



# **SCHEDULE A**

## **AN ANNUAL BUDGET AND SUPPORTING DOCUMENTATION MOPANI DISTRICT MUNICIPALITY**

**ANNUAL BUDGET OF**

# **MOPANI DISTRICT**

# **MUNICIPALITY**

**2017/18 TO 2019/20**

**MEDIUM TERM REVENUE AND**

**EXPENDITURE FORECASTS**

**Copies of this document can be viewed:**

- **In the main office and sub-offices of all municipal buildings**
- **All public libraries within the municipality**
- **At [www.mopani.gov.za](http://www.mopani.gov.za)**

**Vision**

**To be a food basket of Southern Africa and a tourism destination of choice**

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## Abbreviations and Acronyms

	ℓ	litre	
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
		MMC	Member of Mayoral Committee
BC	Budget Committee	MFMA	Municipal Financial Management Act
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
MM	Municipal Manager	MSA	Municipal Systems Act
CPI	Consumer Price Index	MTEF	Medium-term Expenditure Framework
CRRF	Capital Replacement Reserve Fund		
DBSA	Development Bank of South Africa	MTREF	Medium-term Revenue and Expenditure Framework
DoRA	Division of Revenue Act		
FBS	Free basic services	NERSA	National Electricity Municipality Regulator South Africa
GDP	Gross domestic product		
GFS	Government Financial Statistics	NKPIs	National Key Performance Indicators
GRAP	General Recognised Accounting Practice	OP	Operational Plan
		PMS	Performance Management System
IDP	Integrated Development Plan	PPE	Property Plant and Equipment
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre		
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area		
KPI	Key Performance Indicator	SMME	Small Micro and Medium Enterprises
kWh	kilowatt		



## **Part 1 – Annual Budget**

### **1.1 Mayor's Report**

**BUDGET SPEECH DELIVERED BY THE EXECUTIVE MAYOR OF MOPANI DISTRICT MUNICIPALITY HONOURABLE NKAKARENG RAKGOALE DURING THE ADOPTION OF BUDGET AND IDP COUNCIL HELD AT THE TZANEEN SHOW GROUND ON THE 31<sup>ST</sup> MAY 2017**

**Mr Speaker**

**Chief Whip**

**All Mayors**

**Mayoral Committee members**

**Fellow councillors**

**Traditional leaders**

**Municipal manager and our officials**

**Sector departments**

**NGOs and CBOs present in our midst**

**Our esteemed guests**

**Ladies and Gentlemen**

Once again we have converged in this fashion as the Mopani District council to legislatively legitimise the aspirations of our communities in the form of IDP and budget. These two most important documents in the administration of our council capture the essence of how we seek to approach the financial year ahead of us which is 2017/2018 and also lay a blueprint for our Medium Term Expenditure Framework.

As we do so, we will also look back to reflect on our journey thus far with a special focus on the current financial year ending in order to correctly utilise the benefit of hindsight as a way of moving forward. I wish to welcome everyone who has managed to make it to this venue and also welcome many of our community members who are listening to us live from our community radio broadcast syndicate.

Ladies and gentlemen

This budget speech is the first for the current council which came into being as the culmination of the previous local government elections of 3<sup>rd</sup> August 2016. This is the year that the ruling party, the ANC, has declared as the year of Oliver Tambo. Comrade O.R led the ANC in exile and in very difficult times. He may no longer be with us, but his legacy lives on. His wisdom continues to guide us to this day. In 1977, he was quoted to have said, **“Comrades, you might think that it is difficult to wage a liberation struggle. Wait until you are in power. I might be dead by then. At that stage, you will realise that it is actually more difficult to keep the power than to wage a liberation war. People will be expecting a lot of services from you. You will have to satisfy the various demands of our people. In the process, be prepared to learn...”** To this day when the reality of the complexities of running the state machinery threatens to overwhelm us, we recline to the wisdom of O.R Tambo who was an unparalleled servant of the people. He was thoughtful, wise and warm hearted. His simplicity, his nurturing style, his genuine respect for all people seemed to bring out the best in him.

His rural background and the expertise he acquired through education shaped him to be the man that he was. If we are to tackle the struggle of making the lives of our people better, we must emulate comrade O.R. He was a real servant of the people and a selfless leader. As we navigate through the complexities associated with bringing a better life to our people, we certainly should not miss a chance to learn as per the advice of our esteemed and distinguished struggle icon. Hence, we have made it our business that in his memory, this year and also moving forward we shall deepen unity and people's power.

Mr Speaker,

The 2017/2018 financial year is a very important year. It will mark the first financial year in our current Medium Term Expenditure Framework (MTEF). The MTEF empowers us to enhance our planning in that it gives us an annual, rolling three year-expenditure planning. Through the MTEF we are able to set out the medium-term expenditure priorities and hard budget constraints against which sector plans can be developed and refined. It also contains outcome criteria for the purpose of performance monitoring. In essence, it gives our planning cycle a fresh start. However this does not necessarily mean we reinvent the wheel, but we learn from our past cycles as I have already alluded to, that our planning will be informed by the benefits of hindsight.

Ladies and gentlemen

The one single crucial reason why I am standing here today is to tell our community members that as the Mopani District Municipality, we have a plan.

This is the plan that we seek to put in place during the coming financial year to fundamentally transform the socio economic conditions of our community members. This plan, gives us the confidence to stand here and proclaim that tomorrow will be better than today because indeed today is better than yesterday. This plan is basically informed by the aspirations of the community members on what they have instructed us to do during our public participation.

We have just entered into a new cycle of local government and we have a fresh mandate of **“advancing people’s power”**, but the needs of our people are not new. Our term of office will still be informed by the needs of our people which they have just given to us during the recent process of IDP and Budget Public Participation. Indeed an IDP that is informed by our people’s needs, remains the reliable vehicle that we must and will use to draw closer to our mandate of advancing people’s power. We have attentively listened to the shortages of water in places like Pulaneng, Mandlakazi, Taulome, Khopo, Msiphani, Rwanda, Lenyenye, Thapane and others in Greater Tzaneen. We have taken cogniscence of the struggles of shortages of water for people around Hlaneki, Mbaula, Dzingidzingi, Makosha, Ndengeza, N’wadekudzeku Ngove, Xivulani and other places in Greater Giyani. People of Mahlomelong, Makgaung,

Madeira, Kanana, Sedawa, Sekoror Mohate, Hlohlokwe, Turkey and other places in Maruleng, we have heard your cry. Community members of Shamfana, Khehlakong, Makgakgapatse, Goutplaas, Mahekwe, and all the villages of Greater Letaba, your reasonable demands for portable and sustainable water supply have reached our attention. People of Seloane, Maseke Maselapata, Changane, Mashuping and other places in Baphalaborwa, you have said a mouthful in terms of your challenges with regard to water supply. This IDP and budget we are presenting here today, must certainly come as a response to some of the questions and challenges you have brought to our attention. We must also appreciate that in some areas where you have mentioned challenges, we were already working on some of the challenges through the implementation of our capital projects such as water plants and water reticulation systems. I must also emphasise that the contradiction brought by a growing number of needs against the limited resources, forces us to take just some of the community needs for this current financial year and Medium Term Expenditure Framework. This is because as the Mopani District Municipality, we are a municipality that rely on grants with no revenue base to increase our scope of service delivery capabilities.

Having said all this, I must still emphasise that this IDP that we are presenting here today for adoption remains the bedrock and the cornerstone of our planning mechanism. In fact, it is the only plan with which we aim to improve the lives of our people. Through this plan, we say we have focused on the most important needs of our local communities by taking into account the resources available.

Also, our community members must also take note that the other issues they have raised during our engagement processes which are not part of our mandate such as roads, clinics, schools and other amenities will also find expression in the planning process of the departments concerned. Through our cooperative governance and intergovernmental relations structures, we will ensure that those issues which you have raised find the necessary attention within those departments.

It is through the inputs that communities bring to our attention that we are able to boldly proclaim that this IDP is not for us, but for the community. The integrated development

plan that we present to you today that we can say without fear that indeed we have a plan to transform the socio economic conditions of our people. Therefore we dare say that, tomorrow will be better than today, because today is indeed better than yesterday.

Through a thorough and an active participation process of all the important stakeholders, decisions are made in a democratic and transparent manner. Therefore, I have all the courage today to say this document is only in our hands to guide us into doing what our communities who have been part of the process of developing it from the beginning have instructed us to do. By taking into account of the needs of our people, we have through this IDP developed a realistic project proposal based on both the needs of the people and the availability of resources. To this intent, I want to thank our community members and all stakeholders for the robustness which they have engaged this document with. It is through those engagement that we can proudly say this is indeed a people centred IDP which captures their aspirations for their respective communities.

Honourable members

Now that our plan is clear, we need means to finance it in order for it to translate into tangible services and amenities to our people. It is against this background that I want to present to you a budget of ONE BILLION, SIX HUNDRED AND SEVENTY SIX MILLION, ONE HUNDRED AND FORTY EIGHT THOUSANDS AND SIX HUNDRED AND FORTY NINE RANDS (R1 676 148 649). I must indicate that compared to the need to improve things in our communities, this money is not sufficient. This is because as the Mopani District Municipality we have very limited revenue streams and rely solely on grants which we receive from the National Treasury such as equitable shares, Municipal Infrastructure Grant, Water Service Infrastructure Grant and others. Also our economic growth outlook at a national level and the economic balance of forces at a global level, we must quickly devise strategies which will assist us to proactively manage our sustainability and means to survive beyond the grants from the national government.

This budget will finance our earnest desire of aligning ourselves with the back to basics approach. The limitation of our budget against the needs of our people compels us to make every cent counts. We must once again commit ourselves to the noble practices of good governance and prudent financial management. We must at all material time tighten the bolt on oversight to ensure every cent of this budget is spent in a manner that will improve the lives of our people. Speaking of strengthening oversight, we are fully embracing the separation of functions as per the dictates of section 79 of the Municipal Structures act. Until the end of last term, the approach was that Section 80 Committees, such as MMC's and EXCO members presided over portfolio committees.

This in essence meant that portfolio Committees were reporting to the Mayors and Executive Mayor. Essentially, we have had the Executive that accounts to itself making it both player and referee at the same time. Ideally, we needed to have Section 79 Oversight Committees to monitor the work of the executive which will enhance the oversight role on the performance of the Executive on behalf of Council and an advisory legislative role. The separation of functions will augment the sterling work carried out by the Municipal Public Accounts Committee and the Audit Committee respectively. We believe that this will greatly improve our oversight capacity which in turn will turn our institution into a well-oiled service delivery machine. As we table this budget and all aspirations we need to achieve through it, we must be frank on our spending patterns. One of the challenges that undermines our ability to administer our purse with utter prudence, is the issue of unauthorised, wasteful and fruitless expenditure. These are financial imprudence which we must face head on and tackle once and for all because they continue to undermine our effort to govern transparently. Indeed through improved, diligent and hands-on approach to oversight, we shall overcome. Our Municipal Public Accounts Committee (MPAC) in its Oversight Report on the Annual Report released in March this year, makes a number of recommendation in dealing with this issue. Recommendation 5d says the following and I quote; **“The executives and relevant portfolio committees must monitor municipal spending pattern at all times for the purposes of both legislative compliance and to as well reduce the absurd unwanted expenditures.”**

Working together as various components of council, we will continue to fully support the work of oversight carried out by our portfolio committees, Municipal Public Accounts Committee and our audit committee. Our administrative component must fully commit itself to implement every recommendation made by these structures coupled with the Auditor General to ensure that we reposition our council and our municipality as a centre of excellence and a champion of service delivery. Such a move will re-assert our full commitment to the electoral mandate which we have just received from our electorate which among other things demands from us to provide:

1. Visionary, Responsible and Accountable leadership.
2. Improved audit outcomes
3. Improved performance management and compliance
4. Improved public participation
5. Improve on LED to realize tangible results

Mr Speaker

During our inauguration last year, I did indicate that one of the critical challenges facing our institution was instability due to vacancies at senior management level. During the same address, I made a promise that we will run swiftly to close the gaps by ensuring that we fill all the vacant critical positions as a matter of urgency through our institutional recruitment plan. To this effect I am happy to formally announce to our communities that all vacant positions in senior management have been filled. Ladies and gentlemen, I am happy to present to you the following new recruits:

1. Our new Municipal Manager Mr Republic Monakedi
2. Director for Engineering Services Mr Paradise Shilowa
3. Director for Planning and LED Mrs Faith Mashianoke
4. Manager for Legal Services Mr Tshikovhi

We can now confirm that we have a fully-fledged executive management structure, made of suitably qualified individuals who also boast an impeccable level of experience

in their respective fields. With this, we believe that our technical and administrative woes will be a thing of the past. We have also appointed a number of accountants and other officials at our corporate services to ensure that we strengthen our capacities at finance and human capital services. We want to wish all appointees well in their new endeavours and we firmly believe that they will spare no effort in their endeavours of ensuring that Mopani District is a better place.

Mr Speaker

We are proud of the results yielded by the efforts we have put in the previous years in as far as service delivery is concerned. We know that throughout the years, shortages of water has been the major challenge in many of our communities. Although we have worked hard to alleviate this challenge, we have noted through our continuous interaction with community members and community stakeholders that in some parts of the district, this challenge persists.

As a matter of fact, a quick analysis we made just after our recent interaction with community members during our IDP & Budget Public Participation which we held at Ngove, Mkwakwaila, Mashishimale, N'wamitwa and Sekororo Moshate indicates that 39% of issues raised by community members speaks of shortages of water. Road infrastructure followed at 16% while education and health came third and fourth at 7.5 and 6.4% respectively. Ours here today, is to assure our community members not only in word, but also through the contents of our IDP and Budget that their concerns are receiving the necessary attention. This budget is our assurance to you that tomorrow will be better than today because indeed today is better than yesterday. It is this confidence that makes us to invoke the wisdom of former president Thabo Mbeki who once said, **"In practical and measurable ways, we have to keep pace with the rising sun, progressing from despair to hope, away from a brutal past that forever seeks to drag us backwards towards a new tomorrow that speaks of change in a forward direction. History and circumstance have given us the rare possibility to achieve these objective."**



I must indicate and emphasize that during the coming financial year, we will continue with our programs to ensure that the water shortage challenges in the villages I have mentioned and many others which I could not mention are addressed for the simple reason that we all know that water is life. In order for us to deliver services in an effective and an efficient way, we need quality and sophisticated infrastructure. Our desire to ensure that water reaches each and every household will be frustrated if we don't have the necessary infrastructure such as bulk lines, reservoir, reticulation, capacitated plants, and functional sewage networks and so on. It is against this background that issues of development of infrastructure takes center stage in our budget. We have set aside R640 Million, 834 Thousand and 648 as our capital budget to address the very same issue of infrastructure development. I must once again indicate that this amount is not adequate considering the amount of needs in our communities. This amount has been taken from Municipal Infrastructure Grants amounting to R 439 610 600, Water Services Infrastructure Grant amounting to R95 000 000 and Own funding (equitable shares) amounting to R 65 033 952 and other capital projects like Emergency vehicles, Water services vehicles, Fire Services equipment amounting to R41 190 096. It is the amount of grants we receive which determines the magnitude and scope of projects we can implement during the financial year.

Ladies and gentlemen

We are returning to Maruleng Local Municipality with an amount of R63.7 Million to handle the outstanding water and sanitation challenges in that area.

Some of the projects to be implemented include the upgrading of water reticulation in villages such as Molalane in Ward 5 and Butswana in Ward 7. We will also respond accordingly to the needs of people in Ga Sekororo Moshate and the surrounding areas.

