.00	0.00
Ndambi taxi rank	13,456,642.00	12,456,642.00
Mavalani indoor sports centre	2,000,000.00	2,000,000.00
Mageva Sports centre (Extension of soccer pitch)	1,000,000.00	1,000,000.00
Homu14B Sports centre	4,600,000.00	4600000
GOLF COURSE DEVELOPMENT	1,000,000.00	1,000,000.00
Refurbishment of Sporting Facilities (Gawula)	50,000.00	0.00
Refurbishment of Shivulani Sports Centre	1,500,000.00	3500000

Section E Sports Centre	50000	
Refurbishment of Giyani Stadium & Section A Tennis Court	50,000.00	0.00
Civic Centre Building Phase 4	7,064,923.88	7,064,924.00
Installation of cameras & monitor	500,000.00	500,000.00
Walk through metal detector & exray machine	268,099.00	283,099.00
Tablets & printers	2,200,000.00	2,200,000.00
Help desk system	300,000.00	300,000.00
Computer equipment	800,000.00	800,000.00
Development of by laws	100,000.00	50,000.00
Upgrading of Parking Lot	2,000,000.00	4,045,647.00
Furniture & Fittings	1,000,000.00	1,000,000.00
Purchase of Machinery & equipment	6,000,000.00	5,100,000.00
Purchase of Motor Vehicles	3,000,000.00	2,000,000.00
Purchase of Skip and Street Bins	200,000.00	210,000.00
Fire arms	500,000.00	800,000.00
Purchase of Law enforcement equipment	250,000.00	0.00
Purchase of Air conditioners	500,000.00	500,000.00
Generator	1,500,000.00	700,000.00
Total	113,672,306	141,665,121

It is now my honour to formally table, the Adjusted **2021/2022 MTREF BUDGET** for **Adoption** by Council.

1.2 Budget Resolutions

RESOLUTION FOR THE ADOPTION OF THE MID YEAR ADJUSTMENT BUDGET: COUNCIL RESOLUTION CR 48-28/02/22SP

In the full council meeting on 28 February 2022, the Council of Greater Giyani Municipality resolved that the adjusted MTREF Budget for the financial year 2021/2022 and the medium-term period to 2023/2024 be adopted as set out in the following tables—

Table B1 - Budget Summary.

Table B2 - Budgeted Financial Performance (Revenue and Expenditure by Standard Classification).

Table B3 - Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote).

Table B4 - Budgeted Financial Performance (Revenue and Expenditure).

Table B5 - Budgeted Capital Expenditure by Vote, Standard Classification and Funding.

Table B6 - Budgeted Financial Position.

Table B7 - Budgeted Cash flows.

Table B8 - Cash backed Reserves/ Accumulated Surplus Reconciliation.

Table B9 – Asset Management

SIGNED FOR AND ON BEHALF OF THE GREATER GIYANI MUNICIPAL COUNCIL

SPEAKER

28 /02/2022

CLLR A E MBOWENI

DATE

MAYOR

28/02/2022

CLLR T ZITHA

DATE

COUNCILLOR FOR FINANCE

28/02/2022

CLLR NHP NDABA

DATE

1.3 Executive Summary

After the assessment of the performance of the municipality during the first five months of the financial year, in terms of section 72 of the MFMA taking into consideration-

- (i) The monthly statements referred to in section 71 for the first six months of the financial year,
- (ii) The municipality's service delivery performance during the first six months of the financial year, and the service delivery targets, and performance indicators set in the service delivery and budget implementation plan,
- (iii) The past year's annual report, and progress on resolving problems identified in the annual report,
- (iv) The budget of the municipality was adjusted in terms of section 28 of the MFMA as follows.
- (v) The adjustment budget has been approved by council on 28 February 2022.

The revenue sources to fund both operating and capital expenditure for 2021/2022 financial year are as follows:

	Original Budget	Adjustment budget	Reasons
Grants and Subsidies	R408 774 000	R408 774 000	
Accumulated Funds [own/other income]	R206 905 148	R172 833 457	Refuse revenue, rental of facilities, interest earned on external investment, traffic fines, license and permits and other revenue has decreased to R34 071 691.
External Borrowings	Nil		

TOTAL BUDGET	R615,679,148	R581,607,457	
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The operating budget for 2021/2022 is subdivided as follows:

