



MOPANI DISTRICT
MUNICIPALITY

SCHEDULE A

2021/22 TO 2023/24

BUDGET AND SUPPORTING
DOCUMENTATION

MOPANI DISTRICT MUNICIPALITY

MTREF BUDGET OF

MOPANI DISTRICT MUNICIPALITY

2021/22 TO 2023/24
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

Vision

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

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Abbreviations and Acronyms

BC	Budget Committee	MTREF	Medium-term Revenue and Expenditure Framework
CFO	Chief Financial Officer	NKPIs	National Key Performance Indicators
MM	Municipal Manager	PMS	Performance Management System
DBSA	Development Bank of South Africa	PPE	Property Plant and Equipment
DoRA	Division of Revenue Act	PPP	Public Private Partnership
FBS	Free basic services	PSP	Public Service Purposes
FMG	Finance Management Grant	PTIS	Public Transport Infrastructure System
GRAP	General Recognised Accounting Practice	SALGA	South African Local Government Association
IDP	Integrated Development Plan	SDBIP	Service Delivery Budget Implementation Plan
IT	Information Technology	SMME	Small Micro and Medium Enterprises
kℓ	kilolitre	SALGA	South African Local Government Association
km	kilometre	SCM	Supply Chain Management
KPA	Key Performance Area	SDBIP	Service Delivery Budget Implementation Plan
KPI	Key Performance Indicator	SMME	Small Micro and Medium Enterprises
kWh	kilowatt	VAT	Value Added Tax
ℓ	litre	WCWDM	Water Conservation and Waste Demand Management
LED	Local Economic Development		
MMC	Member of Mayoral Committee		
MBRR	Municipal Budget and Reporting Regulations		
MFMA	Municipal Financial Management Act		
MIG	Municipal Infrastructure Grant		
MSA	Municipal Systems Act		
MTEF	Medium-term Expenditure Framework		
MTREF	Medium-term Revenue and Expenditure Framework		
mSCOA	Municipal Standard Chartered of Account		
MTEF	Medium-term Expenditure Framework		

Part 1 – MTREF Budget

1.1 Mayor's Report

Speech delivered by His Worship, the Executive Mayor of Mopani District Municipality, Councillor Pule Shayi to the Special Virtual Council Sitting on the occasion of adopting the IDP and Budget for the 2021/22 Financial year.

Mr Speaker, Ntate Wireless Sedibeng;

Chief whip, Mme Martha Maswanganyi;

Members of the Mayoral Committee;

The chair of the Local House of Traditional Leaders, Hosi Nwamitwa II;

All our royal leaders;

Leaders of opposition parties;

Chair of chairs, Cllr Masilo Maloko;

The chair of MPAC, Cllr Charlotte Nkhwashu;

All chairpersons of our Section 79 Committees;

Both the chairs of Audit Committee and Risk Committee;

Municipal Manager and his senior management team;

Fellow councillors;

Ladies and gentlemen;

Good morning

Once again, it is with greatest of humility to have the opportunity to deliver to this august sitting of council the budget, and the integrated development plan for the 2021/2021 financial year.

Since August 2016 side by side, we have travelled this journey together with the **1,2 million** of our people in the district. An occasion like this always presents a window of opportunity for reflection on this journey we have walked **together in advancing people's power in every community**.

Overcoming the covid-19 pandemic remains a priority of government

The efforts to rebuild the economy of the country is largely tied to our fight to overcome the Covid-19 pandemic. In the words of Minister Tito Mboweni, the Covid-19 pandemic has turned the global economy upside down. It has affected all our lives, and our pattern on spending has to be seriously altered.

Reality is that infections are surging again, and last night the President announced the move back to Adjusted Alert Level 2 with effect from today as we seek to push back the third wave of this pandemic.

We want to express our appreciation to all our people who have been heeding the call to observe the health protocols, as this is key as work together as a collective to defeat the pandemic.

Government is proceeding very well with the rollout of the vaccination programme. It is now three weeks since government commenced with Phase 2 of the Vaccine Rollout programme. This phase commenced with the vaccination of persons 60 years of age and above.

We therefore wish to appeal to all those that are eligible to be vaccinated during this phase to make use of this opportunity created by government. We want to encourage everyone to continue the fight against the spread of Covid-19. Let us remain steadfast and vigilant while we continue to practice preventative actions.

We also want to remember all the health care workers who have lost their lives to the pandemic. Their contribution to the fight against the pandemic is immeasurable. On behalf of the leadership collective, we wish to convey our message of condolences to the families of the 463 people who have lost their lives to the pandemic in this district. We know that some of them were breadwinners in their families and their passing has left their loved ones despondent.

The District Development Model

The IDP and budget will be implemented in the context of the District Development Model, which was launched by Premier Mathabatha last month. The District Development Model places emphasis on the need to consolidate planning and implementation of projects at the district level, which will allow for faster service delivery in the spirit of khawuleza.

In his speech at the launch of Waterberg District Development Model, President Ramaphosa said the DDM is a break from a past where government departments did not plan properly and imposed projects on communities without considering their needs.

Therefore, Council should note that we are recording improvement and our people should have much confidence that indeed tomorrow will be better than today. We are pleased with the overwhelming support we have received from our key stakeholders, the royal leaders and the business community in particular because they are central in the success of this model.

Through this model, we should be able to build on the successes made since the democratic breakthrough. Together with our people, we have over the years build better communities. Though, we should be the first to concede that challenges still remain and it is only the sustained commitment from our people to remain involved in developmental initiatives that gives us courage that tomorrow will be better than today.

Fellow councillors

Our meeting here is in direct response to the legislative directive. Section 16, sub-section 1 of the Municipal Finance Management Act, No. 56 of 2003 (MFMA), dictates that the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

Section 16(2) of the MFMA states that, in order for a municipality to comply with this subsection 1, the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year. We are confident that the IDP and budget that we are presenting here today is a reflection of the aspirations of our people.

This august sitting will be reminded that the draft IDP and Budget 2021/22 was tabled on the 31st of March 2021 to a virtual Special Sitting of Council. We then embarked on a process of consultations with residents of our district, using available platforms including the community radio stations. This was preceded by our engagement with our royal leaders. We want to thank all our people who have been contributing to this process by identifying their most urgent needs and priorities

Therefore, the final determination by this council is guided by the inputs from residents of our district, who in the main have raised issues around water, roads and support for SMMEs as we fight unemployment and poverty.

Budget breakdown

As the District Municipality, our vision remains to **be the food basket of South African Africa and the Tourism Destination of Choice**. Agriculture, Mining, Manufacturing and Services constitute the core of our District Economy.

Our everyday action is guided by our commitment to provide sustainable basic services to the people of Mopani and grow the economy. In addition, we are guided by the following goals:

- Ensuring sound financial management
- Sustainable infrastructure development and maintenance
- Sustainable, optimal, harmonious and integrated land development
- Ensure a clean, safe and hygienic environment, water and sanitation services
- Democratic society and sound government
- Efficient, effective and capable workforce

Our presentation will be structured into the following key pillars:

- Basic Services and Infrastructure Social Services
- Local Economic Development and Spatial Rationale
- Good Governance and Public Participation
- Transformation and Organisational Development
- Financial Viability

The budget presented to this council today is at **R2, 2 billion** of which **R1,7 billion** is the operating budget and **R523 million** capital budget, and the breakdown from the operating grants and subsidies is as follows:

1. **R1,04 billion** from Equitable Shares
2. **R481 Million** from Municipal Infrastructure Grant (MIG)
3. **R42, 3 Million** from the Water Services Infrastructure Grant (WSIG)
4. **R10,1 Million** from EPWP
5. **R2,9 Million** Financial Management Grant
6. **R2,2 Million** from the Rural Roads Asset Management Grant

Other revenue will come from the following:

- sale of tender documents
- insurance claims,
- skills levy – LGSETA,
- EHS charges,
- Fire Services charges
- as well as commission on debit orders- PayDay.

1. BASIC SERVICE DELIVERY AND INFRASTRUCTURE

We are working around ensuring sustainable infrastructure development and maintenance. We will continue with the programme of providing rural household sanitation (**VIP toilets**) to communities across the district. In GTM we built 1584 VIP toilets,

1584 in GGM, 1506 in GLM, 1629 in MLM and 1494 in BPM. And for the 2021/22 financial year we are budgeting an amount **R90,1 million** from the MIG which will be spent as follows:

- Maruleng Municipality: **R8,7 million**
- Greater Tzaneen: **R22,5 million**
- Greater Letaba: **R18,7 million**
- Greater Giyani: **R20 million**
- Ba-Phalaborwa: **R20 million**

Through the MIG funding, we will be implementing a water reticulation infrastructure targeting the villages of Hlaneki, Bode and Maswanganyi – this in the Greater Giyani Municipality. The project is called Water Reticulation for Middle Letaba Water Scheme Cluster 6 with a budget of **R15 million**.

We will be doing water reticulation targeting Lulekani and Benfarm with a budget of **R40 million** and **R50 million** during the 2022/23 financial year. We will also continue with the Phase 2 of Ritavi 2 Water Scheme project where we are constructing water reticulation in the Muhlava area (**Muhlava, Muhlava-Cross, Sasekani, JB, Petanenge and Zanghoma**). For this project we have set aside **R40 million** from the MIG and will budget a **R50 million** during the 2022/23 financial year.

We have set aside **R40 million** for Thabina to Lenyenye Bulk Water Supply and a further **R60 million** in the 2022/23 financial year as we move towards completion of this project. This is one of the biggest projects for the district for we know that consistent supply of water to Lenyenye Township will boost our efforts around revenue generation.

In Bolobedu South (Relela Cluster in the Greater Tzaneen Municipality) we have a budget of **R18,2 million** for Thapane Regional Water Scheme. For the Thapane Regional Water Scheme and Extension project, we have a budget of **R23,7 million**. For the coming financial year, we do not have allocation for the Joppie-Mawa Ramotshinyadi project, but we have an amount of **R42,7 million** in the 2022/23 financial year.

In Greater Tzaneen we also have the Tours Water Reticulation project with an amount of **R44 million**, but we also have Tours Water Scheme-Bulk lines refurbishment and reticulation with a budget of **R3,2 million**. We have a budget of **R30,1 million** for Lephephane Bulk Water Project and a further **R50 million** for the 2022/23 financial year.

In the Greater Letaba Municipality, we will be focusing again on **Sekgosese Water Scheme project** where we are doing water reticulation with a budget of **R40 million**.

We have the Sefofotse to Ditshosini Bulk Water Supply where we have budgeted an amount of **R14,2 million**.

In the Ba-Phalaborwa Municipality, we have the Makhushane Water Scheme where we are doing reticulation network with a budget of **R40 million**. We also have the Selwane Water Phase 2 with a budget of **R2,5 million**.

In Maruleng Municipality, we have the Hoedspruit Bulk Water Supply with a budget of **R15,9 million**.

Through the **Water Infrastructure Grant (WSIG)**, we are going to be implementing the following projects:

- Bolobedu Moshate Water Supply (Mabosana): **R5 million**
- Zava Water supply: **R19,5 million**
- Upgrading of Mageva water reticulation network: **R3 million**
- Refurbishment, rehabilitation and upgrading of internal water network and development of boreholes at Makhubidung: **R5,2 million**
- Refurbishment of Namakgale Wastewater works: **R5 million**.
- Eco Park (Xikukwane Water Reticulation): **R4,6 million**

We have appointed contractors for some of the WSIG Project to be implemented during this financial year. The **Giyani Pipeline C & D at Mapuve village**, with a budget of **R4 million**. We will do the same in the Greater **Letaba Municipality, Mokwasela village** and in **Mariveni Village in the Greater Tzaneen Municipality**.

The **upgrading the bulk water reticulation and equip the borehole at Kuranta village** in the Greater Letaba Municipality. This for an amount of **R4million** from WSIG.

Going back to Giyani, the construction water reticulation pipelines at **Ngove, Xikukwane, Hlaniki and Manyuny**. Each of these projects will cost us **R4million**, which we are implementing from WSIG funding.

We will be doing **reticulation and providing electrical power at the Senwamokgope sewerage plant in the Greater Letaba Municipality, where we set aside an amount of R4 million**. Still in Greater Letaba, we will be **constructing water reticulation pipeline at Ramaroka village, and this as well is budgeted for R4 Million**.

DWS through LNW will be implementing the Babanana/Nkambako Bulk Water Project with a budget of **R95 million**. The Giyani Bulk Water Supply project will also be funded as DWS and LNW continue to work towards its completion.

We have budget **R1,5 million** to work around developing our Water Demand and Conservation Management Strategy. We have budgeted **R750 thousands** for the development of the Waste Water Risk Abatement Plan. We have budgeted **R20 million** for the repairs and installation of Bulk Water Meters. For Bulk Purchasing of Chemicals, we have budgeted **R40 million** and for boreholes spares **R30 million**. For repairs and maintenance on our water infrastructure, we have an amount of **R108 million**.

We have **R1 million** to start with construction of fire station at Kgapane. To review the district integrated transport plan, we have budgeted an amount of **R1,2 million**.

2. LOCAL ECONOMIC DEVELOPMENT AND SPATIAL RATIONALE

3.1 Local economic development

We will continue to support and promote the economic sectors in the district in order to grow our economy, focusing in the main on agriculture, mining, tourism and manufacturing.

In order to **review the district spatial development framework**, we are setting aside an amount of **R1 million**.

We must congratulate this council on the initiative to support small businesses through the SMME Support Fund. In trying to reach out to SMMEs that have not benefited from Relief Funds administered by other spheres of government as part of Covid-19 support. The Municipality will be spending an amount of R2,1 million in the current financial year to support these SMMEs.

We are doing this because ordinarily every year we support SMMEs to showcase their products and services at trade shows such as the Durban Indaba, the Rand Easter Show, the Letaba Show, including Marula Festival. The covid-19 pandemic has restricted their participation at that level, so we are able to use the savings to support these SMMEs.