Honorable Members

We have set aside R89 Million to continue addressing the water shortage challenges in Greater Letaba Municipality. I have already emphasized our limitations with regard to

financial resources to carry out our work the way we would like to. Due to this challenge, in some of our communities we are implementing projects in bits and pieces in what we call multi year term. This is because our financial muscle does not allow us to carry out certain projects all at once. One of the challenges with multi- year projects is that at the end of one phase, when we suppose to return the following year to implement the following phase of the project, communities vandalize the very infrastructure that we are supposed to build upon in order to move forward. We therefore request our communities to seek clarity with regard to how projects in their communities are implemented instead of vandalizing because this stalls our progress in project implementation. One of the projects that we are implementing on a multi- year basis at Greater Letaba Municipality is the Sefofotse to Ditshosini Bulk Water Supply Project. This year, we will return to this project to construct a bulk line and reticulation at Ramatlatsi and also continue with the bulk line at Ramoroka Village. Also under Greater Letaba Municipality, we are going to embark on a vigorous process of refurbishing, rehabilitating and upgrading of internal water reticulation networks in villages such as Mabjepilong, Mokwasele, Mponeng, Iketleng to mention just a few. We will also refurbish the package plant at Makgakgapatse village to ensure that we respond accordingly to the challenges in that area.

Mr. Speaker

After the intervention by the department of water and sanitation to speed up the implementation of bulk line network in Greater Giyani, we are coming to Giyani to address backlogs with regard to reticulation networks in various villages. We have set aside R27Million for the rehabilitation of internal networks and boreholes. Among other projects we have prioritized include the upgrading of Dzumeri internal water reticulation upgrade, upgrading of Sekhunyani internal water reticulation, upgrading Dzingidzingi internal water reticulation network and many other projects. We are also going to clean reservoirs at Giyani Water Works.

In the Greater Tzaneen municipal area the municipality has set aside R286 Million for water and Sanitation projects. This amount will cover capital projects in GTM such as

bulk and reticulation for Jopie Mawa, Thabina Water Works and others. We have for quite sometimes received numerous complaints about the unbearable stench and the unpleasant condition that the Nkowankowa sewage is at. This is because of the stalled work in the project of rectifying that situation due to challenges we have come across. I want to assure the community members of Nkowankowa that through this allocation, we have also set aside an amount to ensure that the stalled work at Nkowankowa Sewage resumes as soon as the new financial year begins. We have also set aside money to refurbish the Thapane Water Treatment Plant. This after I visited the scheme during my routine project visits wherein I witnessed the state of dilapidation that the plant is at. The need to continuously maintain and revitalize our infrastructure to increase their longevity cannot be over emphasized. We will also refurbish and rehabilitate the internal water reticulation network at Makhubidung and the surrounding villages.

Ladies and gentlemen

We are also returning to Ba-Phalaborwa with an amount of R122 Million. We will be replacing and resizing the water storage reservoir at Mapikiri, replace and resize the asbestos pipes in Namakgale and Lulekani townships. We will also be going back to Seloane to implement phase 2 of the Seloane Water supply. We have been made aware of the inconveniences that the sewage in Namakgale has on community members in some part of that township. Constant blockages, flow into the streets and sometimes household are some of the issues that our community members are grappling with in the area. As a response to this challenge, we will in the next financial year construct a sewer emergency dam at Tshelang Gape Sewer Booster Station and also upgrade the outfall sewer pipeline. We believe this will go a long way in solving the sewer inconveniences experienced by community members in the area.

Ladies and gentlemen

We all know that while water is life, sanitation is dignity. Hence during our public participation, we listened attentively to our community members who emphatically told

us that there is a need for VIP toilets at Babangu, Ngove, Ward 8 and 9 of Ba-Phalaborwa, Jokong, Ramudumo and many other areas. We have registered the complaints about the status of the Nkowankowa Sewage and the need to replace asbestos sewer pipelines at Phalaborwa.

To this intent, we are returning to the upgrading of Phalaborwa sewage works, upgrading of Nkowankowa sewage, Lephepane Water Supply, Kampersrus Bulk Water Supply, Seloane Water Phase 2 and the final touch ups at the almost complete construction of the Senwamokgope Sewage Plant. We will spend a combined figure of around R65million to ensure that we maintain the dignity of our community members in those areas. Our community members in rural areas, such as Babangu, Dzingidzingi, Jokong, Ramudumo and Babanana, we are also coming back with Phase 5 of the Mopani Rural Household Sanitation Project. This is the continuation of our flagship project where we have already built hundreds of thousands of our community members dignified sanitation infrastructure.

Mr. Speaker

While we are working hard to build new infrastructure, we also have a responsibility to maintain the existing municipal infrastructure. In aligning ourselves to the priority of preserving and maintaining the municipality's current infrastructure, the budget and Medium Term Revenue and Expenditure Frameworks (MTREF) provide for extensive growth in the area of asset maintenance as informed by our asset renewal strategy and repairs and maintenance plan of our municipality. Therefore, during the compilation of this budget, operational repairs and maintenance was identified as a strategic imperative owing to the aging of municipal infrastructure and historic deferred maintenance. However, due to financial constraints, we were unable to adequately provide for repairs and maintenance as we would have wanted to. To this end we have set aside an amount of R88 Million. We believe that this will be greatly improved in the future as our revenue collection mechanism begins to yield the desired outcome.

Mr Speaker

One of the recurring themes during the President's State of the Nation Address was the need for radical socio economic transformation. Although the president's theme put much emphasis on matters of ownership, we have a responsibility as local government to play a role in facilitating issues of economic development at a local level. This is so because the constitution of the country place the responsibility of planning and economic development on local government.

This responsibility is shared with both the provincial and national spheres. Therefore the planning process of local government should be aligned with provincial and national imperatives.

As municipalities enter the 4<sup>th</sup> term of democratic local government, there is a need to look at some of the challenges which limited our roles in playing a meaningful role in our local economic development responsibilities. Some of these challenges include but not limited to:

- Weak planning departments
- Poor coordination between the spheres of government
- Weak planning departments
- Weak LED units
- Lack of implementation of LED strategies
- Misaligning of plans between different sphere of government
- Lack of technical expertise to drive LED programs

These issues and others which we might still be identified need to be thoroughly addressed so that we can play meaningful role in developing the economy of our district.

The Department of Trade and Industry has announced the Industrial Park Revitalisation programme. Here in Mopani, this program will be implemented in the Nkowankowa industrial park. I am aware that LEDET has already made budget provisions for the first phase of this program. Our local economic development strategies must begin to speak

to how we are going to contribute into such programs. By so doing we will be also be contributing to building capacity on economic and development planning which features prominently in the ANC local government manifesto. We have during this financial year set aside an amount of R2.3 Million to among other things support SMME's and also incubate and train them on available opportunities.

As a district municipality, we will during the coming financial year call an economic summit to among other things review our performance in local economic development and further optimise our future potential in this regard. This summit must also guide us on how do we respond to the call of radical economic development at a local level.

Over the years, our Disaster Management Centre has been doing well in discharging its responsibilities and in the process getting recognition both locally and internationally. It is therefore of paramount importance that as council, we continue to support their continuous endeavours to ensure that they effectively prevent where possible and mitigate against disasters when they occur. We are pleased to announce that our disaster management centre has signed a Memorandum of Understanding with the University of Venda's School of Environmental Management on issues of research. Emanating from this memorandum, the university will focus their academic research on environmental and disaster management with a specific focus on Mopani District Municipality. Just recently, we hosted a delegation academic and postgraduate student from the University of Venda who will be carrying out their honours, masters and Phd research focusing on Mopani District Municipality. This is just one of the many initiative carried out by our DMC to ensure that our district is a disaster free zone. For such an initiative and other programs of the Disaster Management we have set aside a figure of R25 million for the efficient running of the centre and the improvement of its operation.

Ladies and Gentlemen

As government, we deliver services to the people. Therefore it is imperative that even as we prioritise other services, we must also ensure that we create a healthy environment within which our community members can fully enjoy the services provided

by government. It is against this background that through our Community Service Directorate, we will spend R119Million on various health and environmental health, fire services and disaster management matters.

Through this amount, we will be playing our part in creating awareness on issues relating to HIV AIDS, support community environmental health projects and also prioritise issues of rural waste management projects.

Still through our community services directorate, we know that one of the most proven and effective way of fighting crime is to ensure that our youth are engaged in sport and recreational activities. Through sport and recreation we can also build a healthy nation. It is against this background that through our community services directorate we have set aside an amount of R2.5 Million to support various sport and recreational activities. Some of the sporting activities we will be supporting include golden games which are specifically meant for our senior citizens, indigenous games, junior dipapadi and many other activities. We will also support cultural activities such as Ku Luma Vukanyi/ Go loma morula, and district Maphungubwe activities.

Mr. Speaker

Through my office, we have budgeted R527 thousand to assist and support the house of traditional leadership in the district. Still at it, I wish to dearly appreciate the kind of support and partnership we continue to enjoy from the house of traditional leadership. We are indeed eternally grateful to the district house of traditional leadership for supporting us in our endeavours of taking services to our people. Without your support, it will not be possible to fully develop our district. We are hopeful that the cordial friendship we are enjoying with the traditional leaders as a district will continue to grow in leaps and bounds.

Ladies and gentlemen

In conclusion, I wish to indicate that processing these IDP, Budget and all related document was not an easy one. But by working together with my fellow councilors and

our administrative component, we have developed documents which will best serve our communities. I am eternally indebted to you and the inputs of our community members also working with our community stakeholders. We wish present to this august house the proposed Integrated Development Plan and proposed budget of R1' 676'148'649 for adoption. Through it, let us work together to deepen people's power.

I thank you!

## 1.2 Council Resolutions

<b>D17/27/2017</b>	<b>F: 2/11/2</b>	<b>DRAFT BUDGET FOR 2017-2018; 2018-2019 &amp; 2019-2010</b>
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### RESOLVED:

1. That Council takes note of the MTREF for 2017/18; 2018/19 and 2019/20;
2. That Council approves the MTREF as follows:

### 2.1 REVENUE

<b>DESCRIPTION</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>
	<b>R</b>	<b>R</b>	<b>R</b>
Interest Earned-External Investment	10 300 000	10 938 600	11 583 977
Grants	1 337 249 000	1 460 682 000	1 573 655 000
Other revenue	1 040 000	1 104 480	1 169 644
Water & Sewerage-locals	237 720 250	252 132 828	266 701 585
<b>Total</b>	<b>1 586 309 250</b>	<b>1 724 857 908</b>	<b>1 853 110 207</b>



**2.2 EXPENDITURE**

<b>DESCRIPTION</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>
	<b>R</b>	<b>R</b>	<b>R</b>
Employee related cost-Salaries and wages	314 683 578	336 396 745	359 271 724
Employee related cost-Social contribution	79 415 054	84 894 693	90 667 532
Depreciation	184 687 757	196 138 398	207 710 563
Debt impairment	23 398 895	24 807 151	26 293 987
Repairs and Maintenance	88 612 585	101 365 192	108 320 639
Contracted Services	11 876 660	12 592 383	13 313 486
Bulk Purchases	152 840 000	159 300 000	168 698 700
General Expenditure	179 790 568	195 552 286	187 351 622
Capital Outlay	36 190 000	36 650 000	29 600 000
Infrastructure	604 644 522	630 567 800	165 000 000
<b>Total</b>	<b>1 676 148 649</b>	<b>1 778 264 648</b>	<b>1 356 228 253</b>
<b>Less Depreciation( Non cash )</b>	<b>184 687 757</b>	<b>196 138 398</b>	<b>207 710 563</b>
<b>(Deficit)Surplus</b>	<b>94 848 358</b>	<b>142 731 657</b>	<b>704 592 517</b>

3. That Council takes note of the surpluses of R 94 848 358 for 2017/18 ; R142 731 657 for 2018/19 and R 704 592 517 for 2019/20;
4. That Council adopts the MTREF for 2017/18, 2018/19 and 2019/20 as detailed above;

5. That Management to ensure that the SDBIP is prepared as per the MFMA;
6. That the approved MTREF be submitted to the National and Provincial Treasuries;
7. That the Executive Mayor appoints a task team to develop a process plan of the possibility of the takeover of the water services provider status from the local municipalities.

<b>D17/28/2017</b>	<b>F: 5/1/P</b>	<b>BUDGET POLICIES</b>
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**RECOMMENDED:**

1. That Council takes note of the Budget Policies presented for inputs;
2. That Council approves the following Draft Reviewed Budget Policies as presented:
  - 2.1 Budget Policy;
  - 2.2 Inventory Management Policy;
  - 2.3 Virement Policy;
  - 2.4 Asset Management Policy;
  - 2.5 Credit Control and Debt Collection Policy;
  - 2.6 Indigent Policy;
  - 2.7 Investment Policy;
  - 2.8 Tariff Policy;
  - 2.9 Policy on the writing off of irrecoverable debt;
  - 2.10 Supply Chain Management Policy and;
  - 2.11 Water Services Tariffs.
3. That the Budget Policies be implemented in the 2017/18 financial year.

### **1.3 Executive Summary**

The Mopani District Municipality on the 29<sup>th</sup> May 2016 approved a time schedule outlining the key deadlines in terms of the preparation of both IDP and budget for the 2017/2018 financial year. In the reminding ourselves about the objectives of the Municipal Finance Management Act, the application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the Mopani District Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The service delivery priorities were reviewed as part of this year's planning and budget process. The municipality's budget has been aligned to the national key indicators to allow maximum service delivery. The current climate has given rise to a need by municipality to maximise on water projects. In the previous year, the municipality appointed a service provider for the compilation of the Revenue Enhancement Strategy, which will include policy for credit control and debt collection. The strategy will therefore give birth to compilation of the Indigent Register for an effective implementation of the strategy

The following are the five National key indicators for service delivery:

- Creation of decent work and sustainable livelihoods
- Education
- Health
- Rural development, food security and land reform; and
- The fight against crime and corruption

Mopani District Municipality embraces these priorities through the provisioning of water and sanitation services and infrastructure. These will allow for the creation of decent work and sustainable livelihoods. The provision of free basic services by MDM will allow for rural development.

National Treasury's MFMA Circular No. 51, 54, 55, 58, 59, 66, 67, 70 , 72 , 74,75, 78 , 79, 83 and 86 were used to guide the compilation of the 2017/18 MTREF.

The main challenges experienced during the compilation of the 2016/2017 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water infrastructure;
- The need to reprioritise projects and expenditure within the existing available resources given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Lepelle Northern Water and Eskom), which is placing upward pressure on service tariffs to residents.
- Affordability of capital projects considering that the municipality is predominantly rural with no infrastructure.
- Fully taking over the staff and liabilities from DWA.
- Cost effective tariff implementation on residents.
- Non-payment of services by consumers

The above challenges have a potential to deny the municipality sufficient cash resources to ensure that the provision of water and sanitation services is of quality and uninterrupted.

The limited financial resources and financial constraints are illustrated in tables 1 to 2b in the form of overreliance on grants and poor collection of revenue billed for water and sanitation services.

An increase in employee costs emanating mainly from the need to increase personnel to cater for the service delivery needs of our communities together with the devolution of health services to the district by the health department put more strains on the budget and the municipal fiscus. As a consequence the municipality will find it difficult to provide communities with free basic services.

The table below gives an overview of the Mopani District Municipality 2017/2018 budget

**Table 1 Consolidated Overview of the 2017/2018 MTREF**

R Thousand	Budget Year 2017/2018	Budget Year 2018/2019	Budget Year 2019/2020
Total Revenue	1'586'309'250	1'724'857'908	1'853'110'207
Total Operating Expenditure	1'676'148'649	1'778'264'648	1'356'228'253
Surplus/(Deficit) after capital exp	(89'839'399)	53 406 741	496 881 954

**1.3.1 Operating Revenue Framework**

The municipality derives its revenue mainly from grants and subsidies.