	Budget	Adjustment budget	Reasons
Employee related costs	182,634,307.00	163,011,641.00	Vacant posts catered for during Original budget not yet appointed.
Councillors remuneration	29,978,732.00	23,484,930.00	The original budget also includes an increase of 4,9% whereas there is no increase for councillors on the determination of upper limits during the current year.
Other materials	9,300,000.00	9,100,000.00	Roads and buildings materials decreased checking the performance of the first six month of the Financial Year.
Contracted services	111,316,284.00	122,655,188.00	Electricity projects, maintenance of roads due to heavy rains and all professional fees increased.
Depreciation	74,800,000	65,800,000	
Bad Debts	32,000,000.00	29,000,000.00	
Transfer and Subsidies	1,000,000.00	600,000.00	
General Expenditure	60,977,523.00	61,633,569.00	Travelling and Accommodation increased due to less impact of covid-19 pandemic.
Total operating expenditure	R502,006,846.00	R475,285,328.00	

1.4. Adjustment Budget Tables

The adjustment budget is laid out in the following budget tables:

Table B1- Adjustments Budget Summary

Table B2- Adjustments Budget Financial Performance (Standard Classification)

Table B3- Adjustments Budget Financial Performance (Revenue and Expenditure by Municipal Vote)

Table B4- Adjustments Budget Financial Performance (Revenue and Expenditure)

Table B5- Adjustments Capital Expenditure Budget by Vote and Funding

Table B6- Adjustments Budget Financial Position

Table B7 - Adjustments Budget Cash Flows

Table B8- Cash-backed Reserves/ Accumulated Surplus Reconciliation

Table B9- Asset Management

Table B10- Basic Service Delivery Measurement

The Adjustment Budget tables are attached in Annexure A.

2. SUPPORTING DOCUMENTATIONS

2.1. ADJUSTMENTS TO BUDGET ASSUMPTIONS

The municipality takes into consideration the six months actual expenditure while preparing the adjustment budget.

2.2. ADJUSTMENTS TO BUDGET FUNDING

The balance of cash and cash equivalents on hand as at 31 December 2021 has been taken into account. The anticipated revenue from municipal tariffs and current collection rate justify the anticipated revenue targets.

Only gazetted grants and transfers from national government were factored into the funding envelope. For operational grants on the original budget it was R344,669,000 and it has remained the same after adjustment and the capital grants remain the same as R64,105,000 during the adjustment budget. The projects for electricity grant will be funded by grant of 18m and own funding of 15,8m. This is to ensure that the budget is based on realistically anticipated revenue.

2.3. ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Specific purpose transfers received by the municipality are allocated to capital programmes implemented by the municipality in accordance with grant conditions. The other grants, including LGES, are allocated to operational programmes, such as the provision of free basic services, and operating costs.

2.4. ADJUSTMENTS TO ALLOCATIONS OR GRANTS MADE BY THE MUNICIPALITY

The municipality makes no transfers in the form grants to other institutions, it only supports the small business around the municipal areas which is budgeted for R600,000 in the current financial year.

2.5. ADJUSTMENTS TO COUNCILLORS ALLOWANCES AND EMPLOYEE BENEFITS

Employment costs of S71 Managers, Officials and Councillors are budgeted for in line with CPIX, SALGBC agreements and upper limits of Public Office Bearers promulgated by the Minister of CoGTA.

For employee related costs it decreases from R182,634,307.00 to R163,011,641.00 because of the budgeted vacant positions that have not yet appointed.

For councillors allowances the budget will decrease from R29,978,730 to R23,484,930.56 due to the original budget also includes an increase of 4,9% whereas there is no increase for councillors on the determination of upper limits during the current year.

2.6. ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

As already mentioned in the introduction and further highlighted under the executive summary, this budget does not introduce new priorities only improves the alignment of priorities with anticipated funding.

2.7. ADJUSTMENTS TO CAPITAL EXPENDITURE

The capital expenditure increases from R113,6 million to R141,6 million because of the own funded projects that was increased during the Adjustment budget. Grants received from other spheres of government provided funding for capital expenditure.

2.8. OTHER SUPPORTING DOCUMENTS

The budget is accompanied by supporting documents in terms of section 17(3) of the MFMA.

See the supporting tables SB1- SB20 in Annexure B

2.9. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

To: Provincial Treasury, Limpopo

National Treasury, South Africa

QUALITY CERTIFICATE ON THE ADJUSTMENT MTREF BUDGET

I, **CHAUKE MKHACANI MAXWELL**, Municipal Manager of **GREATER GIYANI MUNICIPALITY**, hereby certify that the Adjustments Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act (Act No 56 of 2003) and the regulations made under the Act, and the adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

M M Chauke
Municipal Manager:
Greater Giyani Municipality
LIM 331

Date