We will be awarding e-vouchers worth **R7000** to 100 enterprises in the agricultural sector. They will be able to use the vouchers to buy fertilizers, animal feeds, chemicals, seeds and seedlings.

We are also going to award **R15 000** vouchers to 50 enterprises in the tourism sector. They will be able to use the vouchers for Wi-Fi installations and development of e-marketing websites. In the trade and manufacturing sector, we will be awarding vouchers worth **R10 000** to 70 enterprises. They will be able to use the vouchers to purchase sewing machines, beading material, fabrics, and hair products for saloon operators.

Enterprises that are interested in participating should submit applications before the closing date, which has been extended to Friday, 28 May. More information is available on our website: www.mopani.gov.za, Facebook Page on Mopani District Municipality or alternatively liaise with our LED unit.

The last ordinary sitting of Council received an update report on the Moshupatsela Farm Development Project. And it was this Council that noted the progress made the work streams coordinated by the Municipality through the support from the Department of Agriculture & Rural Development. Guided by the report from the team, we have approved the leasing of the farm for a long-term period to Agriculture Graduates for the purpose of farming for local and export market, but part of the requirement is that the graduates must be residents of Mopani District and must be in possession of plant production qualifications.

But it was this Council that further noted that there is work that we still need to be done before the lease can be finalized, and this work include the rehabilitation of the boreholes and perimeter fence at the farm. So, we are beginning with that work and to that extent we have budgeted an amount of **R1 million** for maintenance at the farm.

We have also set aside an amount of **R800 thousands** as part of farmers' development programme, where we are looking at buying farmers inputs, but also exposing them to the market locally and outside the borders of our province.

We have budgeted **R1,5 million** to establish partnerships and collaborations with key stakeholders in support of initiatives to grow the economy of the district. We will continue to support our tourism establishments, and we committing a budget of **R700 thousands**.

3.2 Spatial rationale

We have an obligation as a District Municipality to coordinate efforts around ensuring an efficient, effective, economic and integrated use of land space in the district. Moreover, to that extent, we will ensure that we review the district Spatial Development Framework with a budget of **R1 million**. We have further set aside an amount of **R1 million, which will cater**, and pay for tribunal members as they sit to adjudicate on land use applications.

We have plans to assist our local municipalities with township establishments. For **Selwane township establishment** where we will be assisting with **producing the layout plan and general plan for 200 sites**, we are budgeting **R800 thousands**.

We are also going to assist Greater Tzaneen Municipality with the **Nwamitwa township establishment**, where we are to produce a layout plan for 200 sites. For this work, we are again setting aside **R800 thousands**, and we will be doing the same as **Xihoko in ward 04**.

In the Greater Giyani Municipality, we will be assisting with the township establishment at **Xivulani extension**. The target is to produce layout plan for **200 sites**.

In the Ba-Phalaborwa Municipality, we will be assisting with the layout plan for **township establishment at Humulani/Matiko-xikaya**.

3. GOOD GOVERNANCE AND PUBLIC PARTICIPATION

We have a responsibility as a democratic local government to promote democracy and sound governance. The following are some of the key items council have considered in the draft reviewed IDP and budget for the 2021/22 financial year:

We have budgeted an amount of **R1 million for public participation** sessions, including for interactions such as these on IDP/Budget, but also our quarterly engagements with communities through the Imbizo programme.

For the 2021/22 financial year, we have set aside an amount of **R200 000** to assist the work of the **Municipal Public Accounts Committee (MPAC)**

We have budgeted an amount of **R400 thousands** in order to host the district ward committee conference.

We have again set aside an amount of **R2,4 million** to assist students from previously disadvantaged backgrounds through the **Mayor's Bursary Fund**.

We are looking to build on the partnership we have established with the community media, in particular the four community radio stations. Therefore, we have set aside an amount of **R400 thousands** to partner with them to promote community participation on matters of governance.

To support the work of the institution of traditional leadership (**local house of traditional leadership**), we have set aside **R700 thousands**.

We have set aside an amount of **R1,2 million to support youth and children's programmes** during the coming financial year.

For **disability programmes**, we have set aside an amount of **R670 thousands** which will cater for the forum, awareness campaigns as well as Indaba.

We plan to continue our partnership with **SABC Munghana Lonene on the Xitsonga Music Awards**. For the year 2021/22, we will be contributing **R400 thousands** to the hosting of the awards in the district.

We have also budgeted for the Elderly Forum and some of their activities.

To continue awareness on the **16 Days of No violence against women** and children, we have set aside an amount of **R250 thousands**.

But, we are also going to be contributing to campaigns led by the Men's Forum, the women caucus, the Gender forum as well as SAWID.

We have budgeted **R100 thousands** for awareness campaigns on Arrive Alive.

We will support the twelve sport federations in Mopani with a budget of **R410 thousands**.

To encourage our communities to lead a healthy lifestyle, we will be funding the Executive Mayor's Cup and Marathon for an amount of **R500 thousands**. However, we also continue to support other activities that encourage our people to fight the lifestyle diseases as well as promoting social cohesion.

We have set aside an amount of **R2,2 million** for the work of the Audit Committee.

4. TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

We will continue to work around building an efficient, effective and capable workforce. We have budgeted an amount of **R1,9 million** for the upgrading of the disaster management's centralized communication centre. We are budgeting **R12 million** for the purchase of specialised vehicles to assist our fire and rescue team. But we also have a further **R12 million** set aside for fire engines.

We have set aside **R5,5 million** to continue our fight against Covid-19 (our ongoing efforts to provide protection in the workplace). We will be procuring Covid-19 PPEs for our workforce and disinfecting the workstations regularly.

To purchase protective clothing for the firefighting personnel, we have set aside an amount of **R2,7 million**. We have **R4, 1 million** budgeted towards emergency equipment. And we have set aside **R300 thousands** for trauma and debriefing of staff.

To assist our staff and **councillors through capacity building programmes**, we are budgeting **R2 million**.

We have budgeted an amount of **R10 million** for legal services, and a further **R1 million** for the review and gazetting of by-laws. For security services in all our facilities (premises) i.e. water schemes, fire stations, satellite offices, and disaster centre, we are setting aside **R34 million**.

We are committing at least **R1 million** to start with our plans to **install cameras on high-risk areas** which will contribute to our efforts to improve road safety in our district. Sekgopo, Makgoebakloof and others as identified in other local municipalities.

We have budgeted **R3 million** for disaster relief support. To support child-headed households, we have budgeted **R150 thousands**. We will also be running a School competition on disaster risk reduction, to raise awareness on how to implement disaster risk reduction. The school competition will be funded for **R100 thousands**. We hosted the inaugural competition last week.

6. FINANCIAL VIABILITY

Our goal is that of reducing financial dependency and provision of sound financial management, and to achieve this we have to increase revenue generation and implement financial control systems.

We have signed a repayment agreement with Lepelle Northern Water in relation to the historic debt. We have budgeted an amount of **R146,2 million** towards that commitment. We have set aside **R50,2 million** in repayment arrangements with the Department of Water and Sanitation for the raw bulk water extraction.

In the coming financial year, we are also looking to set aside an amount of **R15 million** to repay the historic debt owed to local municipalities on losses incurred in the running of water and sanitation function.

But it's also worth noting that we have put in measures to address the challenge of water function between ourselves as the district together with the locals. We are working around ensuring that we separate the water and sanitation transactions in the local municipalities. In the not so distant future, we should be able to take-over the function as the current WSP arrangements with local municipalities is not working for both the district and local municipalities. It's a matter that the Auditor General has consistently raised with us.

We also continue to work on implementing the financial recovery plan as adopted by Council in November 2020. The recovery plan covers the following strategies:

- Restructuring the budget to restore the financial viability of the municipality
- Review tariff policies
- Implementation of revenue enhancement strategy
- Cash management strategy

- Human resource management which includes review of the current organizational structure and align capacity to improve service delivery
- Service delivery including water management and water losses

So, we are going to be prudent on our spending, but also have to strengthen collection on revenue owed to us. The municipality will be appointing a debt collector to assist in recovering the money owed to us.

IN CONCLUSION

Mr Speaker

We wish to thank the administration led by Mr Kgatla, the MM and all committees of council for your valuable contributions to this budget.

We are presenting here today a total budget of **two billion two hundred thirty-three million seven hundred seventy-five thousand five hundred seventy-eight (R2 233 775 578.83)** for the 2021/22 financial year.

It is therefore my singular honour to table the MTEF budget for 2021/22, the reviewed Integrated Development Plan, and the budget related policies to the council of Mopan District Municipality for adoption on behalf of the people of Mopani. We hold a strong view that this budget puts us on a correct path as we move together on this journey of growing our district.

Thank you

1.2 Council Resolutions

	MTREF BUDGET FOR 2021/2022; 2022/2023 & 2023/2024
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PURPOSE

To present the MTREF Budget for 2021/22; 2022/23 & 2023/24 before Council for adoption.

MOTIVATION

In terms of Section 16 of the Municipal Finance Management Act, the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

Section 24 of the Municipal Finance Management Act provides states that:

(1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.

ANNEXURE

MTREF Budget Document

POLICY

➤ Local Government Municipal Finance Management Act, Act No. 56 of 2003;

- Local Government Municipal Systems Act, Act no 32 of 2000
- MFMA Circular 99 & Annexure to MFMA Circular 99

LEGAL REQUIREMENTS

In terms of Section 16 of the Municipal Finance Management Act, the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

Section 24 of the Municipal Finance Management Act provides that:

- (1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget;
- (2) An annual budget—
 - (a) must be approved before the start of the budget year;
 - (b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and
 - (c) must be approved together with the adoption of resolutions as may be necessary—
 - (i) imposing any municipal tax for the budget year;
 - (ii) setting any municipal tariffs for the budget year;
 - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
 - (iv) approving any changes to the municipality's integrated development plan; and
 - (v) approving any changes to the municipality's budget-related policies.
- (3) The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.

FINANCIAL IMPLICATIONS

See attached MTREF budget

ORGANIZATIONAL AND HUMAN RESOURCE IMPLICATIONS

None

COMMUNICATION IMPLICATIONS

The adopted Budget will be sent to both the Provincial and National Treasuries.

RECOMMENDATIONS

1. That Council takes note of the Budget and MTREF for 2021/22; 2022/23 and 2023/24.
2. That Council approves the Budget and MTREF as follows:

2.1. REVENUE

Description	2021/22 Medium Term Revenue & Expenditure Framework		
	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue By Source			
Service charges - water revenue	165 893 916	176 262 276	187 278 672
Service charges - sanitation revenue	32 605 200	33 974 661	35 469 494
Interest earned - external investments	13 701 996	14 441 904	15 181 812
Interest earned - outstanding debtors	41 215 428	42 946 498	44 836 139
Transfers and subsidies	1 583 921 000	1 710 224 000	1 785 865 000

Other revenue	239 339 710	145 220 816	151 628 853
Total Revenue (including capital transfers and contributions)	2 078 698 033	2 121 795 924	2 215 682 211

2.2. OPERATIONAL EXPENDITURE

Description	2021/22 Medium Term Revenue & Expenditure Framework		
	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R - billions			
<u>Expenditure By Type</u>			
Employee related costs	492 773 028	512 329 632	535 721 568
Remuneration of councillors	13 477 608	14 043 660	14 661 588
Debt impairment	65 173 668	67 910 952	70 899 024
Depreciation & asset impairment	210 524 700	219 363 756	229 018 884
Finance charges	358 344	373 392	389 820
Inventory Consumed(Bulk purchases)	331 228 264	295 139 851	308 126 004
Inventory Consumed(Other Materials/Repairs and maintenance)	208 843 076	206 074 798	316 374 943
Contracted services	205 846 128	108 395 760	111 976 968
General expenditure	184 251 132	172 159 332	180 611 616

Total Expenditure	1 712 475 948	1 595 640 048	1 667 622 792
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3. That Council take note of budgeted capital expenditure of **R523 193 748** for 2021/22; **R532 742 291** for 2022/23 and **R572 040 455** for 2023/24.
4. That Council takes note of surpluses of **R 120 619 812** for 2021/22; **R 242 791 911** for 2022/23 and **R259 901 742** for 2023/24.
5. That Council deliberates on the budget as detailed prepared in line with section 16 and 24 of the MFMA;
6. That Council approves the MTREF budget for 2020/21, 2021/22 and 2022/23 as detailed above;
7. The Accounting Officer Submit the approved MTREF budget to the National and Provincial Treasuries.
8. That, within ten working days after the approval of the budget, the Directorate Budget and Treasury in accordance with section 21A of the Municipal Systems Act makes public the approved draft budget and supporting documentation.

	BUDGET RELATED POLICIES & WATER SERVICES TARIFFS
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PURPOSE

Tabling of budget related policies and Water Services Tariffs before Council for approval of implementation in the 2020/21 financial year.

EXECUTIVE SUMMARY

In terms of the Municipal Budget Reporting Regulations, Reg. 7, the Accounting Officer must prepare or make reasonable steps to ensure preparation of the budget related policies of the municipality or any necessary amendments to such policies in accordance with the applicable legislation for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21(1) (b) of the MFMA.

ANNEXURE

- Budget related Policies
 - Water Services Tariffs
-

POLICY

- Municipal Budget Reporting Regulations, Regulation 7;
 - Local Government Municipal Finance Management Act, Act No. 56 of 2003
-

LEGAL IMPLICATIONS

It is a requirement in terms of section 21(1)(a) of the Local Government Municipal Finance Management Act that the preparation of the

annual budget for the ensuing financial year is accompanied by reviewed budget related policies.

FINANCIAL IMPLICATIONS

ORGANIZATIONAL AND HUMAN RESOURCE IMPLICATIONS

None.

COMMUNICATION IMPLICATIONS

Water Services Tariffs are to be implemented in the affected municipalities.

COMMENTS BY MANAGEMENT

Noted.