The following table is a summary of the 2017/2018 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Description	2017/18	2018/19	2019/20
Equitable Shares	758'547'000	843'149'000	923'013'000
EPWP	1'725'000	0	0
Financial Management Grant	1'795'000	2'050'000	2'050'000
Municipal Infrastructure Grant	462'748'000	491'124'000	521'069'000
Rural Roads Asset Management Grant	2'020'000	2'300'000	2'464'000
Water Services Infrastructure Grant	95'000'000	107'000'000	110'000'000
LP-Health (EHP) Grant	14'232'000	15'059'000	15'059'000
Interest Earned	10'300'000	10'938'600	11'583'977
Services charges- Water and Sewage	237'720'250	252'132'828	266'701'207
Other revenue	1'040'000	1'104'480	1'169'644
<b>Total</b>	<b>1'586'309'250</b>	<b>1'724'857'908</b>	<b>1'853'110'207</b>

**Table 2a-The table below illustrate the breakdown of the services charges of Water and Sewage per local municipality**

<b>Municipality</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Ba-Phalaborwa-Water	113'929'411	130'993'034	128'131'624
Ba-Phalaborwa-Sewerage	21'031'674	22'335'638	23'653'440
Greater Giyani- Water	9'979'176	10'579'885	11'223'160
Greater Giyani- Sewerage	2'976'281	3'151'882	3'328'387
Greater Letaba – Water	8'084'008	8'520'544	8'980'654
Greater Letaba – Sewerage	3'857'389	4'065'688	4'285'235
Greater Tzaneen – Water	61'210 406	64'821'820	68'451'842
Greater Tzaneen – Sewerage	12'662'138	13'409'204	14'160'120
Maruleng – Water and Sewerage	3'989'767	4'237'133	4'487'123
<b>Total</b>	<b>237'720'250</b>	<b>252'132'828</b>	<b>266'701'585</b>

Included in the above table which illustrate the services charges on water and sewage are interest on outstanding debtors by local municipalities.

**Table 2b- Interest on outstanding debtors per municipality**

<b>Municipality</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Ba-Phalaborwa-Water	17'518'490	18'04'636	19'702'310
Ba-Phalaborwa-Sewerage	3'634'101	3'859'415	4'087'121
Greater Giyani- Water	1'480'049	1'571'812	1'664'549
Greater Giyani- Sewerage	275'183	291'419	307'738
Greater Letaba – Water	2'502'757	2'637'906	2'780'353
Greater Letaba – Sewerage	422'401	445'211	469'252
Greater Tzaneen – Water	4'000'000	4'236'000	4'473'216
Greater Tzaneen - Sewerage	600'000	635'400	670'982
Maruleng – Water & Sewerage	26'614	28'264	29'932
<b>Total</b>	<b>23'556'811</b>	<b>24'370'741</b>	<b>24'598'726</b>

### **1.3.2 Sale of Water and Impact of Tariff Increases**

Mopani District Municipality is a Water Services Authority and has appointed the locals municipality as Water Service Providers. In addition to the local municipalities been appointed as water service providers, the Lepelle Northern Water has also been appointed to do water provisioning in other areas of the district. Water Service Level Provision Agreements have been signed will all involved in water service provisioning. The municipality has budgeted R152'840'000 to cater for the bulk purchase of Water

Tariffs policy and indigent policy will be prepared and forms part of the budget related policies presented to give effect to the effective implementation of all issues mentioned above.

The bulk supply of water is done by Lepelle Northern Water using Politsi, Modjadji, Ba-Phalaborwa and Nkowankowa schemes.

An average across the board tariff increase of 6.6 per cent from 1 July 2017 for water is proposed. This is based on input cost assumptions of for each individual schemes. National Treasury continues to encourage the municipalities to keep increases rates, tariffs and other charges as low as possible. Municipalities must justify their budget documentation an average tariff increase across the board of 6.6 percent upper boundary of the South African Reserve Banks inflation rate. In addition 6 kℓ water per month will again be granted free of charge to all indigents households.

### **1.3.3 Sanitation and Impact of Tariff Increases**

A tariff increase of 6.6 per cent for sanitation from 1 July 2017 is proposed. This is based on the input cost assumptions related to water.

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation will be applicable to registered indigents; and

The table below depicts the proposed tariffs

**Table 3- Water and Sewer tariffs**

# Mopani District Municipality 2017/2018 Final Annual Budget and MTREF

PROPOSED TARIFFS FOR WATER SERVICES PROVISION									
Service Rendered	Unit	Proposed Tariff	VAT		CPI	Tariff (Excl VAT)	VAT Amount	Tariff (Incl VAT)	
			Yes	No					
Consumers who are not metered but have yard connections and getting water from standpipes supplied from surface or ground water (boreholes).	Per Month								
7 days per week of receiving or supplied with water	Per Month	64.20		No	6.20%	3.98	68.18	9.55	77.73
4 - 5 days per week of receiving or supplied with water	Per Month	45.86		No	6.20%	2.84	48.70	6.82	55.52
3 - 4 days per week of receiving or supplied with water	Per Month	36.69		No	6.20%	2.27	38.96	5.45	44.41
2 - 3 days per week of receiving or supplied with water	Per Month	27.51		No	6.20%	1.71	29.22	4.09	33.31
0 - 2 days per week of receiving or supplied with water	Per Month	0.00		No	6.20%	0.00	0.00	0.00	0.00
Delivery of Bulk potable water via Tanker (Ad-Hoc Service only)	Per Kl	3.21		No	6.20%	0.20	3.41	0.48	3.89
Schools	Per Kl	2.83		No	6.20%	0.18	3.01	0.42	3.43
Clinics and Health Centres	Per Kl	2.83		No	6.20%	0.18	3.01	0.42	3.43
Private Clinics	Per Kl	3.21		No	6.20%	0.20	3.41	0.48	3.89
<b>Water Consumption Metered</b>									
Water for Domestic use									
Step 1 (>0 ≤ 6Kl)	Per Kl	0.00		No	6.20%	0.00	0.00	0.00	0.00
Step 2 (>6 ≤ 10.5Kl)	Per Kl	3.21		No	6.20%	0.20	3.41	0.48	3.89
Step 3 (>10.5 ≤ 20Kl)	Per Kl	4.98		No	6.20%	0.31	5.28	0.74	6.02
Step 4 (>20 ≤ 35Kl)	Per Kl	8.67		No	6.20%	0.54	9.20	1.29	10.49
Step 5 (>35 ≤ 50Kl)	Per Kl	10.69		No	6.20%	0.66	11.35	1.59	12.94
Step 6 (>50Kl)		13.93		No	6.20%	0.86	14.79	2.07	16.86
Commercial	Per Kl	6.42		No	6.20%	0.40	6.82	0.95	7.77
Industrial	Per Kl	6.42		No	6.20%	0.40	6.82	0.95	7.77
Government	Per Kl	6.42		No	6.20%	0.40	6.82	0.95	7.77
Schools/ Sport bodies /churches / charities / old age homes	Per Kl	4.98		No	6.20%	0.31	5.29	0.74	6.03
Miscellaneous	Per Kl	6.42		No	6.20%	0.40	6.82	0.95	7.77
Bulk Tariff	Per Kl	3.21		No	6.20%	0.20	3.41	0.48	3.89
<b>Temporary Connections</b>									
Temporary Connection Deposit	Non Refundable	5 401.51		No	6.20%	334.89	5 736.40	803.10	6 539.50
<b>New Permanent Water Connections Complete</b>									
15mm New Permanent Water Connections Complete (stop cock + Meter box + conventional meter)		2 535.01		No	6.20%	157.17	2 692.18	376.91	3 069.09
20mm New Permanent Water Connections Complete (stop cock + Meter box + conventional meter)		3 116.43		No	6.20%	193.22	3 309.65	463.35	3 773.00
25mm New Permanent Water Connections Complete (stop cock + Meter box + conventional meter)		5 068.02		No	6.20%	314.22	5 382.24	753.51	6 135.75
40mm New Permanent Water Connections Complete (stop cock + Meter box + conventional meter)		8 463.92		No	6.20%	524.76	8 988.68	1 258.42	10 247.10
50mm New Permanent Water Connections Complete (stop cock + Meter box + conventional meter)		13 128.01		No	6.20%	813.94	13 941.95	1 951.87	15 893.82
<b>New Permanent Water Connections Complete above 50mm</b>									
80mm complete (chamber + fittings + meter)		42 022.54		No	6.20%	2 605.40	44 627.94	6 247.91	50 875.85
100mm complete (chamber + fittings + meter)		50 946.76		No	6.20%	3 158.70	54 105.46	7 574.76	61 680.22
150mm complete (chamber + fittings + meter)		75 680.96		No	6.20%	4 692.22	80 373.18	11 252.25	91 625.42
>150mm complete (chamber + fittings + meter)		Direct cost + R216.06 admin charge		No	6.20%	13.40	229.46		
<b>Sanitation</b>									
Waste water - Disposal at designated facility	Per Kl	14.09			6.20%	0.87	14.96	2.09	17.06
Chemical Toilet - Disposal at designated facility	Per Kl	32.88			6.20%	2.04	34.92	4.89	39.81
100mm connections by Developer (first connection)		960.53			6.20%	59.55	1 020.08	142.81	1 162.89
150mm connections by Developer (first connection)		1 150.76			6.20%	71.35	1 222.11	171.09	1 393.20
New connections other sizes		Cost + R216.06 + Admin Charge			6.20%	13.40	229.46	32.12	261.58
Government / Schools / Sport Bodies / Miscellaneous		139.72			6.20%	8.66	148.38	20.77	169.16
Residential Waste Water Disposal									



### 1.3.4 Overall impact of tariff increases on households

The overall percentage increase on tariffs is on average 6.6 for the sale of tenders, these are the reviewed tariffs determined in terms of the approved tariff policy.

### 1.3.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2017/2018 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

The following table is a high level summary of the 2017/2018 budget and MTREF (classified per main type of operating expenditure):

**Table 4 Summary of operating expenditure by standard classification item**

DESCRIPTION	2017/2018 R	2018/2019 R	2019/2020 R
Employee related cost-Salaries and wages	314 683 578	336 396 745	359 271 724
Employee related cost-Social contribution	79 415 054	84 894 693	90 667 532

Depreciation	184 687 757	196 138 398	207 710 563
Debt impairment	23 398 895	24 807 151	26 293 987
Repairs and Maintenance	88 612 585	101 365 192	108 320 639
Contracted Services	11 876 660	12 592 383	13 313 486
Bulk Purchases	152 840 000	159 300 000	168 698 700
General Expenditure	179 790 568	195 552 286	187 351 622
<b>Total</b>	<b>1 035 314 097</b>	<b>1 111 046 855</b>	<b>1 161 628 561</b>

The budgeted allocation for employee related costs and remuneration of councillors for the 2017/18 financial year totals R394'098'632, which is 38 per cent of the total operating expenditure. Salary increases have been factored into this budget as per the Municipal Finance Management Act Circular no. 86 at a percentage increase of 7.1 per cent for the 2017/2018 financial year. An annual increase of 6.9 and 6.8 per cent has been included in the two outer years of the MTREF respectively.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation and the adjustment in the equitable share allocation in this regard have been taken into account in compiling the municipality's budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption.

Bulk purchases are directly informed by the purchase of water from Lepelle Northern Water and the Department of Water Affairs. The annual price increases have been factored into the

budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals.

Other expenditure comprises of various line items relating to the daily operations of the municipality.

### **1.3.6 Priority given to repairs and maintenance**

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the budget and MTREF provide for extensive growth in the area of asset maintenance as informed by the asset renewal strategy and repairs and maintenance plan from the municipality.

During the compilation of the budget, operational repairs and maintenance was identified as a strategic imperative owing to the aging of municipal infrastructure and historic deferred maintenance.

Due to financial constraint, the municipality could not provide adequately for the repairs and maintenance of Property, plant and equipment.

### **1.3.7 Free Basic Services: Basic Social Services Package**

Mopani District Municipality provides as part of its basic social services package both free basic water of 6kl and free sanitation for all indigent households per month.

### **1.3.8 Past performance**

The municipality has not been performing well on the following areas in the past three financial years:

- Collection of own revenue from water and sanitation
- Repairs and maintenance of water and sanitation infrastructure
- Capital expenditure mainly with regard to Municipal Infrastructure Grant.

As a result service delivery has been negatively affected due to poor infrastructure due to limited funds to repair and maintain the infrastructure, as well as that no adequate new and better infrastructure was introduced.

Refer to tables from 1.7.2 to 1.7.10 for more numeric information.

## **1.4 Capital expenditure**

The total capital budget for the **2017/2018** financial year amounts to **R640'834'648** of which **R439'610'600** for municipal infrastructure grant, **R95'000'000** for Water Services Infrastructure Grant and **R 65'033'952** for Own funding (Equitable Shares) representing **94.95** percent of total capital budget. Other capital projects amount to **R41'190'096** which include amongst others Smart meter systems, Installation of meters, vehicles and other administrative equipment.

Further detail relating to asset classes and proposed capital expenditure is contained in Table A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

The following are some of the capital expenditure projects to be implemented in the 2017/2018 financial year:

Hoedspruit Bulk Water supply	: R 32'959'550
Kampersrus Sewage Plant	: R 16'881'120
Jopie Mawa Ramotshinyadi	: R 119'461'815
Jopie Mawa Block 12 Ramotshinyadi Bulk line and Reticulation	: R 25'269'533
Thabina Regional Water Scheme, Water Reticulation	: R 2 878'973
Upgrading of water reticulation in Ba-Phalaborwa	: R 14'096'730
Upgrading of water reticulation in Maruleng	: R 7'000'000
Tours Bulk Water Scheme Refurbishment and Reticulation	: R 31'957'331
Lephephane Bulk Water Schemes	: R 45 171 582

Tours Bulk Water Scheme (treatment plant)	: R 6'373'770
Selwane Water Phase 2	: R 50'216'724
Mopani Rural Household Sanitation Phase 5	: R 8'700'000
Sefotse to Ditshosini/Ramatlatshi Bulk and Reticulation	: R 10'614'742
Sefotse to Ditshosini/Ramatlatshi Bulkline-Ramoroka Village	: R 10'939'293
Thapane Regional Water Scheme-Upgrading and Extension	: R 52'000'000
Upgrading of Phalaborwa Sewage Works	: R 20'000'000
Selwane Water Project	: R 10'200'000
Upgrading of nkowankowa Sewege Works	: R 9'092'067
Upgrading of Senwamokgope Sewage Plant	: R 3'491'778
Lephepane Bulk Water Supply	: R 21'000'000
Kampersrus Bulk Water Supply	: R 1'250'106
Installation and Replacement of Domestic meters	: R 5 000 000
Refurbishment, Rehabilitation and upgrading of Internal Water Reticulation network and boreholes	: R 34'023'000
Upgrading of Internal Water Reticulation network	: R 17'977'000
Replacement and resizing of Bulkline	: R 21'700'000
Construction of VIP toilets	: R 8 000 000
Refurbishment of Package Plant-Makgakgapatse	: R 2'500'000
Construction of Sewer Emergency Dam at Tshelang Gape	: R 2'700'000
Refurbishment of Thapane Water Treatment Plant	: R 4'700'000
Rehabilitation and upgrading of Emergency Sewer Storage Dam and Booster Pump Station –Hoedspruit	: R 1'700'000

#### **1.4.1 Future operational cost of new infrastructure**

The infrastructure development done is mainly in the rural areas and presently there is no revenue collection done at these areas hence no operational cost of new infrastructure.

## **1.5 Annual Budget Tables – Mopani District Municipality**

Ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/2018 budget and MTREF as adopted by the Council.

