



**ADJUSTMENT BUDGET OF**

# **GREATER GIYANI MUNICIPALITY**

**2016/17 TO 2018/19  
MEDIUM TERM REVENUE AND EXPENDITURE  
FORECASTS**

**Approved by council on 27 February 2017**

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- **All public libraries within the municipality**
  - **At [www.greatergiyani.gov.za](http://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.

Furthermore, Regulation 23 of the Municipal Budget and Reporting Regulations (MBRR) point out that the Mid-Year budget adjustment be tabled by the Mayor of a municipality before council for adoption not later than 28 February of the current year.

The adjustment budget being tabled does not bring new plans which were not in the IDP for the current MTREF period, but based on the performance of the first half of the year.

**ADJUSTMENT BUDGET**

The 2016/2017 budget is adjusted as follows:

	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Reasons</b>
<b>Income</b>	R369 436 775	R390 941 840	Roll over of MIG that was approved by National Treasury of R4, 4m. Additional funding for MIG for refurbishment of three sports centres for R15m. Vat refund of R13, 6m received from July 2015 to December 2015 now included in the budget.
<b>Operational Expenditure</b>	R286 559 855	R 279 623 918	

The Capital Budget for 2016/2017 is adjusted as follows:

<b>PROJECTS</b>		
	<b>Original Budget</b>	<b>Adjustment Budget</b>
<b>MIG Allocation</b>		
WASTE DISPOSAL SITE DEVELOPMENT	10 000 000	4 000 000
SECTION E SPORTS CENTRE	1 000 000	3 223 060
NKOMO B UPGRADING FROM GRAVEL TO TARR	10 000 000	15 417 065
MBAULA UPGRADING FROM GRAVEL TO TARR	1 000 000	9 169 953
HOMU 14B TO 14A UPGRADING FROM GRAVEL TO TAR	4 000 000	0
30 HIGH MAST LIGHTS IN CRIME PRONE AREAS	0	395 370
MAKOSHA UPGRADING FROM GRAVEL TO TARR	4 000 000	0
GIYANI SECTION F STREETS PHASE 3	5 500 000	2 788 000
MAGEVA SPORTS CENTRE	6 500 000	2 581 586
BODE PAVING OF INTERNAL STREETS	3 000 000	615 892
CULVERT BRIDGES TO CEMENTRIES	1 500 000	0

THOMO COMMUNITY HALL	6 936 062	16 855 380
NKOMO A UPGRADING FROM GRAVEL TO TAR	1 500 000	0
REFURBISHMENT OF GIYANI STADIUM & SECTION A TENNIS COURT	0	5 000 000
REFURBISHMENT OF SPORTING FACILITIES (GAWULA)	0	5 000 000
REFURBISHMENT OF SHIVULANI SPORTS CENTRE	0	5 000 000
<b>TOTAL MIG PROJECTS</b>	<b>54 936 062</b>	<b>70 046 306</b>
Electrification of Bambeni Village (354 units)	1 500 000	5 039 530
Electrification of Nwamankena & Dingamazi Village(450 units)	1 000 000	2 000 000
Electrification of Gandlanani & Silawa Village (260 units)	400 000	3 042 103
Electrification of Mninginisi Block 3 Village (600 units)	1 000 000	7 946 323
Electrification of Mbaula,Mushiyani,Kheyi,Xitlakati,Mzilela & Khaxani villages (1082 units)	3 215 500	5 471 541
Electrification of Shikhumba,Nkomo C, Nkomo B, Dzingidzingi & Maswanganyi Villages (898 units)	3 784 500	2 676 041
Electrification of Mhlava-Willem, Sekhiming, Mbatlo & Shivulani Villages (369)	500 000	0
Electrification of Vuhehli, Ndindani,Gawula,Nwakhuwani,Mahlathi,Ntshuxi Villages (225)	500 000	0
Electrification of Hlomela, Siyandhani,Babangu & Ntshuxi Villages	500 000	0
30 High mast light energising	0	2 000 000
<b>TOTAL ELECTRICITY PROJECTS</b>	<b>12 400 000</b>	<b>28 175 538</b>
THOMO COMMUNITY HALL	0	429 000
NKOMO B UPGRADING FROM GRAVEL TO TARR	0	887 000
SECTION E SPORTS CENTRE	0	475 000
MAGEVA SPORTS CENTRE	0	2 200 000
WASTE DISPOSAL SITE DEVELOPMENT	0	487 000