RECOMMENDATIONS

1. That Council takes note of the Reviewed Budget related Policies and the Water Services Tariffs presented for inputs;
2. That Council approves the Reviewed Budget related Policies to be implemented in the 2021/22 financial year as follows:
 - 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 Expenditure Policy
- 2.7 Indigent Policy;
- 2.8 Investment Policy;
- 2.9 Tariff Policy;
- 2.10 Policy on the writing off of irrecoverable debt;
- 2.11 Supply Chain Management Policy and;
- 2.12 Water Services Tariffs.

3. That Council approves for the Water Services Tariffs to be implemented in the 2020/21 financial year in the following municipalities;

- 3.1 Greater Giyani Municipality;
- 3.2 Greater Letaba Municipality;
- 3.3 Maruleng Local Municipality;
- 3.4 Ba-Phalaborwa Local Municipality;
- 3.5 Greater Tzaneen Municipality.

1.3 Executive Summary

This executive summary provides high-level understanding of the budget and is not aimed at detailing every line item in the budget. In the latter regard, reference should be made to the budget and supporting schedules as annexed hereto.

National Treasury requires municipalities to continue to explore appropriate ways of structuring the tariffs for services, to encourage more efficient use of these services, and to generate resources required for maintenance, renewal and expansion of infrastructure. They also encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect appropriate balance between the interest of poor households, other customers and ensuring the financial sustainability of the municipality.

The key focus of the municipality is to look after the people of Mopani District Municipality, especially the vulnerable, as the district municipality's population is rural. In order to achieve these key focus areas, it is the municipality's objective to be excellent in basic service delivery and mainstreaming basic service delivery to the rural communities.

The budget was made possible through consultation with the local community, the relevant government departments and the internal departments of the Municipality to ensure that the priorities are properly aligned and addressed. The Municipality's business and service delivery priorities were again reviewed as part of this year's planning and budget process.

1.3.1 Addressing unfunded budget

The municipality has significant legacy commitments in the form of payables relating to Lepelle Northern Water and the Department of water and sanitation. Moreover, the municipality has pending litigations and claims that if unsuccessful will put the municipality under significant financial burden.

Not all this financial commitments are funded due to the municipality's main dependence on grants. It is for this reason that the budget of the municipality is not cash backed when taking into account the available reserves and the commitments as already indicated.

In addressing this, the municipality's Council has adopted the financial recovery plan in November 2020. The recovery plan covers the following strategies:-

- *Restructuring the budget to restore the financial viability of the municipality,*
- *Review tariff policies,*
- *Implementation of revenue enhancement strategy,*
- *Cash management strategy,*
- *Human resource management which includes review of the current organisational structure and align capacity to improve service delivery,*
- *Service delivery including water management and water losses.*

The municipality has also signed a repayment agreement with Lepelle Northern water in which it pays **R180 million** per annum towards the historic debt.

In the 2021/22 financial year, the municipality has budgeted an amount of **R15 million** in which it will repay the historic debt owed to Local Municipalities on losses incurred in the running of water and sanitation function.

Furthermore, the municipality has put aside **R53 million** for repayment of Department of Water and Sanitation for the raw bulk water extraction.

With the above measures in place, the municipality will in the short term be able to meet its obligations and to pay its creditors as required

In addressing challenges in the running of water function, the municipality is in the process of implementing a project for separation of water and sanitation transactions in the Local Municipality. This will also enable to prepare the District for take-over of the function, as the current arrangement entered through Water Service Provider agreements with local Municipalities is not working for both the District and Local municipalities.

The municipality has reviewed its organizational structure, however given the rising cost on employee costs, the municipality has during the approval of special adjustment on 11 November 2019, took a moratorium on non-critical position and only filling positions that are critical.

1.3.2 Impact of COVID-19 pandemic on the tabled 2022 budget

On 15 March 2020, President Cyril Ramaphosa declared a national state of disaster in terms of the Disaster Management Act to enable government and the country at large to manage the spreading of the COVID-19 virus. As part of the measures introduced to curb the spreading of the virus, the President prohibited gatherings of 100 or more people.

On 23 March 2020, the President declared a nationwide lockdown, whereby all citizens, except those that form part of essential services, were ordered to stay home for a period of 21 days. The nationwide lockdown, which is known as level 5, commenced at midnight on Thursday 26 March 2020.

The nationwide level 5 lockdown was extended until the end of April 2020 and on the 23 April; the President announced the lifting of certain restrictions as the country eased into a level 4 lockdown from 1 May 2020. This had a devastating effect on the economy of South Africa coupled with the impact of the pandemic on the global economy.

The municipality tabled a special adjustment budget on 15 June 2020 in line with MFMA circular 99. The main aim of the special adjustment was to modify the 2019-20 budget to include allocations and spending on the Covid-19 response. In response to the impact of COVID-19, Mopani District Municipality in line with MFMA annexure to Circular 99 reprioritized of funding allocations for the 2019/20 particularly on the projects funded by the Municipal Infrastructure Grants. The base of the 2020/21 budget is the 2019/20 special adjustments budget (15 June 2020)

Changes to the tabled budget in May 2020 because of COVID-19 pandemic are summarised below – further details are included in relevant sections of the budget document.

- Additional operating requirements stemming from the municipality's response to the pandemic e.g. purchase of PPE;
- Reduction/Reprioritisation of operating expenditure;
- Increased debt impairment provisions, due to anticipated consumer payment behaviour;
- Loss of revenue as a result of lower rates- and tariff payments as well as anticipated negative impacts on sundry revenue sources.

1.3.3 Public Participation on the tabled 2020/21 budget

Section 23 of the Municipal Finance Management Act (MFMA) stipulates that, upon budget tabling, input thereon be to be solicited via public participation process, which is to be considered for inclusion into the budget to be adopted.

This consultation process due to the pandemic, no public engagement comments were solicited via electronic-, social- and print media. The Executive Mayor has done two visits to the Community radio station to talk about programmes and projects of the municipality on 9 December 2020 and 24 February and the IIDP rep forum on 24 March 2021. The executive Mayor during May 2021 was live on the community radio stations presentation the draft IDP/Budget and the inputs.

1.3.4 Annexure to MFMA Circular 99 of 8 April 2020

National Treasury issued Annexure to MFMA Circular 99 on 8 April 2020 to provide guidance regarding Government Gazette No 43181 (MFMA Exemption Notice) and when finalising the 2020/21 MTREF budget.

One of the important aspects in the circular was its reference to tariff changes. The circular states that tariffs tabled as part of the draft budget is regarded as 'indicative' and may change after the public consultation process. This implies that municipalities could amend rates and tariffs post tabling of the budget provided that, should such changes to rates and tariffs be material, the municipality has to consult again on the revised tariff, given the impact on the consumer. On that basis, the municipality does not propose changes to the rates and tariffs levels proposed on the tabled budget.

1.4 BUDGET PROCESS

The draft budget process was guided by the council approved budget and IDP preparation timetable. The timetable was effectively adhered to with major deviations in terms of set dates and times due to the national lockdown. Mopani District Municipality revised the dates for adoption of the budget.

1.4.1 MFMA Circular No 107

The purpose of the annual budget circular is to guide municipalities with their compilation of the 2020/21 Medium Term Revenue and Expenditure Framework (MTREF) and strives to support the budget preparation processes of municipalities so that the minimum requirements of the MBRR promulgated in 2009 are achieved.

1.4.2 MFMA Circular No 108 and Annexure to Circular No 99

The purpose is to provide further guidance to municipalities with the preparation of their 2021/22 Medium Term Revenue and Expenditure Framework (MTREF) budgets and should be read together with the budget circulars that have been issued previously. This circular is linked to the MBRR and the mSCOA and strive to support municipalities budget processes so that the minimum requirement is achieved.

1.4.3 The South African economy and inflation targets

The following macro-economic forecasts were considered when preparing the 2021/22 MTREF municipal budgets.

Macroeconomic performance and projections

Fiscal year	Estimate	Forecast	Forecast	Forecast
	2020/21	2021/22	2022/23	2023/24
CPI Inflation	3.3%	3.9%	4.2%	4.4%

1.4.4 The South African economy and Inflation targets

In South Africa, economic growth has continued to stagnate and weaknesses in the world economy are likely to amplify our own challenges. The discussion paper termed the Economic transformation, inclusive growth, and competitiveness released by the National Treasury has proposed a number of economic reforms that might boost GDP growth over the medium and longer term, and support increased investment and job creation. These measures have been broadly agreed on within government and the next step is to implement the reforms urgently. Nevertheless, the economy has continued to weaken with the economic growth projected to grow at 1.2 per cent in the 2020/21 financial year, while long-term estimates have fallen prompting government to review its outer year's estimates.

In addition to low growth, South Africa's biggest economic risk is Eskom. Ongoing problems with the utility's operations continue to disrupt the supply of electricity to households and businesses.

Government has allocated significant resources to assist Eskom. With the immediate financial restraints lifted, the focus must be on operational problems and restructuring Eskom into three separate entities.

Doing so will mark the beginning of a transition to a competitive, transparent and financially viable electricity sector.

The following macro-economic forecasts must be considered when preparing the 2020/21 MTREF municipal budgets.

1.5 Key focus areas for the 2021/22 budget process

1.5.1 Division of Revenue outlook

- Local government expected to expand access to free basic service to poor households, while ensuring that those who can afford to pay for services do so;
- The 2021/22 MTEF includes large reductions in planned transfers to municipalities. The implication of these reductions is that municipalities will be required to reprioritise projects and to offset the effects of these cuts from their own revenue investments;

1.5.2 Local government conditional grants and additional allocations

- The National Division of Revenue Bill dated 05 February 2021 are reflected in the draft 2021/22 MTREF Budget;

1.5.3 Changes to the structure of local government allocations

- Government is working with municipalities to increase their revenue raising potential. The Municipal Fiscal Powers and Functions Amendment Bill will standardise the regulation of development charges. Development charges are the mechanism by which municipalities recover the capital costs of connecting new developments to infrastructure for water, roads, electricity and other services. The change could increase municipal revenues for capital spending;
- The Department of Energy will complete an electrification master plan to guide the future allocation of funds between Eskom, municipal, and non-grid components of the Integrated National Electrification Program;

- The Department of Transport will establish a national database for all road traffic and condition data to inform the prioritisation and monitoring of road maintenance across all roads.

1.5.4 Addressing unfunded budgets in local government

- Municipalities must ensure that their budgets are adequately funded and to table a funded budget;
- Municipalities must plan affordable expenditure and collect all the revenue owed to them. The municipality will be appointing debt collector to assist in recovering the money owed by consumers

Budget assumptions and bases

National Treasury Circular 108 guided the preparation of the draft budget. The municipality also prepared the 2021/22 budget using a combination of incremental and zero based budgeting approaches. The approaches were informed by the nature of items under budgeting consideration. Projects were budgeted using the zero based budgeting approach whilst operational costs were determined using an incremental approach due to historic trends. The municipality has reviewed its budget policy in the to accommodate the incremental approach basis where feasible.

1.5.5 2021 Local Government Elections and the budget process

Municipalities are advised to refer to MFMA Circular No. 107 on risks related to the Local Government elections and issues to be considered in compiling the 2021/22 MTREF in addition to the information provided below.

- **Transitional processes - development and adoption of IDPs during the 2021 election year**

The 2020/21 municipal financial year represents the last year of the current municipal councils' electoral term. Therefore, the next municipal election to usher in new councils is expected to take place between August and November 2021 in terms of the Section 24 (2) of the Municipal Structures Act, 2000 (Act No. 32 of 2000) (MSA).

Given the fact that the IDP and budget would need to be reviewed and adopted by 30 June 2021, the current council has an obligation to ensure that these stipulations are complied with. In this regard, the current council will be expected to continue reviewing the IDP and ensuring that it is adopted within the legislated timeframe.

- **Hand-over reports for the newly elected councils**

Introduction

This draft report is prepared on behalf of Mopani District Municipal Council which cover the period 2016 – 2021. This document will also serve as an exit report to guide the in-coming council which comes immediately after 2021 local government elections 2021.

The report will cover the five local government Key Performance Areas as follows

a) Basic services

PROGRESS ON IMPLEMENTATION OF INFRASTRUCTURE PROJECTS

. Municipal Infrastructure Grant (MIG)

Implementation of the Municipal Infrastructure projects is monitored / managed through the Project Management Unit under the Technical Services Directorate.

a) MIG PROJECTS

Item	Project Name	Funding	Scope of works	Project Overall Progress (%)	Comments/Issues	Remedial Action/ if any
1.	Sekgosese Water Scheme - 1A (Senwamokgope)	MIG	Equipping of Boreholes: H10-0814, H10-0905, and H10-0909. Construction of 5730m 150 GI pipe rising main (Senwamokgope)	78%	Construction of 3 pump stations and concrete roof slab are underway Challenges: Slow delivery of steel pipes due to shortage of steel. ESKOM connection to boreholes.	Engagement with Eskom is ongoing for connection of the new borehole.
2.	Sekgosese Water Scheme – 1B (Lemondekop)	MIG	Construction of command reservoir 2.6ML, 3600m 150GI steel pipe.	71%	Construction of concrete roof slab is underway. Challenges: Slow delivery of steel pipes due to shortage of steel. SMME issues on subcontracting and payments to the subcontractors	There issues had been resolved and the project is proceeding.
3.	Sekgosese Water Scheme – 1C (Lemondekop, Senwamokgope)	MIG	Equipping of borehole H10-0912. Equipping of borehole H10-0914. Rising main from borehole H10091210 H10-0914. Rising main from borehole H10-0914 to command reservoir. Lemondekop water reticulation (43km).	93%	The project has reached practical completion stage. Challenges - ESKOM connection to boreholes.	Continuous engagement with Eskom to speed up the electrification process.