### **1.7.1. Explanatory notes to MBRR Table A1 - Budget Summary**

# Mopani District Municipality 2017/2018 Final Annual Budget and MTREF

DC33 Mopani - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges	137 643	158 810	268 610	207 461	169 973	169 973	169 973	237 920	252 345	266 927
Investment revenue	2 859	3 406	11 790	10 300	8 000	8 000	8 000	10 300	10 939	11 584
Transfers recognised - operational	519 610	594 321	656 590	705 950	703 810	703 810	703 810	777 299	860 258	940 122
Other own revenue	5 724	18 815	89 042	31 354	1 040	1 040	1 040	840	892	945
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>665 836</b>	<b>775 351</b>	<b>1 026 032</b>	<b>955 064</b>	<b>882 823</b>	<b>882 823</b>	<b>882 823</b>	<b>1 026 359</b>	<b>1 124 434</b>	<b>1 219 577</b>
Employee costs	207 053	251 136	297 129	367 641	333 003	333 003	333 003	385 590	412 196	440 225
Remuneration of councillors	8 380	14 287	12 396	13 297	15 297	15 297	15 297	8 509	9 096	9 714
Depreciation & asset impairment	163 612	165 280	175 358	184 688	184 888	184 888	184 888	184 688	196 138	207 711
Finance charges	608	462	–	–	–	–	–	–	–	–
Materials and bulk purchases	372 659	277 519	433 136	271 184	214 358	214 358	214 358	241 462	260 565	277 019
Transfers and grants	3 745	–	–	–	–	–	–	–	–	–
Other expenditure	151 106	103 912	167 260	227 111	215 101	215 101	215 101	215 066	233 052	226 959
<b>Total Expenditure</b>	<b>907 163</b>	<b>812 596</b>	<b>1 085 278</b>	<b>1 063 921</b>	<b>962 647</b>	<b>962 647</b>	<b>962 647</b>	<b>1 035 314</b>	<b>1 111 047</b>	<b>1 161 629</b>
<b>Surplus/(Deficit)</b>	<b>(241 327)</b>	<b>(37 245)</b>	<b>(59 247)</b>	<b>(108 857)</b>	<b>(79 824)</b>	<b>(79 824)</b>	<b>(79 824)</b>	<b>(8 955)</b>	<b>13 387</b>	<b>57 949</b>
Transfers and subsidies - capital (monetary allocation)	478 196	78 066	241 468	440 956	400 244	400 244	400 244	559 950	600 424	633 533
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>236 869</b>	<b>40 822</b>	<b>182 222</b>	<b>332 099</b>	<b>320 420</b>	<b>320 420</b>	<b>320 420</b>	<b>550 995</b>	<b>613 811</b>	<b>691 482</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>236 869</b>	<b>40 822</b>	<b>182 222</b>	<b>332 099</b>	<b>320 420</b>	<b>320 420</b>	<b>320 420</b>	<b>550 995</b>	<b>613 811</b>	<b>691 482</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>139 844</b>	<b>373 432</b>	<b>271 175</b>	<b>449 284</b>	<b>524 458</b>	<b>524 458</b>	<b>524 458</b>	<b>640 835</b>	<b>667 218</b>	<b>194 600</b>
Transfers recognised - capital	127 652	286 631	205 097	440 956	400 244	400 244	400 244	559 950	600 424	194 600
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	12 192	86 801	66 078	8 328	124 214	124 214	124 214	80 885	66 794	–
<b>Total sources of capital funds</b>	<b>139 844</b>	<b>373 432</b>	<b>271 175</b>	<b>449 284</b>	<b>524 458</b>	<b>524 458</b>	<b>524 458</b>	<b>640 835</b>	<b>667 218</b>	<b>194 600</b>
<b>Financial position</b>										
Total current assets	683 604	778 511	990 871	680 729	680 729	680 729	680 729	680 729	731 864	765 272
Total non current assets	4 718 443	4 515 057	4 717 448	4 813 022	4 813 022	4 813 022	4 813 022	4 813 022	5 111 430	5 413 004
Total current liabilities	942 443	997 279	1 300 435	541 390	541 390	541 390	541 390	542 451	576 083	610 072
Total non current liabilities	34 865	54 350	78 700	57 937	57 937	57 937	57 937	57 937	61 529	65 159
Community wealth/Equity	4 424 738	4 241 940	4 329 183	4 894 424	4 894 424	4 894 424	4 894 424	4 893 363	5 205 681	5 503 045
<b>Cash flows</b>										
Net cash from (used) operating	223 393	111 065	266 675	563 666	168 059	168 059	168 059	644 775	722 140	790 204
Net cash from (used) investing	(133 479)	(78 616)	(271 652)	(449 284)	(524 458)	(524 458)	(524 458)	(640 835)	(667 218)	(194 600)
Net cash from (used) financing	–	(1 248)	(6)	–	–	–	–	–	–	–
<b>Cash/cash equivalents at the year end</b>	<b>83 126</b>	<b>114 327</b>	<b>109 344</b>	<b>223 740</b>	<b>(132 660)</b>	<b>(132 660)</b>	<b>(132 660)</b>	<b>3 940</b>	<b>58 862</b>	<b>654 466</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	83 126	114 327	109 358	16 545	16 545	16 545	16 545	16 545	26 500	19 000
Application of cash and investments	849 354	978 405	1 244 516	223 077	527 251	527 251	527 251	528 351	561 105	594 207
<b>Balance - surplus (shortfall)</b>	<b>(766 227)</b>	<b>(864 078)</b>	<b>(1 135 158)</b>	<b>(206 532)</b>	<b>(510 706)</b>	<b>(510 706)</b>	<b>(510 706)</b>	<b>(511 806)</b>	<b>(534 605)</b>	<b>(575 207)</b>
<b>Asset management</b>										
Asset register summary (WDV)	4 718 443	4 514 625	4 777 175	4 812 590	4 812 590	4 812 590	4 812 590	4 812 590	5 110 971	5 412 518
Depreciation	163 611	165 280	175 358	184 688	184 688	184 688	184 688	184 688	196 138	207 711
Renewal of Existing Assets	55 890	73 032	99 500	90 316	1 316	–	–	231 612	336 998	114 400
Repairs and Maintenance	120 164	103 068	86 111	95 296	141 518	141 518	88 622	88 622	101 365	108 321
<b>Free services</b>										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
<b>Households below minimum service level</b>										
Water:	5	–	44	132	131	131	131	131	131	132
Sanitation/sew erage:	180	180	218	294	294	294	294	294	294	294
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget.



### 1.7.2. Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

DC33 Mopani - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		1 004 267	678 702	912 989	1 158 300	1 113 094	1 113 094	1 348 589	1 472 725	1 586 409
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		1 004 267	678 702	912 989	1 158 300	1 113 094	1 113 094	1 348 589	1 472 725	1 586 409
Internal audit		-	-	-	-	-	-	-	-	-
<i><b>Community and public safety</b></i>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>		139 766	174 715	354 511	237 720	169 973	169 973	237 720	252 133	266 702
Energy sources		-	-	-	-	-	-	-	-	-
Water management		116 153	153 568	316 772	197 193	140 499	140 499	202 124	214 402	226 809
Waste water management		23 612	21 147	37 739	40 527	29 474	29 474	35 596	37 731	39 892
Waste management		-	-	-	-	-	-	-	-	-
<i><b>Other</b></i>	<b>4</b>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>2</b>	<b>1 144 032</b>	<b>853 417</b>	<b>1 267 500</b>	<b>1 396 020</b>	<b>1 283 067</b>	<b>1 283 067</b>	<b>1 586 309</b>	<b>1 724 858</b>	<b>1 853 110</b>
<b>Expenditure - Functional</b>										
<i><b>Governance and administration</b></i>		130 728	101 506	95 005	197 191	225 922	225 922	189 327	195 248	203 985
Executive and council		36 781	4 109	8 087	47 644	49 486	49 486	39 420	41 786	44 470
Finance and administration		93 948	97 397	86 918	149 546	176 436	176 436	142 390	143 871	150 968
Internal audit		-	-	-	-	-	-	7 517	9 590	8 548
<i><b>Community and public safety</b></i>		46 662	25 286	65 921	107 127	106 056	106 056	121 602	126 466	134 709
Community and social services		18 546	17 455	33 832	31 322	28 313	28 313	35 068	36 681	38 710
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		24 938	5 067	4 590	50 460	55 053	55 053	50 751	51 618	55 354
Housing		-	-	-	-	-	-	-	-	-
Health		3 179	2 763	27 499	25 345	22 690	22 690	35 783	38 167	40 645
<i><b>Economic and environmental services</b></i>		26 477	4 083	10 279	15 383	21 504	21 504	56 559	64 189	66 810
Planning and development		23 152	915	1 143	14 909	11 932	11 932	46 734	52 792	54 616
Road transport		3 325	3 167	9 136	474	9 572	9 572	9 825	11 397	12 194
Environmental protection		-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>		703 370	672 730	913 112	744 220	638 765	638 765	667 827	725 144	756 124
Energy sources		739	822	1 404	1 369	1 249	1 249	1 444	1 543	1 648
Water management		682 099	344 453	114 695	706 102	608 042	608 042	630 908	685 973	714 665
Waste water management		20 532	327 455	797 013	36 749	29 474	29 474	35 475	37 628	39 812
Waste management		-	-	-	-	-	-	-	-	-
<i><b>Other</b></i>	<b>4</b>	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>907 238</b>	<b>803 604</b>	<b>1 084 317</b>	<b>1 063 921</b>	<b>992 247</b>	<b>992 247</b>	<b>1 035 314</b>	<b>1 111 047</b>	<b>1 161 629</b>
<b>Surplus/(Deficit) for the year</b>		<b>236 794</b>	<b>49 814</b>	<b>183 183</b>	<b>332 099</b>	<b>290 820</b>	<b>290 820</b>	<b>550 995</b>	<b>613 811</b>	<b>691 482</b>

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for Water and Sanitation. This situation is due to distribution losses, debt impairment and salaries and allowances of personnel operating in rural areas where there is no billing. The tariffs for local municipalities are also not cost reflective. The revenue generated is less than the expenditure.

### 1.7.3. Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

DC33 Mopani - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		1 004 267	678 702	912 989	1 158 300	1 113 094	1 113 094	1 348 589	1 472 725	1 586 409
Vote 4 - Corporate Services/HR		-	-	-	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		-	-	-	-	-	-	-	-	-
Vote 6 - Planning & Development/Economic		-	-	-	-	-	-	-	-	-
Vote 7 - Health/Other		-	-	-	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		-	-	-	-	-	-	-	-	-
Vote 9 - Public Services/Fire		-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety/Other		-	-	-	-	-	-	-	-	-
Vote 11 - Roads Transport/Roads		-	-	-	-	-	-	-	-	-
Vote 12 - Water/Water Distribution		116 153	153 568	316 772	197 193	140 499	140 499	202 124	214 402	226 809
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		-	-	-	-	-	-	-	-	-
Vote 15 - Waste Water Management/Sewerage		23 612	21 147	37 739	40 527	29 474	29 474	35 596	37 731	39 892
<b>Total Revenue by Vote</b>	2	<b>1 144 032</b>	<b>853 417</b>	<b>1 267 500</b>	<b>1 396 020</b>	<b>1 283 067</b>	<b>1 283 067</b>	<b>1 586 309</b>	<b>1 724 858</b>	<b>1 853 110</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Executive and Council/Mayor & council		26 376	3 153	6 457	35 215	35 511	35 511	33 859	36 163	38 477
Vote 2 - Executive & Council/Municipal Manager		10 405	956	1 631	12 429	13 975	13 975	13 078	15 213	14 541
Vote 3 - Finance & Admin/Finance		21 033	65 695	35 495	38 414	29 964	29 964	47 210	49 626	51 688
Vote 4 - Corporate Services/HR		6 932	11 777	11 422	25 691	18 541	18 541	24 367	22 752	24 078
Vote 5 - Finance & Admin/Other Admin		57 146	13 661	24 618	71 045	90 956	90 956	83 366	88 084	93 279
Vote 6 - Planning & Development/Economic		23 152	915	1 143	14 909	11 932	11 932	18 587	22 820	22 896
Vote 7 - Health/Other		3 179	2 763	27 499	25 345	22 690	22 690	35 783	38 167	40 645
Vote 8 - Community Services/Other Community		5 249	4 719	8 082	5 341	4 892	4 892	9 222	9 821	10 438
Vote 9 - Public Services/Fire		24 938	5 067	4 590	50 460	55 053	55 053	50 751	51 618	55 354
Vote 10 - Public Safety/Other		13 297	12 737	25 750	25 981	23 421	23 421	25 845	26 859	28 271
Vote 11 - Roads Transport/Roads		3 325	3 167	9 136	474	9 572	9 572	9 825	11 397	12 194
Vote 12 - Water/Water Distribution		682 099	344 453	114 695	706 102	608 042	608 042	630 908	685 973	714 665
Vote 13 - Electricity/Electricity Distribution		739	822	1 404	1 369	1 249	1 249	1 444	1 543	1 648
Vote 14 - Corporate Services/Information Technology		8 837	6 264	15 383	14 396	36 974	36 974	15 595	13 380	13 642
Vote 15 - Waste Water Management/Sewerage		20 532	327 455	797 013	36 749	29 474	29 474	35 475	37 628	39 812
<b>Total Expenditure by Vote</b>	2	<b>907 238</b>	<b>803 604</b>	<b>1 084 317</b>	<b>1 063 921</b>	<b>992 247</b>	<b>992 247</b>	<b>1 035 314</b>	<b>1 111 047</b>	<b>1 161 629</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>236 794</b>	<b>49 814</b>	<b>183 183</b>	<b>332 099</b>	<b>290 820</b>	<b>290 820</b>	<b>550 995</b>	<b>613 811</b>	<b>691 482</b>

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

### 1.7.4. Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

DC33 Mopani - Table A4 Budgeted Financial Performance (revenue and expenditure)

LC33 mopani - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue By Source</b>											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	114 441	137 663	230 871	171 665	140 499	140 499	140 499	202 124	214 402	226 809
Service charges - sanitation revenue	2	22 643	21 147	37 739	35 596	29 474	29 474	29 474	35 596	37 731	39 892
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other		559	-	-	200	-	-	-	200	212	225
Rental of facilities and equipment		-	-	-	54	-	-	-	-	-	-
Interest earned - external investments		2 859	3 406	11 790	10 300	8 000	8 000	8 000	10 300	10 939	11 584
Interest earned - outstanding debtors		2 682	15 905	85 901	30 460	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		519 610	594 321	656 590	705 950	703 810	703 810	703 810	777 299	860 258	940 122
Other revenue	2	3 042	2 909	3 141	840	1 040	1 040	1 040	840	892	945
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>665 836</b>	<b>775 351</b>	<b>1 026 032</b>	<b>955 064</b>	<b>882 823</b>	<b>882 823</b>	<b>882 823</b>	<b>1 026 359</b>	<b>1 124 434</b>	<b>1 219 577</b>
<b>Expenditure By Type</b>											
Employee related costs	2	207 053	251 136	297 129	367 641	333 003	333 003	333 003	385 590	412 196	440 225
Remuneration of councillors		8 380	14 287	12 396	13 297	15 297	15 297	15 297	8 509	9 096	9 714
Debt impairment	3	21 799	2 777	12 400	23 582	23 399	23 399	23 399	23 399	24 807	26 294
Depreciation & asset impairment	2	163 612	165 280	175 358	184 688	184 888	184 888	184 888	184 688	196 138	207 711
Finance charges		608	462	-	-	-	-	-	-	-	-
Bulk purchases	2	252 495	186 533	327 068	175 887	72 840	72 840	72 840	152 840	159 300	168 699
Other materials	8	120 164	90 987	106 068	95 296	141 518	141 518	141 518	88 622	101 265	108 321
Contracted services		29 658	4 396	32 645	10 877	36 877	36 877	36 877	11 877	12 592	13 314
Transfers and subsidies		3 745	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	99 359	96 739	122 214	192 653	184 425	184 425	184 425	179 791	195 652	187 352
Loss on disposal of PPE		290	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>907 163</b>	<b>812 596</b>	<b>1 085 278</b>	<b>1 063 921</b>	<b>992 247</b>	<b>992 247</b>	<b>992 247</b>	<b>1 035 314</b>	<b>1 111 047</b>	<b>1 161 629</b>
<b>Surplus/(Deficit)</b>		<b>(241 327)</b>	<b>(37 245)</b>	<b>(59 247)</b>	<b>(108 857)</b>	<b>(109 424)</b>	<b>(109 424)</b>	<b>(109 424)</b>	<b>(8 955)</b>	<b>13 387</b>	<b>57 949</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		478 196	78 066	241 468	440 956	400 244	400 244	400 244	559 950	600 424	633 533
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>236 869</b>	<b>40 822</b>	<b>182 222</b>	<b>332 099</b>	<b>290 820</b>	<b>290 820</b>	<b>290 820</b>	<b>550 995</b>	<b>613 811</b>	<b>691 482</b>
Taxation		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>236 869</b>	<b>40 822</b>	<b>182 222</b>	<b>332 099</b>	<b>290 820</b>	<b>290 820</b>	<b>290 820</b>	<b>550 995</b>	<b>613 811</b>	<b>691 482</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>236 869</b>	<b>40 822</b>	<b>182 222</b>	<b>332 099</b>	<b>290 820</b>	<b>290 820</b>	<b>290 820</b>	<b>550 995</b>	<b>613 811</b>	<b>691 482</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>236 869</b>	<b>40 822</b>	<b>182 222</b>	<b>332 099</b>	<b>290 820</b>	<b>290 820</b>	<b>290 820</b>	<b>550 995</b>	<b>613 811</b>	<b>691 482</b>

Total revenue excluding capital transfers is R1'026'359'250 in 2017/2018 and escalates to R1'124'433'908 and R1'219'577'207 by 2018/19 and 2019/2020 respectively. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.