<b>TOTAL ROLL OVER PROJECTS DISASTER</b>	<b>0</b>	<b>4 478 000</b>
CIVIC CENTRE BUILDING, PHASE 2	17 380 858	17 380 858
UPGRADING OF PACKING LOT	1 500 000	1 500 000
FORMALISATION OF NEW SETTLEMENT (XIKUKWANE VILLAGE)	600 000	2 900 000
FORMALISATION OF NEW SETTLEMENT (MAKOSHA RISINGA EXTENSION)	700 000	700 000
TOWN EXPANSION(NGOVE VILLAGE)	300 000	0
THOMO COMMUNITY HALL	1 000 000	1 000 000
DEVELOPMENT OF ROADS & STORMWATER MASTER PLAN	1 500 000	500 000
REFURBISHMENT OF GIYANI ARTS & CULTURE CENTRE	500 000	0
WASTE DISPOSAL SITE DEVELOPMENT	1 000 000	0
LANDSCAPPING OF CBD AND GIYANI ENTRANCE	500 000	0
PUBLIC TRANSPORT SHELTERS	1 000 000	0
NDHAMBHI TAXI RANK	500 000	383 814
DEVELOPMENT OF A DISASTER MANAGEMENT PLAN	500 000	500 000
REHABILITATION OF STREETS IN ALL SECTIONS	500 000	0
UPGRADING OF ROAD D3187 FROM GRAVEL TO TAR	1000 000	0
REFURBISHMENT OF GIYANI STADIUM,MAVHUZA,SHIVULANI,SECTION A TENNIS COURT	500 000	0
UPGRADING OF NKHENSANI ACCESS(SIDEWALKS,LIGHTING,BUS STOP ,STALLS)	500 000	200 000
REFURBISHMENT OF SPORTING FACILITIES(MZILELA,GAWULA,MUYEXE,SHAWELA)	500 000	0
GIYANI SECTION E SPORTS PRECINCT(ROAD,SIDEWALKS,LIGHTING)	500 000	0
UPGRADING OF GIYANI GOLF COURSE	500 000	0
UPGRADING OF GIYANI TRAFFIC LIGHTS & R81 LIGHTING	1 000 000	600 000
NKOMO A UPGRADING FROM GRAVEL TO TARR	0	1 314 909

ACCESS ROADS TO TRIBAL OFFICES	500 000	2 888 495
MAVALANI INDOOR SPORTS CENTRE	500 000	0
JIM – NGHALALUME COMMUNITY HALL	500 000	0
NWADZEKUDZEKU COMMUNITY HALL	500 000	0
EXTENSION OF PALISADE FENCE AT POUND STATION	500 000	0
REHABILITATION OF DUMPING SITE	0	100 000
<b>TOTALS OWN FUNDED PROJECTS</b>	<b>34 480 858</b>	<b>29 968 076</b>
COMPUTER EQUIPMENT	1 100 000	600 000
FURNITURE & FITTINGS	900 000	0
OFFICE MACHINES	60 000	0
MACHINERY & EQUIPMENT	6 600 000	5 000 000
VEHICLES	2 400 000	3 050 000
<b>TOTAL CAPITAL ASSETS</b>	<b>11 060 000</b>	<b>8 650 000</b>
<b>TOTAL CAPITAL BUDGET</b>	<b>112 876 920</b>	<b>141 317 920</b>

It is now my honour to formally table the **Adjusted 2016/2017 MTREF BUDGET for Adoption** by Council.

## 1.2 Budget Resolutions

### RESOLUTION FOR THE ADOPTION OF THE MID YEAR ADJUSTMENT BUDGET: COUNCIL RESOLUTION CR 96-27/02/17SP

In the meeting on 27 February 2017 at the Giyani Community Hall, the Council of Greater Giyani Municipality resolved that the adjusted MTREF Budget for the financial year 2016/2017 and the medium term period to 2018/2019 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

27/02/2017

\_\_\_\_\_  
CLLR M P HLUNGWANI

\_\_\_\_\_  
DATE

#### MAYOR

27/02/2017

\_\_\_\_\_  
CLLR S S MATHEBULA

\_\_\_\_\_  
DATE

#### COUNCILLOR FOR FINANCE

27/02/2017

\_\_\_\_\_  
CLLR K A MANGANYI

\_\_\_\_\_  
DATE



### 1.3 Executive Summary

After the assessment of the performance of the municipality during the first half 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 half of the financial year,
- (ii) The municipality's service delivery performance during the first half 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 27 February 2017.

The revenue sources to fund both operating and capital expenditure for 2016/2017 financial year are as follows:

	<b>Budget</b>	<b>Adjustment budget</b>	<b>Reasons</b>
Grants and Subsidies	R287 538 000	R307 016 000	Roll over for MIG was approved by National treasury. Additional funding for 3 sports centres by National Treasury.
Accumulated Funds [own/other income]	R81 898 775	R83 925 840	
External Borrowings	Nil	Nil	
<b>TOTAL BUDGET</b>	<b>R369 436 775</b>	<b>R390 941 840</b>	

The operating budget for 2016/2017 is subdivided as follows:

	<b>Budget</b>	<b>Adjustment budget</b>	<b>Reasons</b>
Employee related costs	122, 278,560	115, 180, 728	Vacant posts catered for during Original budget not yet appointed.
Councillors remuneration	19,524, 325	18, 774, 640	
Repairs & Maintenance	17,660,000	19, 469,550	
Programmes	23, 568, 000	21, 783, 000	
Depreciation	30, 000, 000	30, 000, 000	
Bad Debts	20, 000, 000	15, 000, 000	
General Expenditure	53,528,970	59,416,000	
<b>Total operating expenditure</b>	<b>R286, 559,855</b>	<b>R279, 623,918</b>	

## 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 2016 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 R226 636 000 but on the adjustment budget it remain the same. The capital grants increases from R64 902 000 to R84 380 000 because of R4 478 000 for MIG roll over and additional allocation of R15 million for three sports centres .The projects for electricity grant will be funded by grant of 7m and own funding of 21,1m.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.

### **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 R122 278 560 to R115 180 728 because of the budgeted vacant positions that have not yet appointed.

For councillors allowances the budget decrease from R19 524 325 to R18 774 640.

## **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 because of the roll over of MIG that was approved by National Treasury. 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, **MATHEBULA PRECIOUS MKATEKO**, Acting 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.

\_\_\_\_\_  
**P M Mathebula**  
Acting Municipal Manager:  
**Greater Giyani Municipality**  
LIM 331

\_\_\_\_\_  
**Date**