Item	Project Name	Funding	Scope of works	Project Overall Progress (%)	Comments/Issues	Remedial Action/ if any
4.	Sefofotse to Ditshosine Bulk Water Supply/Ramahlati Bulk and Reticulation 2D (Mohlabaeng & Lebaka)	MIG	1. 32,0 km of 75mm dia uPVC pipe class 9 2. 9,0 km of 90mm dia uPVC pipe class 9 3. 1,7 km of 90mm dia uPVC pipe class 12 pumping main 4. 1,5 km of 110mm dia uPVC pipe class 12 pumping main 5. 1535 metered yard connections 6. Equip and energize 4No. Boreholes 7. Installation of 2No. 400 KL Elevated Steel Tank @10m above ground.8. Nitrate Removal Package Plant	98%	Current works– Pending electrical connection for the booster pump. - Completed – 51km of reticulation at Mohlabaneng (51.05/52.2km), 1475-yard connections, 2x400kl steel reservoirs; equipping of 4x boreholes, Eskom connection, 40% package plant, Package plant and pipe laying on the blasted area. -	Continuous engagement with ESKOM to expedite the electrification process.
5.	Sefofotse to Ditshosine Bulk Water Supply/Ramahlati Bulk and Reticulation 2E (Sefofotse, Maupa, Mohlabaneng, Jamela, Ditshosine, Maphalle)	MIG	6 X BH , 5.9km 90mm uPVC, 2 x booster pump house, 2 X 100kl Sump, 110mm 0.7km uPVC- 2.5km, 5ml steel tank, 12.5km of 355mm HDPE, 15km of 160mm 3km HDPE pipe, 15 X MH. 2 x BH at Shawela, 1.2KM of Concrete palisade fence	82%	Completed – 35km rising main from Sefofotse to Ditshosine (35.416/36.3km) Current – Booster pump station to Jamela and 3x road crossing, equipping of borehole at Ditshosine (2C). Challenges – Contractor was off-site due to community issues and cash flow challenges.	The contractor has appointed a nominated sub-contractor to carry on with the outstanding work. The contractor has re-established site on 01 March 2021 and progressing on site.

Item	Project Name	Funding	Scope of works	Project Overall Progress (%)	Comments/Issues	Remedial Action/ if any
6.	Sefotse to Ditshosine Bulk Water Supply/Ramahlati Bulk and Reticulation 1B (Maupa)	MIG	Construction of water reticulation pipeline, standpipes, and storage tank	94%	The contractor is waiting for Eskom to energize the new boreholes.	Eskom to be engaged to speed up with Electrification.
7.	Mopani Rural House-hold Sanitation at GLM is 1686 VIP units in various villages (Phase 1)	MIG	Construction of 1686 VIP toilets in Greater Letaba	100%	A total of 1686 VIP toilets has been completed.	All phase 1 Sanitation units had been completed waiting for signing of happy letters completion of snag lists.
8.	Water Reticulation Infrastructure for Middle Letaba Water Scheme Cluster 6 (Tomu)	MIG	Excavation of 7km pipeline, Laying of pipes (Various diameter), Installation of gate valves	100%	Project has reached practical completion.	None
9.	Refurbishment of Middle Letaba Water Treatment Works Cluster 7 (Babangu Scheme)	MIG	Refurbishment of Babangu Pump station and pipe line, Refurbishment of Majosi to Elim Pump station, Refurbishment of inlet chamber, Sedimentation tanks, Sand filter basins, Chlorination Building, upgrading of fencing,	73%	Completed works - Equipping of four (4) boreholes; sealing of sedimentation tanks; refurbishment of backwash pumps; refurbishment of chlorination room and admin building, construction of water recovery pipeline; installation of security doors Current Activities: - Cleaning of filter	The contractor was issued with intention letter to effect termination of the contract. Contractor committed to complete the critical works to ensure communities receive water by the 07 th May 2021.

Item	Project Name	Funding	Scope of works	Project Overall Progress (%)	Comments/Issues	Remedial Action/ if any
			Equipping of 3 boreholes		media; sealing of flocculation channels, refurbishment of Babangu and Majosi pump station. Challenges: - Slow progress, contractor cash flow issues.	
10.	Mopani Rural House-hold Sanitation at GGM is 1551 VIP units (Phase 1)	MIG	Construction of 1551 VIP toilets in various villages within Greater Giyani	99%	A total of 1551 VIP toilets has been completed.	Construction of 1551 VIP toilets has been completed. Engineer is currently collecting happy letters and compiling the close out report
11.	Makhushane Water Scheme Phase 1A (Tlakisi, Changane, Kanana)	MIG	Scope of work entails the construction of the 63mm UPVC medium pipes - Class 9 : 10 000 m ,75 mm UPVC medium pressure - Class 9 : 1530m , 90mm UPVC medium pressure pipes -Class 9: 800m , 110 mm UPVC medium pressure pipes - Class 9: 3,100m , 160mm UPVC medium pressure pipes -Class 9: 1300m , 200mm UPVC medium pressure pipes Class 9 : 1280m	100%	Project is completed.	None
12.	Makhushane Water	MIG	Nyakelang - 25 mm HDPE PN 12.5	67%	Contractor is busy with anchor blocks and installation of communal stand pipe	

Item	Project Name	Funding	Scope of works	Project Overall Progress (%)	Comments/Issues	Remedial Action/ if any
	Scheme Phase 1B (Nyakelang 4, Mapikiri, Dikolobeng, Maune)		-4276m, 63 diameters class 9 UPVC 6160m, 75 diameters class 9 UPVC 3315m. 90 diameters class 9 UPVC 2050m, 110 diameters class 9 UPVC 3700m, 160 diameters class 9 UPVC 2850m. 6 No. Fire Hydrants, 55 No. communal stand pipes. Mapikiri -63mm UPVC Medium pressure pipes class 9 15000m, 75mm UPVC medium pressure pipes class 9- 150m. 110mm UPVC medium pressure pipes class 9 6100m, 160mm UPVC medium pressure pipes class 9- 700m. 250mm UPVC medium pressure pipes class 9 2200m, 48 No. stand pipes		and pipe markers. Challenge: Continuous disruption of project by labourers requesting UIF monies for the months of April 2020. Contractor off-site.	Intervention meeting was held between MDM, the contractor and the local labourers and the matter was resolved.

Item	Project Name	Funding	Scope of works	Project Overall Progress (%)	Comments/Issues	Remedial Action/ if any
13.	Selwane Water PHS 2 (Mayepu, Khaxane, Matsotsoesela, Mzilela)	MIG	Replacement of existing 5KM gravity main from Mzilela to Mayephu Village which includes: 160mm to 110mm diameter, class 16 UPVC gravity main of total length of approximately 500mm & Installation of 110mm diameter line valve, Construction of a booster pump station with 2 centrifugal Pumps complete with housing and power supply, Grading of access road to the command reservoir, Supply and installation of Precast valve chamber and Supply and installation of ETANORM 080-065160 Pump, Concrete palisade fencing and Pump house electrical connection	87%	<p>Current works: Construction of pump house and bulk line. Awaiting ESKOM to provide a quotation for electrification of the pump station.</p> <p>The project experienced community challenges resulting into late starting.</p>	The community challenges have been resolved and the project is progressing well on site.

Item	Project Name	Funding	Scope of works	Project Overall Progress (%)	Comments/Issues	Remedial Action/ if any
14.	Upgrading of Ba-Phalaborwa Sewage Works (Phalaborwa Town)	MIG	Re-enforcing, Concrete and Formworks, Bedding and sewer pipeline, Special fittings, testing of pipe line, Grouting, Manhole covers, Water Tightness test, connecting to existing services	95%	The project is currently on practical completion and the contractor is busy with the snag list.	None
15.	Mopani Rural House-hold Sanitation at BPLM is 1551 VIP units (Phase 1)	MIG	Construction of 1551 VIP toilets in various villages within Ba-Phalaborwa	100%	A total of 1551 VIP toilets has been completed.	Construction of 1551 VIP toilets has been completed. Engineer is currently collecting happy letters and compiling the close out report.
16.	Ritavi 2 Water Scheme (Sub-Scheme)	MIG	Equipping and electrification of two boreholes, construction of 80kl elevated steel tank, refurbishment of Muhlava head kraal reservoir, construction of 2.7km of HDPE ranging from 125mm-160mm pumping main, construction of 1km of HDPE ranging from 315mm-400mm gravity main	99%	The project is practically completed and awaits ESKOM connection to the borehole.	Continuous engagement with ESKOM regarding electrification of the completed MDM infrastructure projects including boreholes. PMU busy exploring the possibility of self-built to equip the borehole.

Item	Project Name	Funding	Scope of works	Project Overall Progress (%)	Comments/Issues	Remedial Action/ if any
17.	Thabina Regional Water Scheme (The Resizing & Replacement of Bulk Water Pipeline from Thabina to Lenyenye	MIG	200 mm NB diameter steel pipe (2541m), 01 No Scour valve , 02 No Air valve	98%	Original scope of work completed. Contractor busy with the additional work to address Mokomotji village water supply.	None
18.	Thabina Regional Water Scheme (The Resizing & Replacement of Bulk Water Pipeline from Thabina to Lenyenye	MIG	200 mm NB diameter steel pipe (2350m), 250 mm NB diameter steel pipe (2400m), 7 No of scour pipe, 01 No isolation valve, 14 No Air valve, 350 kl concrete reservoir, refurbishment of existing water treatment plant	90%	Testing of the pipeline is completed. Contractor is busy with formwork for the concrete reservoir and awaits delivery of the elevated steel tank. Challenges: None	None
19.	Thapane Regional Water Scheme (Upgrading of Water Reticulation and Extensions (Relela & Muleketa -Ward 8 &9)	MIG	Housing, electrifying and equipping of three (03) No. New Boreholes, Supplying and laying of raising water main 110 mm uPVC approximately 3600m long from the boreholes to steel pressed water tank. Supplying and laying of 75 mm diameter u.PVC Distribution line	39%	The contractor has laid 500m bulk pipeline and 100m reticulation. ESKOM quotation for electrification of boreholes was received and payment was successfully processed.	Continuous follow up with ESKOM regarding the electrification of the boreholes.

Item	Project Name	Funding	Scope of works	Project Overall Progress (%)	Comments/Issues	Remedial Action/ if any
			approximately 3300m long from the steel pressed water tank. Supply and erect 400kl Steel pressed tank, Supply and install 12No. Communal street taps.			
20.	Tours Water Scheme: Bulk Lines refurbishment and Reticulation	MIG	110mm diameter P7N for 640m. 250mm diameter P8N for 2309m. 63mm diameter P22 for 880m. 110mm diameter P5N for 4900m. 90mm diameter P8 for 9075m. Pressure reducing valve 1, Booster pump station and elevated tank 40kl	100%	Project complete.	None
21.	Thapane Regional Water Scheme; Upgrading & Extension Phase 1 (Thapane, Mohlakoni, Thapane)	MIG	Construction of 5,9km bulk line, construction of simarela office block, Refurbishment of Simarela package plant, refurbishment of 2 pump stations, refurbishment of Thapane Treatment Plant, installation of a fence around Simarela plant, construction of a septic tank at Simarela, Construction of a settling tank at Simarela,	100%	The project is completed.	None

Item	Project Name	Funding	Scope of works	Project Overall Progress (%)	Comments/Issues	Remedial Action/ if any
			construction of manholes, borehole refurbishment, installation of valves along the pipeline, installation of pipe bends and thrusts blocks and installing pipeline markers			
22.	Thapane Bulk Water Scheme Phase 2A (Madumane, Pjapjamela, Leokwe, Motomeni)	MIG	Construction of 10Megalitre concrete reservoir, construction of 11792metres of bulk pipelines, drilling and equipping of five (5) boreholes, construction of booster pump stations	36%	Contractor has resumed with works on site and is working on the 10ML reservoir and electrification of 4 boreholes.	None
23.	Thapane Bulk Water Scheme Phase 2B (Moleketa, Semarela, Buhlodi, Morutji, Marironi)	MIG	Construction of 21,037 km of bulk pipelines	86%	Approval granted to the contractor for covering of the eroded trenches and road crossing. The contractor is currently busy with connection to the reservoirs, road crossing, valve chambers and re-instatement of works.	None
24.	Mopani Rural House-hold Sanitation at GTM is 1730 VIP units (Phase 1)	MIG	Construction of 1730 VIP toilets in various villages within Greater Tzaneen	100%	A total of 1730 VIP toilets has been completed.	Construction of 1730 VIP toilets has been completed. Engineer is currently collecting happy letters and compiling the close out report.

Item	Project Name	Funding	Scope of works	Project Overall Progress (%)	Comments/Issues	Remedial Action/ if any
25.	Kampersrus Bulk Water Scheme & Scotia Water Reticulation (2019/20) (Scotia & Kampersrus) Phase 4	MIG	Construction of 160mm uPVC Pumping main (270m) to existing Moholoholo reservoir, upgrading of clear water pump station and equipping it with two pumps, 10100m of water reticulation in Scotia inclusive of 43 stand pipes and 32 fire hydrant, 7000m of water reticulation in Kampersrus inclusive of 38 stand pipes and 10 fire hydrant.	90%	Pressure testing was done for both Kampersrus and Scortia. Contractor is busy with pipe fitting at the pump station. A claim for extension of time because of stoppages by community has been received and undergoing processing.	None
26.	Kampersrus Bulk Water Scheme & Scotia Water Reticulation (Kampersrus and Scotia) Phase 5	MIG	Construction of 150mm steel Pumping main (3000m) to existing Lemont reservoir, Construction of 0,8Ml concrete reservoir, Installation of two pumps and pipework at the clear water pump station, Transformer upgrade	82%	The contractor is done with casting of the concrete reservoir walls and is busy with construction of a bulk line. The contractor has submitted extension of time with standing time due to covid-19 pandemic and stoppages by the community in Kampersrus, the municipality is busy processing the claim. Application has been made with ESKOM for upgrading of the transformer and awaiting quotation.	Follow up to be done with ESKOM regarding the quotation.