The main component of the total revenue is grant and subsidies amounting to R1'337'249'000, R1'460'682'000 and R 1'573'655'000 for the financial years 2017/2018, 2018/2019 and 2019/2020 respectively. The other revenue component is Service charges for water & sanitation amount to R237'720'250, R 252'132'828, R266'701'585 for the financial years 2017/2018, 2018/2019 and 2019/2020 respectively.

The total operating expenditure is projected to be R1'035'314'097 in 2017/18, R 1'111'046'855 and R 1'161'628'561 in the 201/19 and 2019/20 financial years. The finance charges constitute of interest paid and bank charges.

### 1.7.5. Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

DC33 Mopani - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year H1 2018/19	Budget Year H2 2018/19
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council/Mayor & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		-	20 263	-	250	-	-	-	3 500	50	-
Vote 4 - Corporate Services/HR		-	-	-	-	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		-	7 686	-	166	-	-	-	66 755	2 900	14 700
Vote 6 - Planning & Development/Economic		800	-	-	-	-	-	-	-	-	-
Vote 7 - Health/Other		-	-	-	-	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		763	-	-	60	-	-	-	-	-	-
Vote 9 - Public Services/Fire		-	37	2 800	4 360	-	-	-	16 600	35 400	26 800
Vote 10 - Public Safety/Other		-	-	-	500	-	-	-	-	-	-
Vote 11 - Roads Transport/Roads		-	-	-	-	-	-	-	-	-	-
Vote 12 - Water/Water Distribution		127 662	222 611	182 573	282 475	-	-	-	277 967	577 469	135 200
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		-	129	3 550	1 700	-	-	-	5 500	2 400	2 300
Vote 15 - Waste Water Management/Sewerage		-	77 789	15 300	-	-	-	-	12 400	11 000	15 600
<b>Capital multi-year expenditure sub-total</b>	7	129 215	328 536	204 223	289 501	-	-	-	384 742	629 219	194 600
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council/Mayor & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		477	-	-	250	750	750	5 040	-	-	-
Vote 4 - Corporate Services/HR		-	-	-	-	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		5 430	-	-	1 450	566	566	500	-	-	-
Vote 6 - Planning & Development/Economic		-	-	-	-	-	-	-	-	-	-
Vote 7 - Health/Other		-	-	-	-	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		-	-	-	-	60	60	-	-	-	-
Vote 9 - Public Services/Fire		2 618	966	-	500	687	687	100	-	-	-
Vote 10 - Public Safety/Other		-	-	-	-	-	-	50	-	-	-
Vote 11 - Roads Transport/Roads		-	-	-	-	-	-	-	-	-	-
Vote 12 - Water/Water Distribution		-	26 616	41 693	125 900	492 231	492 231	492 231	256 093	37 499	-
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		2 105	-	3 800	1 600	1 550	1 550	2 000	-	500	-
Vote 15 - Waste Water Management/Sewerage		-	17 093	21 459	29 064	26 614	26 614	55 156	-	-	-
<b>Capital single-year expenditure sub-total</b>		10 629	44 896	66 952	169 784	524 458	524 458	558 087	256 093	37 999	-
<b>Total Capital Expenditure - Vote</b>		139 844	373 432	271 175	449 285	524 458	524 458	558 087	640 835	667 218	194 600
<b>Capital Expenditure - Functional</b>											
Governance and administration		8 012	32 762	61 025	5 416	2 866	2 866	2 866	17 540	2 450	2 800
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		477	20 263	1 200	500	750	750	750	9 540	50	-
Internal audit		7 535	12 478	59 825	4 916	2 116	2 116	2 116	8 000	2 400	2 800
Community and public safety		3 381	40 269	5 080	5 410	747	747	747	16 600	35 400	26 800
Community and social services		763	30 159	-	60	60	60	60	50	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		2 618	10 110	5 080	5 350	687	687	687	16 600	35 400	26 800
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		800	-	-	-	-	-	-	-	-	-
Planning and development		800	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		127 662	300 401	206 097	438 453	520 845	520 845	520 845	604 645	629 368	165 000
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		127 662	222 611	182 573	409 374	492 231	492 231	492 231	534 080	616 368	149 400
Waste water management		-	77 789	22 525	29 064	26 614	26 614	26 614	70 365	11 000	15 600
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	139 844	373 432	271 175	449 284	524 458	524 458	524 458	640 835	667 218	194 600
<b>Funded by:</b>											
National Government		127 662	256 631	206 097	440 966	400 244	400 244	400 244	539 611	629 368	165 000
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	127 662	256 631	206 097	440 966	400 244	400 244	400 244	539 611	629 368	165 000
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		12 192	86 801	66 078	8 328	124 214	124 214	124 214	101 224	37 850	29 600
<b>Total Capital Funding</b>	7	139 844	373 432	271 175	449 284	524 458	524 458	524 458	640 835	667 218	194 600

Table A5 is a breakdown of the Capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2017/2018 R 640'834'648 has been allocated.

### 1.7.6 Explanatory notes to Table A6 - Budgeted Financial Position

DC33 Mopani - Table A6 Budgeted Financial Position

DC33 Mopani - Table A6 Budgeted Financial Position												
Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>ASSETS</b>												
<b>Current assets</b>												
Cash			83 126	114 327	109 358	16 545	16 545	16 545	16 545	16 545	26 500	19 000
Call investment deposits	1		—	—	—	—	—	—	—	—	—	—
Consumer debtors	1		270 756	298 579	552 632	298 579	298 579	298 579	298 579	298 579	317 091	335 799
Other debtors			295 055	338 753	146 774	338 753	338 753	338 753	338 753	338 753	359 756	380 981
Current portion of long-term receivables			—	11 304	158 453	11 304	11 304	11 304	11 304	11 304	12 005	12 005
Inventory	2		34 667	15 549	23 653	15 549	15 549	15 549	15 549	15 549	16 513	17 487
<b>Total current assets</b>			<b>683 604</b>	<b>778 511</b>	<b>990 871</b>	<b>680 729</b>	<b>680 729</b>	<b>680 729</b>	<b>680 729</b>	<b>680 729</b>	<b>731 864</b>	<b>765 272</b>
<b>Non current assets</b>												
Long-term receivables			—	—	—	—	—	—	—	—	—	—
Investments			—	—	—	—	—	—	—	—	—	—
Investment property			—	—	—	—	—	—	—	—	—	—
Investment in Associate			—	—	—	—	—	—	—	—	—	—
Property, plant and equipment	3		4 708 062	4 505 017	4 707 900	4 802 348	4 802 348	4 802 348	4 802 348	4 802 348	5 100 094	5 400 999
Agricultural			—	—	—	—	—	—	—	—	—	—
Biological			—	—	—	—	—	—	—	—	—	—
Intangible			10 381	9 608	9 100	10 242	10 242	10 242	10 242	10 242	10 877	11 519
Other non-current assets			—	432	448	432	432	432	432	432	459	486
<b>Total non current assets</b>			<b>4 718 443</b>	<b>4 515 057</b>	<b>4 717 448</b>	<b>4 813 022</b>	<b>4 813 022</b>	<b>4 813 022</b>	<b>4 813 022</b>	<b>4 813 022</b>	<b>5 111 430</b>	<b>5 413 004</b>
<b>TOTAL ASSETS</b>			<b>5 402 046</b>	<b>5 293 568</b>	<b>5 708 318</b>	<b>5 493 752</b>	<b>5 493 752</b>	<b>5 493 752</b>	<b>5 493 752</b>	<b>5 493 752</b>	<b>5 843 293</b>	<b>6 178 276</b>
<b>LIABILITIES</b>												
<b>Current liabilities</b>												
Bank overdraft	1		—	—	—	—	—	—	—	—	—	—
Borrowing	4		—	1 061	—	—	—	—	—	1 061	1 127	1 193
Consumer deposits			3 493	4 385	6 364	4 675	4 675	4 675	4 675	4 675	4 964	5 257
Trade and other payables	4		914 969	986 590	1 246 283	531 127	531 127	531 127	531 127	531 127	564 057	597 337
Provisions			23 981	5 242	47 789	5 588	5 588	5 588	5 588	5 588	5 935	6 285
<b>Total current liabilities</b>			<b>942 443</b>	<b>997 279</b>	<b>1 300 435</b>	<b>541 390</b>	<b>541 390</b>	<b>541 390</b>	<b>541 390</b>	<b>542 451</b>	<b>576 083</b>	<b>610 072</b>
<b>Non current liabilities</b>												
Borrowing			—	—	—	—	—	—	—	—	—	—
Provisions			34 865	54 350	78 700	57 937	57 937	57 937	57 937	57 937	61 529	65 159
<b>Total non current liabilities</b>			<b>34 865</b>	<b>54 350</b>	<b>78 700</b>	<b>57 937</b>	<b>57 937</b>	<b>57 937</b>	<b>57 937</b>	<b>57 937</b>	<b>61 529</b>	<b>65 159</b>
<b>TOTAL LIABILITIES</b>			<b>977 308</b>	<b>1 051 628</b>	<b>1 379 135</b>	<b>599 327</b>	<b>599 327</b>	<b>599 327</b>	<b>599 327</b>	<b>600 388</b>	<b>637 612</b>	<b>675 231</b>
<b>NET ASSETS</b>			<b>4 424 738</b>	<b>4 241 940</b>	<b>4 329 183</b>	<b>4 894 424</b>	<b>4 894 424</b>	<b>4 894 424</b>	<b>4 894 424</b>	<b>4 893 363</b>	<b>5 205 681</b>	<b>5 503 045</b>
<b>COMMUNITY WEALTH/EQUITY</b>												
Accumulated Surplus/(Deficit)			4 424 738	4 241 940	4 329 183	4 894 424	4 894 424	4 894 424	4 894 424	4 893 363	5 205 681	5 503 045
Reserves	4		—	—	—	—	—	—	—	—	—	—
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>			<b>4 424 738</b>	<b>4 241 940</b>	<b>4 329 183</b>	<b>4 894 424</b>	<b>4 894 424</b>	<b>4 894 424</b>	<b>4 894 424</b>	<b>4 893 363</b>	<b>5 205 681</b>	<b>5 503 045</b>

Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

Table SA3 provides a detailed analysis of the major components of budgeted financial position items, including:

- Property, plant and equipment;
- Trade and other payables;
- Changes in net assets; and

The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

The following are the strategies of the municipality in light of the presented financial position as well as revenue and expenditure above:

- Engage creditors such as Lepelle Northern Water and Department of Water Affairs on better repayment terms, that will simultaneously allow the municipality to expedite the settlement of its debts
- Take over the water and sanitation function from the local municipalities with the aim of enhance cash flow position and hence financial position.

- To strictly apply the cost containment measures with the aim of reducing expenditure thereby improving financial performance.

### 1.7.7. Explanatory notes to Table A7 - Budgeted Cash Flow Statement

DC33 Mopani - Table A7 Budgeted Cash Flows

DC33 Mopan - Table A7 Budgeted Cash Flows												
Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>												
<b>Receipts</b>												
Property rates			-	-	-	-	-	-	-	-	-	-
Service charges			-	-	-	114 535	-	-	-	-	-	-
Other revenue			16 626	2 281	904	894	1 040	1 040	1 040	1 040	1 104	1 170
Government - operating		1	519 610	414 321	656 590	705 950	703 810	703 810	703 810	777 299	860 258	940 122
Government - capital		1	499 493	252 286	241 468	440 956	400 244	400 244	400 244	559 950	600 424	633 533
Interest			2 859	3 406	11 790	10 300	8 000	8 000	8 000	8 300	10 939	11 584
Dividends			-	-	-	-	-	-	-	-	-	-
<b>Payments</b>												
Suppliers and employees			(811 449)	(560 767)	(642 234)	(708 969)	(945 035)	(945 035)	(945 035)	(701 814)	(750 585)	(796 205)
Finance charges			-	(462)	(1 843)	-	-	-	-	-	-	-
Transfers and Grants		1	(3 745)	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>			<b>223 393</b>	<b>111 065</b>	<b>266 675</b>	<b>563 666</b>	<b>168 059</b>	<b>168 059</b>	<b>168 059</b>	<b>644 775</b>	<b>722 140</b>	<b>790 204</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<b>Receipts</b>												
Proceeds on disposal of PPE			-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors			-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables			-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments			-	-	-	-	-	-	-	-	-	-
<b>Payments</b>												
Capital assets			(133 479)	(78 616)	(271 652)	(449 284)	(524 458)	(524 458)	(524 458)	(640 835)	(667 218)	(194 600)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>			<b>(133 479)</b>	<b>(78 616)</b>	<b>(271 652)</b>	<b>(449 284)</b>	<b>(524 458)</b>	<b>(524 458)</b>	<b>(524 458)</b>	<b>(640 835)</b>	<b>(667 218)</b>	<b>(194 600)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
<b>Receipts</b>												
Short term loans			-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing			-	(1 248)	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits			-	-	-	-	-	-	-	-	-	-
<b>Payments</b>												
Repayment of borrowing			-	-	(6)	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>			<b>-</b>	<b>(1 248)</b>	<b>(6)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>			<b>89 914</b>	<b>31 201</b>	<b>(4 983)</b>	<b>114 382</b>	<b>(356 400)</b>	<b>(356 400)</b>	<b>(356 400)</b>	<b>3 940</b>	<b>54 922</b>	<b>595 604</b>
Cash/cash equivalents at the year begin:		2	(6 788)	83 126	114 327	109 358	223 740	223 740	223 740	-	3 940	58 862
Cash/cash equivalents at the year end:		2	83 126	114 327	109 344	223 740	(132 660)	(132 660)	(132 660)	3 940	58 862	654 466

The budgeted cash flow statement is the first measurement in determining if the budget is funded.

It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Cash and cash equivalents totals for 2017/2018 amounts to R3 million.

The table below depict the details of expenditure per vote and the funding sources.