Item	Project Name	Funding	Scope of works	Project Overall Progress (%)	Comments/Issues	Remedial Action/ if any
27.	Hoedspruit Bulk Water Supply	MIG	Construction of 5.22ML reservoir, 4,7km pipeline ranging from 250mm diameter to 406mm diameter, and 19 valve chambers	92% (exclusive of the reservoir)	Project had challenges on land availability for the reservoir and contractor claiming financial losses on the project. The reservoir is on hold until further notice for 2020/21 financial year.	There are ongoing engagements between MDM and the Department of Public Works for approval of alternative location for construction of the reservoir. A new engineer has been appointed to review the project scope of works.
28.	Mopani Rural House-hold Sanitation at MLM is 1596 VIP units (Phase 1)	MIG	Construction of 1596 VIP toilets in various villages	100%	A total of 1596 VIP toilets has been completed.	Construction of 1596 VIP toilets has been completed. Engineer is currently collecting happy letters and compiling the close out report.
29.	Mopani Rural Household Sanitation: Ba-Phalaborwa Phase 2	MIG	Construction of 1686 VIP toilets in various villages	55%	A total of 648 units have been completed, 873 pit linings were done, and 1286 pits excavated and 1404 top structures are delivered on site.	Close monitoring to ensure completion of the remaining units by end of June 2021.
30.	Mopani Rural Household Sanitation: Greater Giyani Phase 7	MIG	Construction of 1686 VIP toilets in various villages	73%	Phase 7: 1206 VIP units have been completed. 16 contractors have reached practical completion stage.	Close monitoring to ensure completion of the remaining units by end of June 2021.

Item	Project Name	Funding	Scope of works	Project Overall Progress (%)	Comments/Issues	Remedial Action/ if any
31.	Mopani Rural Household Sanitation: Greater Letaba Phase 2	MIG	Construction of 1686 VIP toilets in various villages	78%	Phase 2: 1150 VIP units and 1250 pit linings have been completed to date.	Close monitoring to ensure completion of the remaining units by end of June 2021.
32.	Mopani Rural Household Sanitation: Greater Tzaneen Phase 2	MIG	Construction of 1686 VIP toilets in various villages	76%	Phase 2: 1180 VIP units and 1565 pit linings have been completed.	Close monitoring to ensure completion of the remaining units by end of June 2021.
33.	Mopani Rural Household Sanitation: Maruleng Phase 2	MIG	Construction of 1686 VIP toilets in various villages	40%	655 units have been completed, 1596 pits excavated, 911 pits lined.	Close monitoring to ensure completion of the remaining units by end of June 2021.
34.	Lephephane Regional Water Scheme : MDM2020/21-006	MIG	water reticulation for Lephapane water scheme supply-construction	60%	The contractor is busy with pipe laying and has laid 7 920m. The project encountered delays due to the heavy rainfall	An action plan is in place to cover for the lost time due to rainfall
35.	Lephephane Regional Water Scheme : MDM2020/21-007	MIG	water reticulation for Lephapane water scheme supply-construction	78%	The contractor is busy with pipe laying, 19 458m has been laid and 350 house connections were done.	An action plan is in place to cover for the lost time due to rainfall

Item	Project Name	Funding	Scope of works	Project Overall Progress (%)	Comments/Issues	Remedial Action/ if any
					The project encountered delays due to the heavy rainfall	

b) WSIG PROJECTS (SCHEDULE 5B)

Item	Project Name	Funding	Scope of works	Project Overall Progress (%)	Comments/Issues	Remedial Action/ if any
1.	Refurbishment, Rehabilitation and Upgrading Water Reticulation Network and Borehole in Mariveni Phase 2	WSIG	Refurbishment, Rehabilitation and Upgrading Water Reticulation Network and Borehole	0%	Project is on design/tender stage	PMU to compress implementation schedule
2.	Giyani Pipeline C & D (Makhuva)	WSIG	Refurbishment, Rehabilitation and Upgrading Water Reticulation Network and Borehole	0%	Contractor appointed and technical site handover scheduled for 26 th April 2021	PMU to compress implementation schedule
3.	Refurbishment/Rehabilitation and Upgrading of Internal Water Reticulation Network and Borehole in Mokwasela	WSIG	Refurbishment/Rehabilitation and Upgrading of Internal Water Reticulation Network and Borehole	0%	Contractor appointed and technical site handover scheduled for 26 th April 2021	PMU to compress implementation schedule
4.	Refurbishment, rehabilitation and Upgrading of Internal Water Reticulation Network and Development of Borehole in Kuranta Village	WSIG	Refurbishment, rehabilitation and Upgrading of Internal Water Reticulation Network and Development of Borehole	0%	Project site handover was conducted on the 23/03/2021. Contractor delayed submission of	Communique sent to contractor and eventually documents were received on the 21/04/2021.

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					contractual documentation.	
5.	Nhlaniki Upgrading Of Water Reticulation	WSIG	Refurbishment, rehabilitation and Upgrading of Internal Water Reticulation Network	0%	Contractor appointed and site handed over. Awaiting submission of contractual documentation.	Notification written to contractor.
6.	Refurbishment of Namakgale Water Treatment	WSIG	Refurbishment of Water Treatment	0%	Scoping report received and presented.	Notification written to consultant on poor performance due to delay in submission of specification report.
7.	Eco Park (Xikukwane) Water Reticulation	WSIG	Refurbishment, rehabilitation and Upgrading of Internal Water Reticulation Network	0%	Contractor appointed and technical site handover scheduled for 26 th April 2021	PMU to compress implementation schedule
8.	Ngove Water Supply & Reticulation	WSIG	Refurbishment, rehabilitation and Upgrading of Internal Water Reticulation Network	0%	Consultant completed the drilling of boreholes for source development. The drilled boreholes have poor quality water and requires further treatment by package plant which is beyond the available budget.	Discussion on going with DWS on funding the package plant.
9.	Senwamokgope Village/Township Sewer Bulk Line – Reticulation Upgrade & Electrical power provision at Sewer Plant	WSIG	Construction of sewer reticulation pipeline from the plant to the community. Electrification of the sewage plant.	0%	Contractor appointed and technical site handover scheduled for 26 th April 2021	PMU to compress implementation schedule
10.	Rotterdam (Manyunyu) Groundwater Scheme	WSIG	Refurbishment, rehabilitation and Upgrading of Internal Water Reticulation Network and borehole development	0%	Consultant completed the drilling of boreholes for source development. The drilled boreholes have poor quality water and requires further	Discussion on going with DWS on funding the package plant.

					treatment by package plant which is beyond the available budget.	
11.	Refurbishment of Nkambako WWTW	WSIG	Refurbishment of the pump station and replacement of faulty valves.	0%	Project on evaluation stage for appointment of the contractor.	Project under evaluation and appointment targeted for the 29 April 2021

c) WSIG (SCHEDULE 6B)

Item	Project Name	Funding	Scope of works	Project Overall Progress (%)	Comments/Issues	Remedial Action/ if any
1.	Sekgopo Bulk Water Scheme Phase 1 - Source Development (Drilling and testing of boreholes)	RBIG-Covid	Drilling and testing of boreholes for source development for the Sekgopo Scheme.	0%	Municipality received formally appointment as implementing agent in March 2021. Consultants have been appointed and busy with the geo-hydrological investigations.	Continuous project close monitoring.
2.	Modjadji Regional Bulk Water Supply - Groundwater Augmentation to the Plant (Drilling and Testing of boreholes).	RBIG-Covid	Drilling of boreholes to augment the Modjadji Water Treatment Plant	0%	Municipality received formally appointment as implementing agent in March 2021. Consultants have been appointed and busy with the geo-hydrological investigations.	Continuous project close monitoring.
3.	Mametja Sekororo RWS - Refurbishment of existing water reticulation (Oaks, Finale & Santeng)	RBIG-Covid	Testing of twenty-five (25) existing boreholes in the scheme and groundwater modelling. Refurbishment and extension of reticulation in Oaks, Finale and Santeng	0%	Contractor appointed and technical site handover scheduled for 26th April 2021	Continuous project close monitoring.

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			villages.			
4.	Modjadji RWS - Drilling of additional boreholes and link to existing storage (Ramaroka and Femane)	RBIG-Covid	Drilling of additional boreholes and linking to existing reservoir. Construction of additional storage and reticulation extension.	0%	Municipality received formally appointment as implementing agent in March 2021. Consultants have been appointed and busy with the geo-hydrological investigations.	Continuous project close monitoring.
5.	Maselapata Water Supply -Refurbishment, Replacement and upgrading of Internal Water Reticulation network	RBIG-Covid	Source development, refurbishment, and extension of reticulation.	0%	Municipality received formally appointment as implementing agent in March 2021. Consultants have been appointed and busy with the geo-hydrological investigations.	Continuous project close monitoring.
6.	Zava Water Supply - Refurbishment of existing reticulation and additional stand pipes	RBIG-Covid	Refurbishment of existing reticulation and installation of additional standpipes. Refurbishment of raw water delivery mains and abstraction.	0%	Project on evaluation stage for appointment of the contractor.	Project under evaluation and appointment targeted for the 29 April 2021
7.	Bolobedu Moshate Water Supply - Construction of water reticulation pipeline, standpipes.	RBIG-Covid	Refurbishment and extension of water reticulation networks	0%	Contractor appointed and technical site handover scheduled for 26th April 2021	Continuous project close monitoring.

d) RBIG Projects

Item	Project Name	Funding	Scope of works	Project Overall Progress (%)	Comments/Issues	Remedial Action/ if any
1	Mametja Seokororo RWS Phase 1B (A)	RBIG-Covid	Refurbishment of the clear water mains to Santeng, Finale and The Oaks. Installation of WTW water reticulation	12%	Contractor busy with the steel fixing for the pump station. There is a delay in the	Engineer requested to request lead time from the supplier.

					delivery of pipes.	
2	Mametja Seokororo RWS Phase 1B (A)	RBIG-Covid	Construction of a pump station and a pumping main to Sedawa	18%	Contractor busy with the construction of valve chambers. Material has been delivered on site.	Continuous project monitoring.

e) RRAMS

Item	Project Name	Funding	Scope of works	Project Overall Progress (%)	Comments/Issues	Remedial Action/ if any
1	Rural Road Asset Management System	RRAMSG	Road visual condition assessments for paved and unpaved roads and traffic counts.	0%	Project is awaiting Bid Adjudication.	SCM to expedite procurement process

b) Municipal Financial Viability

Audit Matters

❖ **Improvement in relation to audit opinion (2016 – 2021);**

Years	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Audit opinion	Disclaimer	Adverse	Qualified	Qualified	Qualified	Awaiting

The Municipality has improved in terms of the Audit opinion since Financial year 2016 to 2019 in light of the number findings being reduced each year.

❖ **Reduction/eradication of Unauthorized, Irregular, Fruitless and Wasteful Expenditure;**

The Municipality has introduced and strong internal controls to reduce and eventually eradicate and prevent all the Unauthorized expenditure, irregular expenditure and Fruitless and Wasteful Expenditure from the financial year 2016 to 2020/21.

These expenditures are prohibited in terms of section 32 of the MFMA and the Accounting officer should prevent them.

In order explain better the Municipality strive in adopting the credible and funded budget in order to eliminate and prevent Unauthorized expenditure.

Secondly, the Municipality ensure that it pays its creditors timeous as per section 65 of MFMA in order to avoid being charged penalties, and interest on overdue accounts by the creditors, which will be, regards as the Fruitless and wasteful expenditure.

Thirdly, the Municipality ensures the compliances to supply chain management for the procurement goods and services in order to avoid the incurrences of the irregular expenditure.

Lastly, the Municipality ensure that there is implementation the consequences management to the individuals who has not acted accordingly to avoid such prohibited expenditure.

Development and implementation of audit remedial action plans;

The Municipality has developed the action plan for each and every year audit outcomes based on the number of findings which remain unresolved.

The action plan developed remain the living tool and is monitored for implementation by the action owner, Auditor provides Assurances and Municipal Manager for sign off the action done and certify the completed action.

Asset management with credible register;

The Municipality has developed the credible GRAP Compliant Assets register which is updated on timeously period especially on the following scenarios

1. New additional Assets purchased
2. Disposal of assets through Auction and donations
3. Write off of non-functional Assets
4. Valuation of Assets
5. The Assets Management has few positions which are still vacant
6. The assets of municipality are maintained and safe guarded

Functionality of Audit Committees.

Revenue Enhancement

- ❖ Address tariff setting challenges;

The tariffs set by all five local municipalities individually, the challenge is that local municipalities tariff set are cost reflective to include the cost of water , distribution costs and all other cost and therefore , this results with loss of revenue.

❖ Issues of metering and credibility of data and bills;

The function of metering is done at the five local municipalities namely Ba-Phalaborwa Local Municipality, Greater Giyani Letaba, Tzaneen Local Municipality and Maruleng through the Water Services Agreement (WSA).

The credibility data regarding the meter numbers, stand numbers and the billing reports meter reading reports are kept by local municipality as an evidence.

The local Municipalities consolidate the data and any other records and reports to The District Municipality through the appointed administrators that are placed at the local Municipalities.

❖ **Collection of government, municipal, business and residents debts;**

The function of collecting the debt from government Department, Municipal, business and residents is done by the local municipalities through the Water Services Agreement signed.

❖ **Non-revenue electricity and water losses**

The District is faced with high losses on the non – revenue electricity for the operational use by Municipalities on the building and on the satellite offices and the plant areas and lastly to operates bore holes.

- ❖ Implementation of credible revenue enhancement strategy.

The district has developed the revenue enhancement strategy in the 2019/2020 which aligned to Limpopo Provincial Treasury revenue enhancement strategy suitable for all the 27 Municipalities.

The strategy was adopted and approved by council, it is now on the implementation phase and will be reviewed annually.

Appointment of Senior Managers and other Scarce Skills Personnel

- ❖ Number of senior managers appointed in accordance with the regulations;
- ❖ Analysis of the scarce skills personnel e.g. engineers, chartered accountants and many more;
- ❖ Development and implementation of the recruitment and retention strategies;
- ❖ Affordable organogram aligned to the core business of the municipality.