# Mopani District Municipality 2017/2018 Final Annual Budget and MTREF

DEPARTMENT	EQUITABLE SHARES	MIG	WSIG	LP-HEALTH	RRAMS	FMG	
General Council	14 156 363						
Municipal Manager	5 560 342						
Internal Audit	7 517 218						
Budget & Treasury-CFO	7 803 888					1 797 000	
Budget & Treasury-Budget and Reporting	2 658 611						
Budget & Treasury-Expenditure Management	15 670 278						
Budget & Treasury-Revenue Management	6 363 164						
Budget & Treasury-Asset Management	5 218 861						
Budget & Treasury-SCM	12 447 978						
Planning & Development	10 124 501						
LED	5 334 607						
IDP	3 127 557						
Communications & Marketing	7 294 946						
Engineering Services	70 043 692				2 202 000		
Water Services	283 572 361		95 000 000				
Health, Environment & Waste	21 151 264			14 232 000			
Electrical Services	1 443 805						
Roads & Transport	9 824 982						
Community Services	9 222 318						
Fire Services-Palaborwa	30 364 059						
Fire Services-Giyani	10 591 726						
Fire Services-Letaba	9 195 694						
Fire Services-Tzaneen	13 147 599						
Fire Services-Maruleng	6 051 550						
Disaster Management	25 895 302						
Corporate Services	2 874 748						
Human Resource	24 366 928						
Administration	37 811 307						
Legal Services	7 737 622						
IT	20 094 639						
Office of Executive Mayor	8 368 594						
Office of the Speaker	7 175 808						
Office of the Chief Whip	520 171						
Disability Desk	1 130 805						
Gender Desk	1 300 805						
Youth Desk	1 206 805						
PMU		462 748 000					
Lulekani Sewage Works	850 000						
Namakkale Sewage Works	915 666						
Nondweni Water Works	1 025 000						
Giyani Water Works	6 880 000						
Mapuve Water Works	2 045 000						
Middle Letaba Water Works	3 045 000						
Zava Water Works	440 000						
Muyexe Water Works	360 000						
Giyani Sewage Works	1 260 000						
IK Ponds	194 000						
Modjadji Water Works	1 684 000						
Kuranta Water Package Plant	1 170 000						
Kgapane Sewage Works	1 430 000						
Senwamokgope Sewage Works	290 000						
Nkambako Water Works	3 245 000						
Thapane Water Works	2 035 000						
Thabina Water Works	3 035 000						
Tours Water Works	3 483 000						
Semarela Water Works	585 000						
Nkowankowa Water Works	4 140 000						
Lenyenye ponds	590 000						
Nkowankowa Sewage Works	1 255 000						
The Oaks Water Works	1 296 000						
Finale Water Works	671 500						
Sekororo Water Works	920 000						
Klaserie Water Works							
Water Quality	650 000						
Worcester	2 787 520						
Sekgosese Scheme	2 770 000						
Lower Molototsi Scheme	2 262 896						
Sekgopo Scheme	1 340 000						
<b>TOTAL</b>	<b>759 025 480</b>	<b>462 748 000</b>	<b>95 000 000</b>	<b>14 232 000</b>	<b>2 202 000</b>	<b>1 797 000</b>	<b>1 335 004 480</b>
<b>FUNDING</b>	<b>759 547 000</b>	<b>462 748 000</b>	<b>95 000 000</b>	<b>14 232 000</b>	<b>2 202 000</b>	<b>1 797 000</b>	<b>1 335 526 000</b>
<b>(DEFICIT)/SURPLUS</b>	<b>521 520</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>521 520</b>

#### **1.7.8. Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

As indicated in Table SA 10, the Mopani District Municipality's budget is fully funded for the 2017/2018 financial year

#### **1.7.9. Explanatory notes to Table A9 - Asset Management**

# Mopani District Municipality 2017/2018 Final Annual Budget and MTREF

DC33 Mopani - Table A9 Asset Management

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	83 954	300 400	171 675	358 969	523 142	524 458	409 223	330 220	79 700
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		49 412	222 611	160 051	326 585	492 231	492 231	336 752	283 370	35 000
Sanitation Infrastructure		26 683	77 789	10 299	29 084	26 614	26 614	36 281	9 000	15 600
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		846	-	-	-	-	-	5 000	2 000	2 000
<b>Infrastructure</b>		<b>76 947</b>	<b>300 400</b>	<b>170 350</b>	<b>355 669</b>	<b>520 845</b>	<b>520 845</b>	<b>378 033</b>	<b>294 370</b>	<b>52 600</b>
Community Facilities		832	-	-	-	-	-	7 650	19 400	18 800
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		<b>832</b>	-	-	-	-	-	<b>7 650</b>	<b>19 400</b>	<b>18 800</b>
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		1 650	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>1 650</b>	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		30	-	25	1 600	1 550	1 550	2 500	400	300
Furniture and Office Equipment		1 194	-	750	1 700	747	747	1 500	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		3 307	-	550	-	-	566	19 540	16 050	8 000
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	55 890	73 032	99 500	90 316	1 316	-	231 612	336 998	114 400
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		42 651	55 939	81 424	67 527	1 316	-	197 328	334 998	114 400
Sanitation Infrastructure		9 812	17 093	18 076	22 789	-	-	34 284	2 000	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>52 463</b>	<b>73 032</b>	<b>99 500</b>	<b>90 316</b>	<b>1 316</b>	-	<b>231 612</b>	<b>336 998</b>	<b>114 400</b>
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	-	-	-	-	-	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		846	-	-	-	-	-	-	-	-
Furniture and Office Equipment		563	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		2 018	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Upgrading of Existing Assets</b>	6	-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	-	-	-	-	-	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		92 063	278 551	241 475	394 112	493 548	492 231	534 080	618 368	149 400
Sanitation Infrastructure		36 495	94 881	28 375	51 873	28 614	28 614	70 565	11 000	15 600
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		846	-	-	-	-	-	5 000	2 000	2 000
<b>Infrastructure</b>		<b>129 404</b>	<b>373 432</b>	<b>269 850</b>	<b>445 985</b>	<b>522 161</b>	<b>520 845</b>	<b>609 645</b>	<b>631 368</b>	<b>167 000</b>
Community Facilities		832	-	-	-	-	-	7 650	19 400	18 800
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		<b>832</b>	-	-	-	-	-	<b>7 650</b>	<b>19 400</b>	<b>18 800</b>
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		1 650	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>1 650</b>	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		876	-	25	1 600	1 550	1 550	2 500	400	300
Furniture and Office Equipment		1 757	-	750	1 700	747	747	1 500	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		5 325	-	550	-	-	566	19 540	16 050	8 000
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		<b>139 844</b>	<b>373 432</b>	<b>271 175</b>	<b>449 285</b>	<b>524 458</b>	<b>524 458</b>	<b>640 835</b>	<b>667 218</b>	<b>194 100</b>

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class. An amount of R409 222 985 million will be spend on new assets in the 2017/2018 financial year while an amount of R 231 611 663 will be spend on renewal of existing assets.

### 1.7.10. Explanatory notes to Table A10 - Basic Service Delivery Measurement

DC33 Mopani - Table A10 Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		155 022	155 022	151 520	149 769	149 769	149 769	149 769	149 769	149 769
Piped water inside yard (but not in dwelling)		218 262	218 262	271 622	298 302	298 302	298 302	298 302	298 302	298 302
Using public tap (at least min.service level)	2	328 023	328 023	109 341	—	—	—	—	—	—
Other water supply (at least min.service level)	4	87 654	87 654	96 764	101 319	101 319	101 319	101 319	101 319	101 319
<i>Minimum Service Level and Above sub-total</i>		788 961	788 961	629 247	549 390	549 390	549 390	549 390	549 390	549 390
Using public tap (< min.service level)	3	—	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	4	—	—	43 935	131 805	131 265	131 265	131 265	131 265	131 805
No water supply		4 606	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		4 606	—	43 935	131 805	131 265	131 265	131 265	131 265	131 805
<b>Total number of households</b>	5	<b>793 567</b>	<b>788 961</b>	<b>673 182</b>	<b>681 195</b>	<b>680 655</b>	<b>680 655</b>	<b>680 655</b>	<b>680 655</b>	<b>681 195</b>
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		128 241	128 241	136 431	140 526	140 526	140 526	140 526	140 526	140 526
Flush toilet (with septic tank)		17 964	17 964	20 218	21 345	21 345	21 345	21 345	21 345	21 345
Chemical toilet		1 662	1 662	6 870	9 474	9 474	9 474	9 474	9 474	9 474
Pit toilet (ventilated)		85 560	85 560	142 942	171 633	171 633	171 633	171 633	171 633	171 633
Other toilet provisions (> min.service level)		382 881	382 881	402 923	412 944	412 944	412 944	412 944	412 944	412 944
<i>Minimum Service Level and Above sub-total</i>		616 308	616 308	709 384	755 922	755 922	755 922	755 922	755 922	755 922
Bucket toilet		—	—	1 099	3 297	3 297	3 297	3 297	3 297	3 297
Other toilet provisions (< min.service level)		179 559	179 559	179 559	179 559	179 559	179 559	179 559	179 559	179 559
No toilet provisions		—	—	37 067	111 201	111 201	111 201	111 201	111 201	111 201
<i>Below Minimum Service Level sub-total</i>		179 559	179 559	217 725	294 057	294 057	294 057	294 057	294 057	294 057
<b>Total number of households</b>	5	<b>795 867</b>	<b>795 867</b>	<b>927 109</b>	<b>1 049 979</b>	<b>1 049 979</b>	<b>1 049 979</b>	<b>1 049 979</b>	<b>1 049 979</b>	<b>1 049 979</b>

Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

As indicated in the Mayor's Report, the Municipality continues to make good progress with the eradication of backlogs with sanitation backlog being targeted. The new statics information shows that the households have increased with around 25 percent from the previous statistics, hence the increase in backlogs.

### 1.7.11. Amendments to the policies

No amendments were effected to the budget related policies

## **2 Part 2 – Supporting Documentation**

### **2.1 Overview of the annual budget process**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the 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.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Head of Finance Portfolio Committee.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### **2.1.1 Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2016) a time schedule that sets out the process to revise the IDP and prepare the budget.

The first IDP Review Framework and the Process Plan that ushered in the current Council were approved by the then Mopani District Council on 31 May 2016. Broadly, Municipalities (including the District) have not fully adhered to the IDP Review Framework and process plans due to the broad challenges of inter-municipal relations, demands on IDP implementation by all government and adjustment needed by new leadership. However, great improvement has been noted with time. Mopani District municipality managed to go through IDP/Budget Strategic planning session as facilitated by CoGHSTA on 1 – 3 March 2017. On 9<sup>th</sup> March 2017 the Mopani District family of municipalities had engagement session with sector departments to discuss the strategies that deal with issues raised. On 14 March 2017 the District finalized Strategies phase where Vision, Mission and values were re-confirmed without changes and the Strategy Map. On 7 - 8 February 2011 the District, Local municipalities and sector departments engaged with the objectives and Strategies to fit in their programmes. Further review of Strategies was done on 16-18 November 2011. The Review sessions of 6-8 November 2012, 3-5 October 2013, 2015/16 and 1-3 March 2017 simply confirmed the Vision, Mission and values.

**The activities that transpired during the latest Mopani IDP review process:**

2017/18 IDP Review Actual Activities		
Phase	Activities and purpose	Date
Preparatory	IDP Steering Committee: Preparatory phase	25/05/2016
	IDP Rep Forum: Preparatory phase	27/05/2016
	Council sitting: Adoption of IDP Framework, Process plan & Code of conduct	31/05/2016
	IDP Technical Committee: Preparatory phase & taking stock of LMs IDP units	10/02/2017
Analysis	IDP Steering Committee: IDP Analysis phase	22/09/2016
	IDP Engagement session: IDP Analysis phase	4/10/2016
	IDP Steering Committee: Discussion of District Rural Development Plan	28/10/2016

	IDP Steering Committee: IDP Performance Analysis phase	15/11/2016
	IDP Rep. Forum: IDP Institutional performance & District Rural Development plan	13/01/2017
	IDP Rep Forum: Analysis phase	20/01/2017
Strategies	Strategic planning session: Analysis, Strategies, Projects, sector plans	1-3/03/2017
	IDP Engagement session: Strategies and Projects	9/03/2017
	IDP Rep Forum: IDP Strategies, Projects	14/03/2017
Projects	ISCO/MANCO meeting: Prioritization of 2017/18 projects	28/03/2017
	IDP Rep Forum: IDP projects phase	29/03/2017
	IDP Technical Committee: Preparatory phase with LMs	5/04/2017
Approval	Mayoral committee: Draft IDP and Budget	28/03/2017
	Council sitting: Approval of draft IDP/Budget 2017/18	31/3/ 2017
	Publication of draft IDP/Budget documents for public comments	7April – 11 May 2017
	Submission of draft IDP to COGHSTA for analysis	21/04/2017
	Public participation on draft IDP/Budget (Municipal governance meet communities)	3-15/05/2017
	ISCO/MANCO: Considered effecting changes to draft IDP/Budget as per public/ community inputs.	17/05/2017
	Portfolio committee (Planning & Development) noted the draft IDP 2017/18	23/05/2017
	IDP Rep Forum: Consider final draft IDP/Budget & Public participation report	24/05/2017

	Mayoral Committee: Final IDP/Budget 2017/18	25/05/2017
	Council sitting: Adoption of final IDP/Budget 2017/18	31/5/2017
	IDP Steering committee: SDBIP	
	Submission of IDP to the MEC for COGHSTA & Provincial Treasury	
	Publication of the adopted IDP/ Budget 2017/18	
	Approval of SDBIP to the Executive Mayor	

### Key deadlines and originally approved

TABLE 4: IDP/ BUDGET ACTIVITY SCHEDULE July 2015 - June 2016			
DATE	IDP	BUDGET	RESPONSIBILITY
13 April 2015	<b>Technical committee meetings:</b> Preparatory phase for 2016/17 IDP process		
25 May 2016	<b>IDP Steering committee:</b> IDP Preparatory Phase for 2016/17 IDP process		MM, Directors, IDP Manager.
27 May 2016	<b>IDP Representative Forum:</b> Preparatory phase, 2015/16		MM, IDP Manager, Director Planning
31 May 2016	<b>Council sitting:</b> Adoption of IDP/Budget 2016/17 and Preparatory phase schedule of	Table the Budget time schedule to Council for	



	2016/17.	approval	
10 July 2016	<b>Speakers' forum &amp; District-Ward committee Forum:</b> IDP Preparatory phase	Review delegation and all budget related policies	Director Corporate Services, IDP Manager
21 July 2016	<b>IDP Technical Committee:</b> IDP performance evaluation of 2015/16 Projects.	<b>Budget Steering Committee</b>	IDP Manager, Middle Managers, LMs and CFO
11 August 2016		<b>Budget Steering Committee</b>	CFO
14 August 2016	<b>IDP Steering Committee:</b> IDP performance evaluation of 2015/16 Projects.  - Analysis report		Directors, MM, IDP Manager
31 August 2016		Submit Financial statements to Provincial & National Treasury, the Auditor General and COGHSTA	MM & CFO
5 Sept. 2016	<b>Technical committees</b>		Directors
18-19 Sept 2016	<b>District IDP engagement session: Analysis phase</b>		
22 Sept 2016	<b>IDP Rep forum: Analysis phase</b>		MM, IDP Manager
26 Sept. 2016	<b>IDP Steering committee</b>  Strategies phase		MM, IDP Manager
29 Sept 2016	<b>Speakers forum: IDP</b>	<b>Budget Steering Committee:</b> Conclude the	CFO, Dir Corporate Services, IDP

	<b>updates</b>	consultation & review, identify financial and non financial budget parameters including govt. allocations to determine revenue envelope.	Manager
12-13-14 Oct. 2016	<b>MDM Strategic planning w/shop: Strategies phase</b>		MM, IDP Manager
20 Oct. 2016	<b>Technical Committees</b>		Directors
21 Oct. 2016	<b>District IGF: Analysis &amp; Strategies</b>		IDP Manager
<b>3-4 Nov. 2016</b>	<b>District Engagement session: Strategies phase.</b>		MM, IDP Manager
10 Nov. 2016	<b>IDP Rep Forum: Strategies phase</b>		MM, IDP Manager
18 Nov. 2016	<b>Speakers' forum &amp; District-Ward committee forum: IDP Progress update</b>		Dir Corporate Services, IDP Manager
19 Nov. 2016	<b>Technical committees: Project initiation</b>		
25 Nov. 2016	<b>IDP Steering committee: Strategies &amp; PROJECTS phase</b>		MM, IDP Manager
30 Nov. 2016		<b>Budget Steering Committee:</b> Conclude first budget draft and policies for initial council discussion.	CFO, MM
5-6 Jan. 2017		<b>MANCO Lekgotla:</b>	MM, CFO

		Assessment of mid-year reports and Budget adjustment	
13 Jan. 2017	<b>Technical committees:</b> Projects		
19 Jan. 2017	<b>IDP Steering committee:</b> PROJECTS refinement & Sector plans		Directors
<b>2 Feb. 2017</b>	<b>District Engagement session: Projects phase</b>		
<b>3 Feb. 2017</b>	<b>IDP Rep. forum:</b> Projects.		
6 Feb. 2017	<b>Speakers' forum &amp; District-Ward committee forum:</b> IDP progress update	<ul style="list-style-type: none"> <li>- Adoption of Oversight Report on annual report</li> <li>-Finalize detailed operating &amp; capital budgets, integrate &amp; align to IDP and draft SDBIP</li> <li>finalize budget policies including tariff policy.</li> </ul>	Dir Corporate Services, IDP Manager
10 Feb. 2017	<b>IDP Technical committee</b> Projects & Integration phases		IDP Manager
22 February 2017	<b>IDP Technical committee:</b> Confirm alignment of data		IDP Manager
28 February 2017		<b>Budget Steering Committee:</b> Conclude first budget draft and policies for initial council discussion.  Submitting of Budget inputs to BTO	CFO

28 Feb. 2017		Tabling of the Adjustment Budget before Council	MM, CFO
8 March. 2017	<b>Speakers' forum &amp; District-Ward committee forum:</b> IDP Update		Dir Corporate Services, IDP Manager
15 March 2017	<b>IDP Steering committee:</b> Draft IDP/ Budget		MM, IDP Manager
24 March 2017	<b>IDP Rep forum:</b> Draft IDP/ Budget	<b>Budget Steering Committee:</b> Draft Budget fy	CFO
30 March 2017	<b>Mayoral Committee:</b> Draft IDP/ Budget		MM, IDP Manager
31 March 2017	<b>Special Council sitting:</b> Draft IDP/ Budget tabled for noting.	<b>Special Council sitting:</b> Draft IDP/ Budget tabled for noting.	MM, CFO
6 April 2017	<b>IDP Steering committee</b> Public participation planning	Commence process of consultation on tabled budget.	IDP Manager/MM
10 April 2017	Submission of Draft IDP to COGHSTA for Analysis	Confirm provincial and National budget allocation  Review DORA to establish potentially new reporting requirements for specific new allocations and programmes	IDP Manager/MM
7-30 April 2017	Publication of draft IDP/ Budget documents for public Comments/ inputs.	Publication of the draft MTEF Budget for 2017/18, 2018/19 & 2019/20 Fy's	IDP Manager, CFO, Communication, Dir Corp services

19 April 2017	<b>IDP Steering committee:</b> IDP process update, Public Participation, Discuss first draft Framework & Process plan		MM, IDP Manager
26 April 2017	<b>District Development Planning forum:</b> Public Participation, Discuss first draft Framework & Process plan		MM, IDP Manager
28 April 2017	<b>IDP Technical committee:</b> Confirm alignment of data		IDP Manager
3 May 2017	PMT, Stakeholders & Traditional Leaders briefing on draft IDP/Budget.		Corporate services, IDP Manager, DOEM
4 – 16 May 2017	Public Participation on Draft IDP & Budget (Municipal Governance meet Communities)	Public Participation Roadshow on the Draft IDP/Budget	MM & Office of the Speaker
17-19 May 2017	Consolidate public/ community comments and compile report.	Consolidation of public comments on draft IDP/ Budget	MM, IDP Manager
19 May 2017	<b>IDP Steering committee:</b> Effect changes to Draft IDP/Budget as per public/ community comments. Draft Framework & Process plan 2017/18.	Amendment of the Draft Budget as per Public Participation Outcome. Draft Budget process schedule for 2017/18	MM, CFO & IDP Manager
19 May 2017		<b>Budget Steering Committee:</b> Consider the final Draft Budget and Process Plan	CFO

24 May 2017	<b>IDP Rep. Forum:</b> Consider final Draft IDP/Budget, Draft Framework & Process plan		MM, IDP Manager
29 May 2017	<b>Mayoral committee:</b> final Draft IDP/Budget/; Draft IDP Framework & Process plan	Mayoral Committee: Final Draft Budget	MM
31 May 2017	<b>Council sitting:</b> Adoption of final IDP/Budget 2017/18 – 2021.  Adoption of Framework & Process plan 2017/18	Adoption of the final Budget 2017/18 – 2020	MM, CFO
1 June 2017	<b>Technical committees</b>		Directors
8 June 2017	<b>IDP Steering committee:</b> SDBIP		MM, IDP Manager, PMS Coordinator
14 June 2017	-Submission of IDP to the MEC for Local Government and Housing  -Submission of SDBIP to the Executive Mayor	Submission of the Approved IDP & Budget to Provincial & National Treasuries and MEC for LG.  - Submission of SDBIP to the Executive Mayor	MM, CFO
16 June 2017	IDP Summary & Notice of approved reviewed IDP/ Budget	Notice of approved reviewed IDP/Budget	MM, IDP Manager
20 June 2017	<b>Mayoral committee:</b> Final SDBIP noted	Final SDBIP	MM, CFO
20 June 2017		Submission of the SDBIP to Executive Mayor	CFO
30 June 2017	Tabling of the SDBIP to	Tabling of the SDBIP to	MM/ Exec. Mayor

	Council for noting	Council for noting	
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There were deviations from the key dates set out in the Budget Time Schedule tabled in Council, due to various administration and council commitments.

### **Planning process**

The municipality was guided mainly by the budget policy which is aligned to the MFMA in terms of key deadlines and considerations.

The municipality then developed key deadlines based on the requirements of the policy and the MFMA as detailed above under the key deadlines as originally approved.

The cost containment measures as adopted by council also informed the budgeting processes of the municipality due to the need to cut on certain expenditures.

### **Community Consultation**

After the draft 2017/18 MTREF would have been tabled before Council on 31 March 2017 for community consultation was published on the municipality's website, and hard copies will be made available at customer care offices, municipal notice boards and various libraries.

The public participation process took place from 04-16 May 2017.

The draft IDP and Budget were presented to the communities in the form of highlighting the water and sanitation projects that will be provided in the year under budget, together with the two ensuing financial years.

Communities were afforded an opportunity to comment on the planned projects in terms of sufficiency and economy. The community comments were noted and taken into account to the extent possible in the final budget.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

## **2.2 Overview of alignment of annual budget with IDP**

Budget and the IDP are aligned, and no amendments were anticipated at the time of preparing this report.

## **2.3 Measurable performance objectives and indicators**

For the measurable performance and indicators, refer to the Service Delivery and Budget Implementation plan



## **2.4 Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies and all policies are reviewed

### **2.4.1 Credit control and debt collection procedures/policies**

Review collection policy was applied by Council and adopted in May 2017, the policy is credible, sustainable, and manageable and informed by affordability and value for money. The Credit control and debt collection was reviewed for the 2017/2018 financial year.

### **2.4.2 Asset Management Policy**

The Asset Management, Infrastructure and Funding Policy is considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. The policy was reviewed for 2017/2018 financial year.

### **2.4.3 Budget Policy**

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continue to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget processes will be utilises to ensure that underperforming functions are identified and funds redirected to performing functions. The policy was reviewed for 2017/2018 financial year and adopted by Council.

### **2.4.4 Supply Chain Management Policy**

The goal of this Policy is to provide a mechanism to ensure sound, sustainable and accountable supply chain management within the Mopani District Municipality, whilst promoting black economic empowerment.

The Supply Chain Management Policy has been reviewed and comments were also sought from Provincial Treasury. The policy was reviewed for 2017/2018 financial year and adopted by Council.

#### **1.4.5 Cash Management and Investment Policy**

The purpose of this policy is to secure the sound and sustainable management of Mopani District Municipality's surplus cash and investments.

The Municipality's Cash Management and Investment Policy was reviewed for 2017/2018 financial year.

#### **1.4.6 Tariff Policies**

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policy will be reviewed for 2017/2018 financial year.

#### **1.4.7 Indigent policy**

The indigent policy seeks to balance the immediate needs of the poor population to have access to affordable basic services with the long term implications of failure to implement remedial measures coupled with the provision of affordable services to indigents in a financially viable manner.

The policy was reviewed for 2017/2018 financial year.

#### **1.4.8 Writing off of bad debts**

The purpose of this policy is to ensure that the principles and procedures for writing off irrecoverable debt are formalised.

The policy will be reviewed for 2017/2018 financial year.

#### **1.4.9 Virement policy**

The purpose of this policy is to provide a framework whereby transfers between line items within votes of the operating budget may be performed with the approval of certain officials.

The policy was reviewed for 2017/2018 financial year.

#### **1.4.10 Inventory Policy**

The purpose of this policy is to ensure that all the inventory management processes relating to purchasing, issuing and control are formalised.

The policy will be reviewed for 2017/2018 financial year.

#### **1.4.11 Support to Traditional Leaders Policy**

The purpose of this policy is to provide guidance to the municipality on the support to be provided to the traditional leaders within the district jurisdiction.

The policy will be reviewed for 2017/2018 financial year.

#### **2.1.12 Fleet management Policy**

The purpose of this policy is to clarify the position regarding the municipal transport. This covers the use of municipal transport within the municipality and inter alia the use of municipal vehicles permanently allocated to a specific department.

The policy was reviewed for the 2017/2018 financial year.

### **2.5 Overview of budget assumptions**

#### **2.5.1 Collection rate for revenue services**

- The debt impairment as indicated in the budget seeks to indicate that more efforts need to be put in the collection process.
- Revenue from local municipalities is never transferred to the district

- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity.

## **2.5.2 Salary increases**

### **Remuneration of employees**

The South African Local Government Bargaining Council recently entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- *2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent*

### **Remuneration of councilors**

We've also considered the actual costs approved in accordance with the gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published on 21 December 2016 by the Department of Cooperative Governance

Salary increases as guided by Circular 86 of National Treasury is 7.1%.

## **2.5.3 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

The municipality's infrastructure projects are labour intensive.

#### **2.5.4 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 99 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2016/2017 MTREF of which performance has been factored into the cash flow budget.

#### **2.5.5 Other factors**

The following factors have been taken into consideration in the compilation of the 2017/2018 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook of 4.8%
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The 2016/17 Adjustments Budget priorities and targets,
- Equitable shares informed expenses as no own cash collection
- Conditional grants are ring-fenced
- Public participation comments are incorporated
- The need to ensure that the budget is cash backed
- The lessons learned from the 2016/17 Adjustments Budget process in terms of spending, priorities and targets,
- The fact that service delivery and capital projects are labour intensive;
- The need to increase support for LED projects;
- Participating fully in the Extended Public Works Programme; and
- Implementing interns programmes to provide young people with on the job training
- The need to fully implement cost containment measure from National Treasury.

### **2.6 Overview budget funding**

Tables A2; A3, A4; A5; A6 and their respective narrative above, provide detailed information and narratives regarding the overview budget funding.

In the overall the municipality is not fiscally sustainable based on the following:

- Significant historic obligations in the form of legal obligations,
- Lepelle Northern Water debt,
- Department of Water and Sanitation Debt as well as
- Debts owed to local municipalities through the SLAs on water and sanitation provisioning.
- Lack of cash collections from consumers
- Growing payroll book with no corresponding funding.

## 2.7 Expenditure on grants and reconciliation of unspent funds

DC33 Mopani - Supporting Table SA18 Transfers and grant receipts										
Description	R	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	2									
Operating Transfers and Grants										
National Government:		519 241	546 245	635 448	692 376	801 664	801 664	858 067	952 199	1 035 063
Local Government Equitable Share		504 909	504 909	631 553	686 633	686 633	686 633	759 547	843 149	923 013
Finance Management		1 250	1 250	1 325	1 460	1 460	1 460	1 795	2 050	2 050
Municipal Systems Improvement		890	934	940	2 340	2 340	2 340	–	–	–
Water Services Operating Subsidy		11 192	25 000	–	–	109 288	109 288	95 000	107 000	110 000
EPWP Incentive		1 000	2 195	1 630	1 943	1 943	1 943	1 725	–	–
		–	11 957	–	–	–	–	–	–	–
LP Biosphere Grant		–	–	–	–	–	–	–	–	–
Provincial Government:		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
LP Biosphere Grant		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other grant providers:		370	–	–	13 574	13 574	13 574	14 232	15 059	15 059
LGSETA		370								
LP - Health (EHP)					13 574	13 574	13 574	14 232	15 059	15 059
Total Operating Transfers and Grants		519 610	546 245	635 448	705 950	815 238	815 238	872 299	967 258	1 050 122
Capital Transfers and Grants										
National Government:		349 981	431 485	447 153	440 956	290 049	440 956	464 950	493 424	523 533
Municipal Infrastructure Grant (MIG)		348 976	429 490	445 152	438 907	288 000	438 907	462 748	491 124	521 069
Rural Transport Services and Infrastructure		1 006	1 995	2 001	2 049	2 049	2 049	2 202	2 300	2 464
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert desc]		–	–	–	–	–	–	–	–	–
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
LGSETA										
Total Capital Transfers and Grants		349 981	431 485	447 153	440 956	290 049	440 956	464 950	493 424	523 533
TOTAL RECEIPTS OF TRANSFERS & GRANTS		869 592	977 730	1 082 601	1 146 906	1 105 287	1 256 194	1 337 249	1 460 682	1 573 655

The table below depicts the grants that the municipality will be received as per the DORA bill. The municipality is grant dependant. It is 85% dependent on grant in all the 2017/18 MTREF

## 2.8 Councillors and employees benefits

DC33 Mopani - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)		57	47	10	–	–	–	62	–	62
Board Members of municipal entities	4	–	–	–	–	–	–	–	–	–
<b>Municipal employees</b>	5	–	–	–	–	–	–	–	–	–
Municipal Manager and Senior Managers	3	6	–	6	8	7	7	8	–	5
Other Managers	7	–	–	–	–	–	–	–	–	–
<b>Professionals</b>		763	746	23	740	705	15	687	685	9
Finance		39	33	6	36	12	6	26	26	–
Spatial/town planning		11	2	6	11	2	–	6	6	–
Information Technology		1	1	–	1	1	–	1	1	–
Roads		6	4	–	6	4	–	6	4	–
Electricity		2	2	2	2	2	–	2	2	–
Water		492	492	–	472	472	–	434	434	–
Sanitation		–	–	–	–	–	–	–	–	–
Refuse		–	–	–	–	–	–	–	–	–
Other		212	212	9	212	212	9	212	212	9
<b>Technicians</b>		–	–	–	–	–	–	–	–	–
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)										
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
<b>TOTAL PERSONNEL NUMBERS</b>	9	826	793	39	748	712	22	757	685	76
<b>% increase</b>					(9.4%)	(10.2%)	(43.6%)	1.2%	(3.8%)	245.5%
<b>Total municipal employees headcount</b>	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									