Service and Infrastructure

- ❖ State of municipal technical capacity and capability;
- ❖ Analysis of the municipal absorption capacity and capability to manage infrastructure grants;
- ❖ Increase access to quality, reliable and sustainable basic levels of service;
- ❖ Project and contract management;
- ❖ Rehabilitation, refurbishment and replacement of ageing infrastructure;
- ❖ Analysis of impact on capital projects funded by all conditional grants and municipal own capital funding;
- ❖ Strategy on the implementation or completion of stalled projects.
- ❖ Reflection on Disaster ; Environment and Fire services.

Implementation of Forensic Reports

- ❖ State of forensic reports undertaken by both the municipality and province;
- ❖ Status of other investigation reports in council and consequence management and accountability;
- ❖ Cost implications of undertaking the investigations and disciplinary measures;
- ❖ Development and implementation of anti-corruption and fraud strategy.

c) Municipal Transformation and Organisational Transformation & Good Governance and Public Participation

○ ANALYSIS OF COUNCIL MEETING INCLUDING IMPLEMENTATION OF RESOLUTIONS

The Council has been fully functional since the beginning of the current office term on 25 August 2016 to date. The analysis of meetings per each financial year up to December 2020 are reflected in the table below.

2016/17	2017/18	2018/19	2019/20	2020/21
Special: 08	Special: 07	Special: 07	Special: 07	Special: 03
Ordinary: 04	Ordinary: 04	Ordinary: 04	Ordinary: 03	Ordinary: 02

Council Resolutions are being implemented by the affected Directorates. The Report on the implementation of Council Resolutions forms an agenda item in the ordinary Council meetings which are held quarterly for the information of Council and in order for Council to intervene where necessary.

○ COMPLIANCE WITH CODE OF CONDUCT OF COUNCILLORS

Councillors do comply with the Councillors' Code of Conduct. There is no single councillor who was penalized for violating the Code of Conduct since the beginning of the office term to date.

○ **FUNCTIONALITY OF COUNCIL COMMITTEES**

Council Committees are also fully functional as they hold regular meetings to process matters that require Mayoral and Council consideration. All the items that are tabled before Mayoral and Council meetings are to enjoy the attention of Portfolio Committees as a point of departure. Apart from the oversight conducted by MPAC on the implementation of Council Resolutions as well as policies and applicable legislations by the executive, the Oversight Committees also conduct oversight. Oversight Committees have been tabling not less than three Oversight Reports at each Ordinary Council Meeting for consideration and adoption since the beginning of the 2020 calendar year to date amidst limitations resulting from the lock down due to the COVID-19 pandemic.

○ **FUNCTIONALITY OF MPAC**

MPAC is fully functional as well. Council convenes four ordinary meetings per annum and MPAC has been tabling Oversight Reports to Council for consideration and adoption at each ordinary Council Meeting since the beginning of the office term.

○ **FUNCTIONALITY OF MAYORAL COMMITTEE**

The Mayoral Committee is also fully functional since the commence of the office term and the analysis of the meetings per financial year are reflected in the table below.

2016/17	2017/18	2018/19	2019/20	2020/21
Special: 06	Special: 08	Special: 08	Special: 09	Special: 03
Ordinary: 04	Ordinary: 04	Ordinary: 06	Ordinary: 03	Ordinary: 02

FUNCTIONALITY OF LOCAL LABOUR FORUM

The LLF is up and running in line with its monthly schedule and in compliance with the Organisational Rights Agreement and Collective Agreement

APPOINTMENT OF SENIOR MANAGERS AND OTHER SCARES PERSONNEL.

At the time of generating this update, Council already appointed five (5) Senior Managers including the Municipal Manager and was in final stages of appointing the remaining two (2) vacant Senior Manager positions being SMs Technical and Community Services and these are done in line with the Regulations on the appointment of Municipal Managers and Managers directly accountable to Municipal Manager as follows

- Municipal Manager
- Chief Financial Officer
- Senior Manager: Corporate Services
- Senior Manager: Development Planning
- Senior Manager: Water Services
- Senior Manager: Community Services
- Senior manager: Infrastructure Management.

The main challenges experienced during the compilation of the 2021/22 MTREF can be summarized as follows:-

- Ensure a funded budget - The revenue collection from non-cash items such as depreciation, actuarial provisions, landfill sites etc. cannot fully be recovered from tariffs;
- Ageing and increasing costs of maintenance of water, sewerage and infrastructure;
- Affordability of capital;

- Salary increases for staff exceed consumer inflation – 6.25% increase budgeted -
- Non-cash items such as depreciation, bad debt provision puts pressure on the expenditure budget and cannot fully be recovered from tariffs.

Debtors

The municipality's main services are the provisioning of water and sanitation. The secondary services include the provision of fire and municipal health services.

Revenue collection has been a significant challenge for the municipality mainly for water and sanitation services. This is mainly due to poor management of water and sanitation service level agreements with the local municipalities as well as rural customer base. This challenge has seen the municipality's debt book growing to significant balances in the areas of water and sanitation consumers. The balance of significant debtors are the consumers of water and sanitation in each local municipality as already emphasised.

In addressing the above, appointment of administrators at Local Municipalities has been done; this will enable the District to have direct control and monitoring on the water and sewerage transactions and ensuring that implementation of the signed WSP/WSA SLA's are adequately enforced.

In term of the GRAP reporting requirements, the revenue from the water and sanitation services has been budgeted for in the statement of financial performance, with the exception of collections given the difficulties in the area of revenue collections. Debt impairments have been provided for in the budget to guard against possible non-collectable debts.

Creditors

The municipality is significantly indebted to Lepelle Northern Water for the supply of bulk water to communities in the Mopani region, as well as Department of Water and Sanitation for the raw water extraction rights.

The municipality is unable to generate enough cash resources to finance these creditors. However, the municipality has signed re-payment agreement with the Lepelle Northern Water for payment of the historic debt. The municipality is currently having engagement with the Department of Water and Sanitation with the aim to ensure that the historic debt is serviced.

1.6 BUDGET RELATED POLICIES

Budget related policies

The following budget policies were also reviewed and considered when preparing the MTREF budget:-

- Budget policy
- Virement policy
- Tariff Policy
- Budget Policy;
- Inventory Management Policy;
- Virement Policy;
- Asset Management Policy;
- Credit Control and Debt Collection Policy;
- Expenditure Policy
- Indigent Policy;
- Investment Policy;

- Tariff Policy;
- Policy on the writing off of irrecoverable debt;
- Supply Chain Management Policy and;

1.7 BUDGET SUMMARY

The budgeted items include both operational and capital items as indicated in the summary of key items below:

Table 1

Employee Related Costs - Wages and Salaries (including social contributions)	Depreciation	Debt Impairment	Inventory Consumed(Other Materials/Repairs and Maintenance)	Contracted Services
R492 923 003	R210 524 706	R65 173 668	R208 998 041	R205 966 129

Table 2

Remuneration of Councillors	Bulk Purchases	General Expenditure	Finance Charges	Capital Outlay	Infrastructure	Total
R13 477 595	R331 228 264	R181 942 099	R358 340	R22 106 000	R501 087 748	R2 233 745 579

Total Budget

The total budget for the 2021/22 financial year is **R2.234 billion**, of which **R1.711 billion (77%)** is allocated to the operating budget and **R523.1 million (23%)** to the capital budget.

1.8. Operating revenue

The municipality's main sources of Revenue are water and Sanitation as well as conditional and Unconditional grants. The municipality mainly relies on the grants from National Treasury since own Revenue has been decentralised to the local municipalities through the service level agreement. The key challenges lie in the compliance of the said agreements by both Local and District municipalities wherein collection function is the sole responsibility of the local municipalities.

The municipality is grant dependent with limited revenue collection streams. The poorly controlled decentralisation of revenue at local municipalities coupled with low margins on water and sanitation sales remain the main reason for the municipality to struggle with funding.

The municipality is currently implementing the financial recovery plan and the revenue enhancement strategy adopted by council in November 2019.

Below is a summary of main sources of revenue:

Table 3: Summary of revenue classified by main revenue source

Description	2021/22 Medium Term Revenue & Expenditure Framework		
	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R - billions			
Revenue By Source			
Service charges - water revenue	165 893 916	176 262 276	187 278 672
Service charges - sanitation revenue	32 605 200	33 974 661	35 469 494
Interest earned - external investments	13 701 996	14 441 904	15 181 812
Interest earned - outstanding debtors	41 215 428	42 946 498	44 836 139
Transfers and subsidies	1 583 921 000	1 710 224 000	1 785 865 000
Other revenue	239 339 710	145 220 816	151 628 853

Total Revenue (including capital transfers and contributions)	2 078 698 033	2 121 795 924	2 215 682 211
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Major components for 2020/21 include:

Service Charges – Water Revenue (**R165.9 million**) and Sanitation Revenue (**R32.6 million**) The 2020/21 projections are based on the tariffs as approved by the District in consultation with the Locals. All municipalities' basic tariff has been increased by **4.5%**.

Tariffs per local municipality

Municipality	Budget Year 2021/22	Budget Year 2022/23
<u>Water Basic Charges - Domestic</u>		
Greater Tzaneen Municipality	35.51	37.11
Greater Letaba Municipality	50.00	52.25
Maruleng Local Municipality	8.49	8.87
Greater Giyani Municipality	23.43	24.51
Ba – Phalaborwa Municipality	101.46	106.02

Individual service tariffs

The proposed tariff increases in the table above are averages; i.e. some ratepayers and service users may pay more and others less than the average because of the impact of rebates, usage/consumption, property value and type of consumer.

The District municipality will in future determine a standard tariff for all Local Municipalities taking into considerations a balance of affordability and cost-reflectiveness to ensure that the service is sustainable and healthy payment levels are maintained. *(Refer to the detailed attached tariffs structures)*

Transfers and Subsidies (R1.584billion; National- and Provincial allocations) For purposes of budget compilation, national allocations are based on the Division of Revenue Bill, Government Gazette No 44173 of 05 February 2021

1.8.1 Grants and Subsidies

Table 4 – Grants and Subsidies

Description	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Equitable Shares	1 044 405 000	1 116 401 000	1 134 210 000
EPWP	10 19 000	-	-
Financial Management Grant	2 900 000	3 000 000	3 000 000
Municipal Infrastructure Grant	481 869 000	523 460 000	548 285 000
Rural Roads Asset Management Grant	2 255 000	2 363 000	2 370 000
Water Services Infrastructure Grant	42 363 000	65 000 000	97 000 000
Total	1 583 921 000	1 710 224 000	1 784 865 000

Table 5a-The table below illustrate the breakdown of the services charges of Water and Sewage per local municipality

Municipality	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Ba-Phalaborwa-Water	136 266 567	144 783 227	153 832 179
Ba-Phalaborwa-Sewerage	23 530 500	25 001 156	26 563 728
Greater Giyani- Water	17 549 518	18 646 362	19 811 760

Greater Giyani- Sewerage	3 162 299	3 359 942	3 569 939
Greater Letaba – Water	10 563 283	11 223 488	11 924 956
Greater Letaba – Sewerage	4 045 351	4 298 185	4 566 822
Greater Tzaneen – Water	31 669 684	33 649 039	35 752 104
Greater Tzaneen – Sewerage	7 584 142	8 058 151	8 561 785
Maruleng – Water and Sewerage	5 343 192	5 740 612	6 099 401
Total	239 714 544	254 760 163	270 682 673

Table 5b- Interest on outstanding debtors per municipality

Municipality	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Ba-Phalaborwa-Water	20 697 544	21 991 140	23 365 586
Ba-Phalaborwa-Sewerage	4 065 878	4 319 995	4 589 995
Greater Giyani- Water	6 136 418	6 519 944	6 927 440
Greater Giyani- Sewerage	292 382	310 656	330 072
Greater Letaba – Water	3 676 745	3 906 542	4 150 701
Greater Letaba – Sewerage	448 801	476 851	506 654
Greater Tzaneen – Water	4 601 326	4 888 909	5 194 466
Greater Tzaneen – Sewerage	1 268 075	1 347 329	1 431 537

Maruleng – Water and Sewerage	28 277	30 045	31 923
Total	41 215 446	43 791 420	46 528 380

The municipality's main sources of Revenue are water and Sanitation as well as conditional and Unconditional grants. The municipality mainly relies on the grants from National Treasury since own revenue has been decentralised to the local municipalities through the WSP service level agreements.

1.9 Operating Expenditure Framework

The Municipality's expenditure framework for the 2021/2022 budget and MTREF is informed by the following:

- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;

The following table is a high-level summary of the 2021/2022 draft budget and MTREF (classified per main type of operating expenditure):

Table 6 - Summary of operating expenditure by standard classification item

Description	2021/22 Medium Term Revenue & Expenditure Framework		
	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R - billions			
Expenditure By Type			

Employee related costs	492 773 028	512 329 632	535 721 568
Remuneration of councillors	13 477 608	14 043 660	14 661 588
Debt impairment	65 173 668	67 910 952	70 899 024
Depreciation & asset impairment	210 524 700	219 363 756	229 018 884
Finance charges	358 344	373 392	389 820
Inventory Consumed(Bulk purchases)	331 228 264	295 139 851	308 126 004
Inventory Consumed(Other Materials/Repairs and maintenance)	208 843 076	206 074 798	316 374 943
Contracted services	205 846 128	108 395 760	111 976 968
General expenditure	184 251 132	172 159 332	180 611 616
Total Expenditure	1 712 475 948	1 595 640 048	1 667 622 792

Major components for 2021/22 include:

Employee related costs total **R492.7 million**, which equates to **28.82%** of the total budget. The 2021/22 cost of living increase as per the National Treasury MFMA Circular No. 108(**CPI 3.9%**) was used when calculating the 2020/21 staff budget.

The **Debt Impairment and Depreciation** allocation of **R275.6 million**, which equates to **16.12%** is influenced by the budgetary treatment as prescribed in the GRAP1 Accounting Standard.