# Mopani District Municipality 2017/2018 Final Annual Budget and MTREF

DC33 Mopani - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages	1	5 229	10 599	7 876	8 698	11 698	11 698	5 396	5 768	6 160
Pension and UIF Contributions		696	691	707	807	807	807	485	519	554
Medical Aid Contributions		71	98	104	104	104	104	69	74	79
Motor Vehicle Allowance		1 887	2 179	2 808	543	2 146	2 146	2 099	2 244	2 397
Cellphone Allowance		497	720	543	3 146	543	543	459	491	524
Housing Allowances		—	—	—	—	—	—	—	—	—
Other benefits and allowances		—	—	—	—	—	—	—	—	—
<b>Sub Total - Councillors</b>		<b>8 380</b>	<b>14 287</b>	<b>12 038</b>	<b>13 297</b>	<b>15 297</b>	<b>15 297</b>	<b>8 509</b>	<b>9 096</b>	<b>9 714</b>
<b>% increase</b>	4		70.5%	(15.7%)	10.5%	15.0%	—	(44.4%)	6.9%	6.8%
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages	2	362	5 263	4 895	372	372	372	9 130	9 510	10 573
Pension and UIF Contributions		35	2 239	300	71	71	71	78	84	89
Medical Aid Contributions		13	—	79	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	3	145	1 903	2 155	2 166	2 166	2 166	2 383	2 555	2 731
Cellphone Allowance	3	6	73	72	—	—	—	—	—	—
Housing Allowances	3	34	—	1 158	399	399	399	439	470	503
Other benefits and allowances	3	5	—	608	70	70	70	77	83	89
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
<b>Sub Total - Senior Managers of Municipality</b>		<b>599</b>	<b>9 478</b>	<b>9 266</b>	<b>3 079</b>	<b>3 079</b>	<b>3 079</b>	<b>12 107</b>	<b>12 702</b>	<b>13 985</b>
<b>% increase</b>	4		1 482.1%	(2.2%)	(66.8%)	—	—	293.3%	4.9%	10.1%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		156 157	150 875	231 619	210 345	210 345	210 345	216 810	226 583	242 245
Pension and UIF Contributions		24 132	25 562	44 668	41 759	41 759	41 759	45 155	49 059	52 220
Medical Aid Contributions		8 628	7 203	21 303	24 805	24 805	24 805	27 286	29 158	31 024
Overtime		13 880	17 933	17 398	22 918	22 918	22 918	25 210	26 920	28 627
Performance Bonus		—	—	108	—	—	—	—	—	—
Motor Vehicle Allowance	3	11 964	12 881	18 198	16 272	16 272	16 272	15 516	23 168	24 636
Cellphone Allowance	3	—	63	67	79	79	79	87	93	99
Housing Allowances	3	7 122	6 703	10 279	7 819	7 819	7 819	8 162	9 199	9 755
Other benefits and allowances	3	5 174	10 850	12 554	31 845	31 845	31 845	33 063	32 980	35 159
Payments in lieu of leave		—	8 373	—	1 421	1 421	1 421	1 563	1 659	1 757
Long service awards		425	281	558	574	574	574	631	674	718
Post-retirement benefit obligations	6	—	936	—	—	—	—	—	—	—
<b>Sub Total - Other Municipal Staff</b>		<b>227 482</b>	<b>241 658</b>	<b>356 753</b>	<b>357 837</b>	<b>357 837</b>	<b>357 837</b>	<b>373 483</b>	<b>399 493</b>	<b>426 240</b>
<b>% increase</b>	4		6.2%	47.6%	0.3%	—	—	4.4%	7.0%	6.7%
<b>Total Parent Municipality</b>		<b>236 461</b>	<b>265 423</b>	<b>378 057</b>	<b>374 213</b>	<b>376 213</b>	<b>376 213</b>	<b>394 099</b>	<b>421 291</b>	<b>449 939</b>
			12.2%	42.4%	(1.0%)	0.5%	—	4.8%	6.9%	6.8%
<b>Board Members of Entities</b>										
Basic Salaries and Wages		—	—	—	—	—	—	—	—	—
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	3	—	—	—	—	—	—	—	—	—
Cellphone Allowance	3	—	—	—	—	—	—	—	—	—
Housing Allowances	3	—	—	—	—	—	—	—	—	—
Other benefits and allowances	3	—	—	—	—	—	—	—	—	—
Board Fees		—	—	—	—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
<b>Sub Total - Board Members of Entities</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>% increase</b>	4		—	—	—	—	—	—	—	—
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages		—	—	—	—	—	—	—	—	—
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	3	—	—	—	—	—	—	—	—	—
Cellphone Allowance	3	—	—	—	—	—	—	—	—	—
Housing Allowances	3	—	—	—	—	—	—	—	—	—
Other benefits and allowances	3	—	—	—	—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
<b>Sub Total - Senior Managers of Entities</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>% increase</b>	4		—	—	—	—	—	—	—	—
<b>Other Staff of Entities</b>										
Basic Salaries and Wages		—	—	—	—	—	—	—	—	—
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	3	—	—	—	—	—	—	—	—	—
Cellphone Allowance	3	—	—	—	—	—	—	—	—	—
Housing Allowances	3	—	—	—	—	—	—	—	—	—
Other benefits and allowances	3	—	—	—	—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
<b>Sub Total - Other Staff of Entities</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>% increase</b>	4		—	—	—	—	—	—	—	—
<b>Total Municipal Entities</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>236 461</b>	<b>265 423</b>	<b>378 057</b>	<b>374 213</b>	<b>376 213</b>	<b>376 213</b>	<b>394 099</b>	<b>421 291</b>	<b>449 939</b>
<b>% increase</b>	4		12.2%	42.4%	(1.0%)	0.5%	—	4.8%	6.9%	6.8%
<b>TOTAL MANAGERS AND STAFF</b>	5.7	<b>228 081</b>	<b>251 136</b>	<b>366 019</b>	<b>360 915</b>	<b>360 915</b>	<b>360 915</b>	<b>385 590</b>	<b>412 196</b>	<b>440 225</b>

The total salaries and Wages for the municipality including Councillors allowance for the 2017/18 financial year is R394 098 632

## 2.9 Monthly targets for revenue, expenditure and cash flow

DC33 Mopani - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Cash Receipts By Source</b>													1		
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments	690	843	809	627	566	322	346	650	1 250	1 090	1 078	30	8 300	10 939	11 584
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	286 097	5 430	-	3 353	228 878	4 072	-	4 072	211 658	-	-	33 740	777 299	860 258	940 122
Other revenue	11	48	13	100	15	23	11	22	216	80	43	457	1 040	1 104	1 170
<b>Cash Receipts by Source</b>	<b>286 798</b>	<b>6 321</b>	<b>822</b>	<b>4 080</b>	<b>229 459</b>	<b>4 417</b>	<b>357</b>	<b>4 744</b>	<b>213 124</b>	<b>1 170</b>	<b>1 121</b>	<b>34 227</b>	<b>786 639</b>	<b>872 301</b>	<b>952 876</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	173 571	2 000	-	-	200 186	-	-	-	170 000	-	-	14 193	559 950	600 424	633 533
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts by Source</b>	<b>460 369</b>	<b>8 321</b>	<b>822</b>	<b>4 080</b>	<b>429 645</b>	<b>4 417</b>	<b>357</b>	<b>4 744</b>	<b>383 124</b>	<b>1 170</b>	<b>1 121</b>	<b>48 420</b>	<b>1 346 589</b>	<b>1 472 725</b>	<b>1 586 409</b>
<b>Cash Payments by Type</b>															
Employee related costs	22 080	24 559	19 565	23 349	18 429	20 180	18 895	20 790	21 569	21 582	23 100	88 845	322 943	265 000	278 000
Remuneration of councillors	638	458	1 150	857	689	608	719	791	791	625	880	303	8 509	9 096	9 714
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer	889	1 570	-	1 258	-	-	-	16 662	20 000	18 000	18 000	76 461	152 840	159 300	168 699
Other materials	3 400	3 950	4 917	5 536	8 187	6 016	3 794	1 541	1 902	1 520	4 000	3 094	47 857	101 301	108 291
Contracted services	298	680	564	252	-	921	516	-	390	550	630	199	5 000	5 310	5 623
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	13 396	8 506	8 460	15 257	9 134	8 793	4 764	18 102	13 858	9 834	15 200	39 362	164 665	210 578	225 877
<b>Cash Payments by Type</b>	<b>40 701</b>	<b>39 722</b>	<b>34 656</b>	<b>46 509</b>	<b>36 439</b>	<b>36 519</b>	<b>28 688</b>	<b>57 886</b>	<b>58 509</b>	<b>52 111</b>	<b>61 810</b>	<b>208 264</b>	<b>701 814</b>	<b>750 585</b>	<b>796 205</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	44 849	20 249	39 263	38 003	119 628	63 322	15 841	54 429	154 803	35 869	35 800	18 778	640 835	667 218	194 600
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flow s/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	<b>85 550</b>	<b>59 972</b>	<b>73 919</b>	<b>84 513</b>	<b>156 067</b>	<b>99 841</b>	<b>44 529</b>	<b>112 315</b>	<b>213 312</b>	<b>87 980</b>	<b>97 610</b>	<b>227 042</b>	<b>1 342 649</b>	<b>1 417 803</b>	<b>990 805</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>374 820</b>	<b>(51 651)</b>	<b>(73 097)</b>	<b>(80 433)</b>	<b>273 577</b>	<b>(95 423)</b>	<b>(44 172)</b>	<b>(107 571)</b>	<b>169 812</b>	<b>(86 810)</b>	<b>(96 489)</b>	<b>(178 622)</b>	<b>3 940</b>	<b>54 922</b>	<b>595 604</b>
Cash/cash equivalents at the month/year begin:	-	374 820	323 169	250 072	169 639	443 216	347 793	303 620	196 049	365 861	279 051	182 562	-	3 940	58 862
Cash/cash equivalents at the month/year end:	374 820	323 169	250 072	169 639	443 216	347 793	303 620	196 049	365 861	279 051	182 562	3 940	3 940	58 862	654 466

The total Cash Receipts by source of the municipality is mainly derive from the grant. The total grant anticipated to be received in the 2017/18 financial year is amounting to R1 335 526 000.

## **2.10 Contract having future budgetary implications**

No contract are awarded beyond the medium-term revenue and expenditure framework (three years).

## 2.11 Capital expenditure details

DC33 Mopani - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		-	20 283	-	250	-	-	-	3 500	50	-
Vote 4 - Corporate Services/HR		-	-	-	-	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		-	7 686	-	166	-	-	-	66 755	2 900	14 700
Vote 6 - Planning & Development/Economic		800	-	-	-	-	-	-	-	-	-
Vote 7 - Health/Other		-	-	-	-	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		763	-	-	60	-	-	-	-	-	-
Vote 9 - Public Services/Fire		-	37	2 800	4 350	-	-	-	18 600	35 400	26 800
Vote 10 - Public Safety/Other		-	-	-	500	-	-	-	-	-	-
Vote 11 - Roads Transport/Roads		-	-	-	-	-	-	-	-	-	-
Vote 12 - Water/Water Distribution		127 652	222 611	182 573	282 475	-	-	-	277 987	577 469	135 200
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		-	129	3 550	1 700	-	-	-	5 500	2 400	2 300
Vote 15 - Waste Water Management/Sewerage		-	77 789	15 300	-	-	-	-	12 400	11 000	15 600
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	<b>129 215</b>	<b>328 536</b>	<b>204 223</b>	<b>289 501</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>384 742</b>	<b>629 219</b>	<b>194 600</b>
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		477	-	-	250	750	750	5 040	-	-	-
Vote 4 - Corporate Services/HR		-	-	-	-	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		5 430	-	-	1 450	566	566	500	-	-	-
Vote 6 - Planning & Development/Economic		-	-	-	-	-	-	-	-	-	-
Vote 7 - Health/Other		-	-	-	-	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		-	-	-	-	60	60	-	-	-	-
Vote 9 - Public Services/Fire		2 618	985	-	500	687	687	100	-	-	-
Vote 10 - Public Safety/Other		-	-	-	-	-	-	50	-	-	-
Vote 11 - Roads Transport/Roads		-	-	-	-	-	-	-	-	-	-
Vote 12 - Water/Water Distribution		-	26 818	41 693	126 900	492 231	492 231	492 231	256 093	37 499	-
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		2 105	-	3 800	1 600	1 550	1 550	2 000	-	500	-
Vote 15 - Waste Water Management/Sewerage		-	17 093	21 459	29 084	28 614	28 614	58 165	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>10 629</b>	<b>44 896</b>	<b>66 952</b>	<b>159 784</b>	<b>524 458</b>	<b>524 458</b>	<b>558 087</b>	<b>256 093</b>	<b>37 999</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>		<b>139 844</b>	<b>373 432</b>	<b>271 175</b>	<b>449 285</b>	<b>524 458</b>	<b>524 458</b>	<b>558 087</b>	<b>640 835</b>	<b>667 218</b>	<b>194 600</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		<b>8 012</b>	<b>32 762</b>	<b>61 028</b>	<b>5 416</b>	<b>2 866</b>	<b>2 866</b>	<b>2 866</b>	<b>17 540</b>	<b>2 450</b>	<b>2 800</b>
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		477	20 283	1 200	500	750	750	750	9 540	50	-
Internal audit		7 535	12 478	59 828	4 916	2 116	2 116	2 116	8 000	2 400	2 800
<b>Community and public safety</b>		<b>3 381</b>	<b>40 269</b>	<b>5 050</b>	<b>5 410</b>	<b>747</b>	<b>747</b>	<b>747</b>	<b>18 650</b>	<b>35 400</b>	<b>26 800</b>
Community and social services		763	30 159	-	60	60	60	60	50	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		2 618	10 110	5 050	5 350	687	687	687	18 600	35 400	26 800
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Planning and development		800	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>127 652</b>	<b>300 401</b>	<b>205 097</b>	<b>438 458</b>	<b>520 845</b>	<b>520 845</b>	<b>520 845</b>	<b>604 645</b>	<b>629 368</b>	<b>165 000</b>
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		127 652	222 611	182 573	409 374	492 231	492 231	492 231	534 080	618 368	149 400
Waste water management		-	77 789	22 525	29 084	28 614	28 614	28 614	70 565	11 000	15 600
Waste management		-	-	-	-	-	-	-	-	-	-
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional</b>	<b>3</b>	<b>139 844</b>	<b>373 432</b>	<b>271 175</b>	<b>449 284</b>	<b>524 458</b>	<b>524 458</b>	<b>524 458</b>	<b>640 835</b>	<b>667 218</b>	<b>194 600</b>
<b>Funded by:</b>											
National Government		127 652	286 631	205 097	440 956	400 244	400 244	400 244	539 611	629 368	165 000
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>4</b>	<b>127 652</b>	<b>286 631</b>	<b>205 097</b>	<b>440 956</b>	<b>400 244</b>	<b>400 244</b>	<b>400 244</b>	<b>539 611</b>	<b>629 368</b>	<b>165 000</b>
<b>Public contributions &amp; donations</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>		<b>12 192</b>	<b>86 801</b>	<b>66 078</b>	<b>8 328</b>	<b>124 214</b>	<b>124 214</b>	<b>124 214</b>	<b>101 224</b>	<b>37 850</b>	<b>29 600</b>
<b>Total Capital Funding</b>	<b>7</b>	<b>139 844</b>	<b>373 432</b>	<b>271 175</b>	<b>449 284</b>	<b>524 458</b>	<b>524 458</b>	<b>524 458</b>	<b>640 835</b>	<b>667 218</b>	<b>194 600</b>

## **2.12 Legislation compliance status**

Below is an overview of the compliance status with the key legislations affecting the municipality:

### **Municipal Finance Management Act**

The municipality is still have a room to improve on reporting requirement to the Provincial and National Treasury.

### **Municipal Systems Act**

The municipality is compliance in this regard

### **Municipal Structures Act**

The municipality is compliance in this regard

### **Treasury Regulations**

The municipality is still having a room to improve in terms of compliance with treasury regulations.

### **mSCOA**

The municipality to date is compliant with mSCOA requirements and set time frames.

### **GRAP**

The municipality is still having a room to improve on compliance with GRAP reporting requirements

### **Basic Conditions of Employment Act**

The municipality is still having a room to improve on the compliance with BCEA

## **2.13 Other supporting documents**

See attached copy of the Annual Budget for the following supporting tables

- MBRR SA 1 – Supporting detail to budgeted financial performance

- MBRR SA 2 – Matrix financial Performance budget (revenue source/expenditure type and department)
- MBRR SA 3 – Supporting detail to statement of financial position
- MBRR SA 9 – Social, economic and demographic statistics and assumptions
- MBRR SA 32 – List of external mechanisms

## **2.14 Municipal manager's quality certificate**

I **Selemo Republic Monakedi**, Municipal Manager of Mopani District Municipality (DC 33), hereby certify that the draft budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the draft budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

**Selemo Republic Monakedi**

**Municipal Manager of Municipal Manager of Mopani District Municipality (DC 33)**

**Signature:**

**Date: 31 May 2017**