Bulk purchases amount to **R331.2 million**, which is allocated for the purchase of bulk water from suppliers i.e. Lepelle Northern Water and the Department of Water Affairs & Sanitation. These allocations are influenced by consumer behaviour.

Contracted services of **R206.0 million**, which equates to **12.05%** of the operational expenditure. This item includes the payments for leased vehicles, security services, Legal Services, Debt Collection, consultants assisting in preparation of AFS and mSCOA. This expenditure is linked to contractual commitments

Contracted Services			
Segment Description	2022 Budget	2023 Budget	2024 Budget
Contract Services: Asset Management	3 999 996	4 167 996	4 351 392
PMU Special Support Consultants	4 458 888	4 646 160	4 850 592
Development of IWMP	600 000	200 004	-
Contracted Services: Fleet	18 000 000	18 756 000	19 581 264
Development Of water Demand and Conservation Management Stra	1 500 000	-	-
AFS Preparation	6 500 004	3 647 004	3 807 468
Operation Clean Audit	1 080 000	-	-
Operation Clean Audit	1 920 000	3 126 000	3 263 544
Debt Collection	99 999 996	-	-
Contracted Services: Agency Fees(Tawanda)	2 865 696	2 986 056	3 117 444

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Repairs and Maintenance: Infrastructure Water (O&M)	15 134 004	15 769 632	16 463 496
Contracted Services: KWCRS_Water Meter Reading BTO	1 782 552	1 857 420	1 939 140
Legal Expenses	9 999 996	10 419 996	10 878 480
Executive Mayor Cup and Marathon	500 004	521 004	543 924
World Aids Day	150 000	156 300	163 176
Local House of Traditional Leaders - Catering	699 996	729 396	761 496
Land Use and Land Development Management	999 996	999 996	-
Development of Road Asset Management System	2 255 004	2 484 000	2 657 880
Security Services	33 999 996	35 427 996	36 986 832
Computerised PMS	900 000	937 800	979 068
mSCOA Implementation	1 500 000	1 563 000	1 631 772
TOTAL	205 846 128	108 395 760	111 976 968

Inventory Consumed (Other materials /Repairs and Maintenance) constitute **12.22%** of the overall operating budget at a total budget of **R208.8 million**.

Included in the **R208.8 million** is an amount of **R15 million** provided for in the 2021/22 for the repayment of debts owed to Local Municipalities emanating to losses incurred by the LM's on water provision.

Table 7

Municipality	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Repayment of Debt - GTM	5 400 000	5 626 000	5 874 379
Repayment of Debt - GLM	3 600 000	3 751 200	3 916 253
Repayment of Debt - MLM	3 000 000	3 126 000	3 263 544
Repayment of Debt - GGM	3 000 000	3 126 000	3 263 544
Total	15 000 000	15 630 000	16 317 720

General expenditure constitute **10.63%** of the total operating budget at a total budget of **R184.2 million**. This item includes programmes and projects, which are not of capital nature funded by Equitable Shares. Also included in this is items such as fleet costs (fuel & oil, tyres, admin costs, licences), telephone system rental, licences, advertising and essential user re-imbursive costs.

1.10 Capital Expenditure

The capital budget is earmarked for water and sanitation projects in line with the municipality's mandate. The budgeting is mainly informed by the projects determined through IDP consultations and in line with the available funding in the Division of Revenue bill.

Table 8 – Capital budget functional

R thousand	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Capital Expenditure - Functional			
Finance	120 000	0	0
Public safety	16 150 000	5 416 800	27 935 139
Water Services	501 087 748	522 286 999	538 844 482
Administration	2 500 000	0	0
Information Technology	3 036 000	2 313 240	2 415 023
PMU	300 000	312 600	326 354
Total Capital Expenditure - Functional	523 193 748	532 742 292	572 040 455

Key projects

The key projects for the municipality are in relation to basic services for water and sanitation infrastructure including maintenance thereof. Some of these projects are multi-year and thus budgeted as such. As already indicated above, the projects are budgeted using a zero based budgeting approach based on the National Treasury gazetted funds and approved technical reports from Department of Water and Sanitation.

Below is a list of budgeted key projects for water and sanitation:

Table 9 – List of capital projects

No	Project Name	Budget Year	Budget Year +1	Budget Year + 2
		2021/22	2022/23	2023/24
1.	Hoedspruit Bulk Water Supply	15 904 901	-	-
2.	Jopie Mawa- Ramotshinyadi	-	42 727 638	-
3.	Tours Water Reticulation	44 004 000	53 981 403	-
4.	Sefofotse to Ditshosini Bulk Water Supply	14 270 862		
5.	Thapane Regional Water Scheme	18 292 761	-	-
6.	Thapane Regional Water Scheme- Upgrade and Extension	23 754 995	-	-
7.	Tours Water Scheme-Bulk lines refurbishment and reticulation	3 216 755	-	-
8.	Water Reticulation Infrastructure for Middle Letaba Water Scheme Cluster 6	15 000 000	41 606 589	-

No	Project Name	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year + 2 2023/24
9.	Lulekani Water Scheme Benfarm	40 000 000	50 000 000	87 350 665
10.	Ritavi 2 Water Scheme	40 000 000	60 000 000	125 867 851
11.	Thabina to Lenyenye Bulk Water Supply	40 000 000	60 000 000	80 499 848
12.	Sekgosese Water Scheme	40 000 000	60 000 000	124 533 750
13.	Selwane Water	2 536 224	-	-
14.	Makhushane Water Scheme	40 000 000	60 000 000	66 646 232
15.	Lephephane Bulk Water	30 144 706	50 000 000	36 922 404
16.	Rural Household Sanitation (GGM)	20 065 667	-	-
17.	Rural Household Sanitation (GTM)	22 547 011	-	-
18.	Rural Household Sanitation (GLM)	18 730 382	-	-
19.	Rural Household Sanitation (BPM)	20 000 000	18 971 369	-
20.	Rural Household Sanitation (MLM)	8 757 484		

No	Project Name	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year + 2 2023/24
21.	Electrical Transformer(Borehole)	1 500 000	-	-
22.	Refurbishment of Namakgale Water Treatment Namakgale	5 000 000	-	-
23.	Eco Park (Xikukwane) Water Reticulation Xikukwane	4 629 550	-	-
24.	Refurbishment , rehabilitation and upgrading of internal network reticulation in Makhwibidung	5 212 892	-	-
25.	Upgrading of internal network reticulation in Mageva village	3 000 000	-	-
26.	Zava_ Water Supply Refurbishment of existing reticulation and additional standpipes	19 519 558	-	-
27.	Bolobedu/Moshate Water Supply	-	-	-
Total		523 193 748	532 742 291	572 040 455

1.10.1 The below table shows draft MTREF allocations per municipal votes:-

R thousand	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Expenditure by Vote			
General Council	18 048 469	19 083 223	20 188 214
Office of the Executive Mayor	10 277 055	10 582 651	11 048 288
Office of the Chief Whip	570 142	594 088	620 228
Office of the Speaker	14 043 404	14 549 867	15 190 344
Disability Desk	1 610 871	1 678 403	1 752 252
Gender Desk	1 561 371	1 626 824	1 698 404
Youth Desk	2 244 367	2 338 723	2 441 716
Sports and Recreation	2 086 065	2 173 680	2 269 322
Municipal Manager	45 880 609	47 792 664	49 895 541
Internal Audit	11 034 137	11 496 695	12 002 550
Budget & Treasury	22 495 174	23 440 144	24 462 192
BUDGET AND REPORTING	6 858 831	7 146 527	7 460 974
EXPENDITURE	13 065 412	13 613 159	14 212 138
Revenue Management	125 309 044	26 372 024	27 532 393

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Supply chain Management	8 856 175	9 228 134	9 634 172
Asset Management	9 253 258	9 641 895	10 066 138
Human Resources	33 923 069	35 347 838	36 903 143
Communication & Marketing	6 214 384	6 474 763	6 759 652
Engineering Services	4 976 429	5 319 729	5 618 381
Corporate Services	2 377 090	2 476 928	2 585 913
Administration	30 752 378	32 036 475	33 446 080
Legal Services	13 540 605	14 109 310	14 730 120
Project Management Unit	24 366 283	24 842 315	25 935 377
Planning & Development	2 520 140	2 625 986	2 741 529
LED	21 378 702	11 722 189	12 237 966
GIS	5 094 336	5 412 129	8 316 427
Spatial Planning	8 470 393	4 565 750	2 469 842
IDP	3 210 464	3 345 303	3 492 497
Health	33 971 554	35 147 959	35 950 469
Community Services	2 429 264	2 531 293	2 642 670
Fire Services	83 886 510	86 902 648	91 259 678
Disaster Management	31 634 105	32 837 537	33 760 389

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Roads Transport	8 662 272	9 026 087	9 423 235
Water Distribution	822 069 614	801 487 070	836 752 501
Electricity	2 544 319	2 651 180	2 767 832
Information Technology	21 073 372	17 259 838	18 019 271
Water Schemes	71 400 866	74 399 70	79 326 465
Sewerage	182 940 098	190 626 711	199 017 045
Total Expenditure by Vote	1 712 475 948	1 595 640 048	1 667 622 792

1.11 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 2020/21 budget and MTREF as adopted by the Council.

1.11.1. Explanatory notes to MBRR Table A1 - Budget Summary

DC33 Mopani - Table A1 Budget Summary

Description	2017/18	2018/19	2019/20	Current Year 2020//21				2021/22 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousands										
Financial Performance										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges	166 927	248 465	186 875	186 063	187 639	187 639	–	198 499	210 905	224 087
Investment revenue	7 128	5 438	13 200	9 000	13 000	13 000	5 765	13 702	14 442	15 182
Transfers recognised - operational	644 068	774 682	855 547	927 159	927 543	927 543	385 633	1 135 221	1 090 006	1 177 672
Other own revenue	41 033	154 658	59 649	50 787	42 731	42 731	3 940	45 428	48 232	51 197
	859 157	1 183 242	1 115 272	1 173 009	1 170 913	1 170 913	395 339	1 392 850	1 363 585	1 468 138
Total Revenue (excluding capital transfers and contributions)										
Employee costs	303 555	352 806	389 571	433 711	385 222	385 222	385 222	397 854	422 738	449 209
Remuneration of councillors	14 289	13 179	13 224	28 920	15 312	15 312	37 034	14 233	15 123	16 068
Depreciation & asset impairment	226 767	175 238	223 747	177 736	178 067	178 067	178 067	186 056	197 682	210 033
Finance charges	214	48 657	71 906	466	466	466	–	491	521	554
Materials and bulk purchases	393 377	331 797	351 497	278 270	317 954	317 954	209 309	358 724	439 727	468 606
Transfers and grants	864	1 326	354	–	–	–	–	–	–	–
Other expenditure	426 349	340 571	272 563	430 932	291 580	291 580	230 240	323 610	307 652	335 105
Total Expenditure	1 365 415	1 263 574	1 322 860	1 350 035	1 188 602	1 188 602	1 039 873	1 280 968	1 383 444	1 479 574
Surplus/(Deficit)	(506 258)	(80 332)	(207 589)	(177 026)	(17 689)	(17 689)	(644 534)	111 882	(19 858)	(11 436)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	317 650	452 843	596 763	596 866	496 633	496 633	97 858	528 638	555 576	580 944

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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)	-	-	-	-	-	-	-	-	-	-
	(188 607)	372 510	389 175	419 840	478 944	478 944	(546 676)	640 520	535 718	569 508
Surplus/(Deficit) after capital transfers & contributions										
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(188 607)	372 510	389 175	419 840	478 944	478 944	(546 676)	640 520	535 718	569 508
<u>Capital expenditure & funds sources</u>										
Capital expenditure	4 910 329	548 976	5 593 001	614 929	553 912	553 912	553 912	567 412	607 198	653 660
Transfers recognised - capital	4 902 001	548 175	5 415 927	544 580	496 633	496 633	496 633	532 342	591 228	623 460
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	8 328	801	177 073	19 150	57 279	57 279	57 279	35 070	15 970	30 200
Total sources of capital funds	4 910 329	548 976	5 593 001	563 730	553 912	553 912	553 912	567 412	607 198	653 660
<u>Financial position</u>										
Total current assets	468 333	552 241	727 848	813 600	1 744 431	1 744 431	1 744 431	979 859	1 262 868	1 026 427
Total non current assets	4 910 568	5 187 004	5 599 772	4 813 577	5 605 415	5 605 415	5 605 415	6 336 718	6 624 900	6 989 659
Total current liabilities	1 529 073	1 557 854	1 735 265	537 106	1 140 510	1 140 510	1 140 510	1 600 298	1 632 714	1 643 721
Total non current liabilities	92 475	102 965	124 755	57 937	60 949	60 949	60 949	60 949	64 241	124 755
Community wealth/Equity	3 757 354	4 078 426	4 467 600	5 032 135	6 148 386	6 148 386	6 148 386	5 655 329	6 190 813	6 247 610
<u>Cash flows</u>										
Net cash from (used) operating	410 206	665 561	671 267	475 023	505 948	508 332	508 332	766 077	669 120	711 243
Net cash from (used) investing	(511 811)	(541 691)	(635 665)	(563 730)	(553 732)	(553 732)	(553 732)	(567 412)	(607 198)	(653 660)
Net cash from (used) financing	-	(327)	(5 271)	-	-	-	-	(138 000)	(146 625)	(155 789)
Cash/cash equivalents at the year end	7 752	131 304	161 634	72 929	113 852	116 236	116 236	222 301	137 597	39 391
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	7 761	131 304	161 636	45 908	15 646	15 646	15 646	154 347	392 778	161 636
Application of cash and investments	1 223 940	1 490 987	1 709 972	295 399	1 099 513	1 099 513	(571 939)	1 575 176	1 606 348	1 612 955
Balance - surplus (shortfall)	(1 216 179)	(1 359 683)	(1 548 336)	(249 491)	(1 083 867)	(1 083 867)	587 585	(1 420 829)	(1 213 570)	(1 451 319)
<u>Asset management</u>										
Asset register summary (WDV)	4 816 440	5 179 369	-	560 050	546 369	546 369	546 369	566 722	606 464	652 880

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Depreciation	226 767	175 238	223 747	177 736	178 067	178 067	178 067	186 056	197 682	210 033
Renewal and Upgrading of Existing Assets	90 316	801	–	69 308	45 000	45 000	45 000	35 380	10 993	81 410
Repairs and Maintenance	95 296	152 042	179 194	116 823	30 776	30 776	30 776	37 823	33 777	35 963
<u>Free services</u>										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
<u>Households below minimum service level</u>										
Water:	–	44	44	44	44	44	44	44	44	44
Sanitation/sewerage:	98	98	98	98	98	98	98	98	98	98
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.

1.11.2. 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	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand	1									
Revenue - Functional										
Governance and administration		-	-	1 297 702	1 681 714	2 065 008	2 065 008	1 838 959	1 871 951	1 953 844
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	-	1 297 702	1 681 714	2 065 008	2 065 008	1 838 959	1 871 951	1 953 844
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	307 617	239 774	239 774	239 774	239 774	249 845	260 838
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	262 372	196 049	196 049	196 049	196 049	204 283	213 272
Waste water management		-	-	45 245	43 725	43 725	43 725	43 725	45 562	47 566
Waste management		-	-	-	-	-	-	-	-	-
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	-	1 605 318	1 921 488	2 304 783	2 304 783	2 078 734	2 121 796	2 214 682
Expenditure - Functional	-									
Governance and administration		-	-	328 554	287 384	267 682	267 682	400 642	310 581	325 529
Executive and council		-	-	99 317	89 029	87 387	87 387	94 389	97 232	102 800
Finance and administration		-	-	221 804	189 240	170 871	170 871	295 219	201 851	210 726

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Internal audit		-	-	7 433	9 115	9 425	9 425	11 034	11 498	12 003
Community and public safety		-	-	141 794	146 130	156 796	156 796	153 957	160 074	165 492
Community and social services		-	-	29 359	38 057	49 937	49 937	34 063	35 396	36 431
Sport and recreation		-	-	1 748	4 753	1 880	1 880	2 086	2 174	2 269
Public safety		-	-	83 494	67 645	72 054	72 054	83 837	87 356	91 205
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	27 193	35 675	32 925	32 925	33 972	35 148	35 586
Economic and environmental services		-	-	54 699	90 654	70 478	70 478	78 679	66 862	70 755
Planning and development		-	-	48 338	82 911	64 436	64 436	70 017	57 836	61 332
Road transport		-	-	6 361	7 742	6 042	6 042	8 662	9 026	9 423
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	984 918	756 801	949 894	949 894	1 079 197	1 058 124	1 105 846
Energy sources		-	-	3 551	2 661	1 799	1 799	2 544	2 651	2 768
Water management		-	-	949 507	728 585	923 210	923 210	1 035 231	1 012 303	1 057 920
Waste water management		-	-	31 860	25 554	24 885	24 885	41 422	43 170	45 158
Waste management		-	-	-	-	-	-	-	-	-
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	-	-	1 509 964	1 280 968	1 444 850	1 444 850	1 712 476	1 595 640	1 667 623
Surplus/(Deficit) for the year		-	-	95 354	640 520	859 932	859 932	366 258	526 156	547 059

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 B4.

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, 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

1.11.3 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 R thousand	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue by Vote	1									
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		-	-	1 297 702	1 681 714	2 065 008	2 065 008	1 838 959	1 871 951	1 953 844
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		-	-	266 217	201 452	201 452	201 452	201 452	209 913	219 149
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		-	-	-	-	-	-	-	-	-
Vote 15 - Waste Water Management/Sewerage		-	-	41 399	38 322	38 322	38 322	38 322	39 932	41 689
Total Revenue by Vote	2	-	-	1 605 318	1 921 488	2 304 783	2 304 783	2 078 734	2 121 796	2 214 682
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council/Mayor & council		-	-	54 505	53 493	48 073	48 073	50 595	51 859	55 158
Vote 2 - Executive & Council/Municipal Manager		-	-	53 993	49 404	50 620	50 620	56 915	59 044	61 915
Vote 3 - Finance & Admin/Finance		-	-	144 914	105 581	71 391	71 391	185 838	89 442	93 368
Vote 4 - Corporate Services/HR		-	-	15 925	18 972	22 716	22 716	33 923	35 348	36 903
Vote 5 - Finance & Admin/Other Admin		-	-	85 600	78 250	86 769	86 769	83 727	85 267	89 086
Vote 6 - Planning & Development/Economic		-	-	10 867	51 831	33 384	33 384	40 674	27 671	29 776
Vote 7 - Health/Other		-	-	27 193	35 675	32 925	32 925	33 972	35 148	35 586
Vote 8 - Community Services/Other Community		-	-	5 672	5 995	13 073	13 073	2 429	2 558	2 671
Vote 9 - Public Services/Fire		-	-	83 494	67 645	72 054	72 054	83 837	87 356	91 205
Vote 10 - Public Safety/Other		-	-	23 687	32 063	36 864	36 864	31 634	32 838	33 760
Vote 11 - Roads Transport/Roads		-	-	6 361	7 742	6 042	6 042	8 662	9 026	9 423
Vote 12 - Water/Water Distribution		-	-	957 499	732 213	926 837	926 837	1 038 972	1 016 200	1 061 990

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Vote 13 - Electricity/ElectricityDistribution		-	-	3 551	2 661	1 799	1 799	2 544	2 651	2 768
Vote 14 - Corporate Services/Information Technology		-	-	12 837	17 519	21 046	21 046	21 073	21 958	22 925
Vote 15 - Waste Water Management/Sewerage		-	-	23 868	21 927	21 258	21 258	37 681	39 272	41 089
Total Expenditure by Vote	2	-	-	1 509 964	1 280 968	1 444 850	1 444 850	1 712 476	1 595 640	1 667 623
Surplus/(Deficit) for the year	2	-	-	95 354	640 520	859 932	859 932	366 258	526 156	547 059

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.

1.11.4 Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

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

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand	1										
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	221 312	165 894	165 894	165 894	-	166 105	173 082	180 697
Service charges - sanitation revenue	2	-	-	33 750	32 605	32 605	32 605	-	32 605	33 975	35 470
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-	-	-	-
Interest earned - external investments		-	-	19 298	13 702	13 702	13 702	5 532	13 702	14 442	15 182
Interest earned - outstanding debtors		-	-	52 555	41 215	41 215	41 215	-	41 215	42 947	44 836
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-

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Transfers and subsidies		-	-	928 151	1 135 221	1 134 792	1 134 792	462 475	1 057 469	1 119 401	1 137 210
Other revenue	2	-	-	2 040	4 212	136 212	136 212	342	241 149	147 127	153 632
Gains		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	-	1 257 106	1 392 850	1 524 421	1 524 421	468 348	1 552 247	1 530 973	1 567 027
Expenditure By Type	-										
Employee related costs	2	-	-	426 811	397 854	413 718	413 718	361 049	492 773	512 330	535 722
Remuneration of councillors		-	-	33 624	14 233	14 313	14 313	34 140	13 478	14 044	14 662
Debt impairment	3	-	-	191 133	65 174	65 174	65 174	-	65 174	67 911	70 899
Depreciation & asset impairment	2	-	-	183 231	186 056	186 056	186 056	-	210 525	219 364	229 019
Finance charges		-	-	66 798	491	491	491	1 594	358	373	390
Bulk purchases - electricity	2	-	-	187 611	239 642	254 642	254 642	230 216	-	-	-
Inventory consumed	8	-	-	53 628	119 083	217 331	217 331	-	540 071	501 064	524 343
Contracted services		-	-	188 321	76 526	121 969	121 969	107 884	205 846	108 396	111 977
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	-	-	178 809	181 910	171 157	171 157	94 488	184 251	172 159	180 612
Losses		-	-	-	-	-	-	-	-	-	-
Total Expenditure		-	-	1 509 964	1 280 968	1 444 850	1 444 850	829 371	1 712 476	1 595 640	1 667 623
Surplus/(Deficit)		-	-	(252 858)	111 882	79 571	79 571	(361 023)	(160 229)	(64 667)	(100 596)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	348 212	528 638	780 362	780 362	876 934	526 487	590 823	647 655
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
		-	-	95 354	640 520	859 932	859 932	515 912	366 258	526 156	547 059
Surplus/(Deficit) after capital transfers & contributions		-	-	-	-	-	-	-	-	-	-
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		-	-	95 354	640 520	859 932	859 932	515 912	366 258	526 156	547 059
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		-	-	95 354	640 520	859 932	859 932	515 912	366 258	526 156	547 059
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		-	-	95 354	640 520	859 932	859 932	515 912	366 258	526 156	547 059

Total revenue excluding capital transfers is R1 552 210 020 in 2021/2022 and escalates to R1 530 972 948 and R1 567 027 248 by 2022/23 and 2023/2024 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 057 469 000; R1 119 401 000 and R1 137 210 000 for the financial years 2021/2022, 2022/2023 and 2023/2024 respectively. The other revenue component is Service charges for water & sanitation amount to R239 774 271; R254 760 163 and R270 682 673 for the financial years 2021/2022, 2022/2023 and 2023/2024 respectively.

The total operating expenditure is projected to be R1 712 475 948 in 2021/22, R1 595 640 048 and R1 667 622 792 in the 2022/23 and 2023/24 financial years. The finance charges constitute of interest paid and bank charges.

The following are the operational expenditure items:

- a. Employee related cost and Councillors remuneration
- b. Contracted Services
- c. Depreciation and Debt Impairment
- d. Finance charges
- e. Inventory Consumed (Bulk Purchases and Repairs and Maintenance)
- f. General Expenditure

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

Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		-	-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-	-
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		-	-	-	-	-	-	-	-	-	-
Vote 15 - Waste Water Management/Sewerage		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		-	-	13 241	10 750	13 250	13 250	3 302	120	-	-
Vote 4 - Corporate Services/HR		-	-	-	-	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		-	-	246 227	1 000	2 194	2 194	17 666	2 500	1 563	1 632
Vote 6 - Planning & Development/Economic		-	-	-	-	4 980	4 980	-	300	313	326
Vote 7 - Health/Other		-	-	-	-	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		-	-	-	-	-	-	-	-	-	-
Vote 9 - Public Services/Fire		-	-	898	19 670	18 450	18 450	-	16 150	5 417	27 935
Vote 10 - Public Safety/Other		-	-	-	3 650	0	0	-	-	-	-
Vote 11 - Roads Transport/Roads		-	-	-	-	-	-	-	-	-	-

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Vote 12 - Water/Water Distribution		-	-	78 948	532 342	806 711	806 711	471 711	501 088	522 287	538 844
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		-	-	5 304	-	2 010	2 010	38	3 036	3 164	3 303
Vote 15 - Waste Water Management/Sewerage		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	344 618	567 412	847 595	847 595	492 718	523 194	532 743	572 040
Total Capital Expenditure - Vote		-	-	344 618	567 412	847 595	847 595	492 718	523 194	532 743	572 040
Capital Expenditure - Functional											
Governance and administration		-	-	19 758	11 750	17 454	17 454	5 714	5 656	4 727	4 934
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		-	-	19 758	11 750	17 454	17 454	5 714	5 656	4 727	4 934
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	898	23 320	18 450	18 450	-	16 150	5 417	27 935
Community and social services		-	-	-	3 650	0	0	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	898	19 670	18 450	18 450	-	16 150	5 417	27 935
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	245 014	-	4 980	4 980	15 292	300	313	326
Planning and development		-	-	245 014	-	4 980	4 980	15 292	300	313	326
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	78 948	532 342	806 711	806 711	471 711	501 088	522 287	538 844
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		-	-	78 948	532 342	806 711	806 711	471 711	501 088	522 287	538 844
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	-	-	344 618	567 412	847 595	847 595	492 718	523 194	532 743	572 040
Funded by:											
National Government		-	-	316 207	532 342	694 934	694 934	351 401	461 022	522 287	538 844
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-

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Transfers recognised - capital	4	-	-	316 207	532 342	694 934	694 934	351 401	461 022	522 287	538 844
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	8 924	35 070	152 660	152 660	140 560	62 172	10 456	33 196
Total Capital Funding	7	-	-	325 131	567 412	847 595	847 595	491 961	523 194	532 743	572 040

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 2021/2022 R 523 193 784 has been allocated.

1.11.6 Explanatory notes to Table A6 - Budgeted Financial Position

DC33 Mopani - Table A6 Budgeted Financial Position

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand											
ASSETS											
Current assets											
Cash		7 761	131 304	161 636	45 908	15 646	15 646	15 646	154 347	392 778	161 636
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	165 725	-	-	298 579	314 105	314 105	314 105	331 066	348 944	298 579
Other debtors		280 091	407 085	-	440 865	1 386 431	1 386 431	1 386 431	464 671	489 763	-
Current portion of long-term receivables		-	-	549 178	11 892	11 892	11 892	11 892	12 534	13 211	549 178
Inventory	2	14 757	13 853	17 034	16 357	16 357	16 357	16 357	17 241	18 172	17 034
Total current assets		468 333	552 241	727 848	813 600	1 744 431	1 744 431	1 744 431	979 859	1 262 868	1 026 427

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Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		-	-	-	-	-	-	-	-	-	-
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	4 902 001	5 179 369	5 593 001	4 802 348	5 594 186	5 594 186	5 594 186	6 324 882	6 612 426	6 976 425
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		8 119	7 187	6 339	10 775	10 775	10 775	10 775	11 356	11 970	12 585
Other non-current assets		448	448	432	454	454	454	454	479	505	650
Total non current assets		4 910 568	5 187 004	5 599 772	4 813 577	5 605 415	5 605 415	5 605 415	6 336 718	6 624 900	6 989 659
TOTAL ASSETS		5 378 901	5 739 245	6 327 620	5 627 178	7 349 846	7 349 846	7 349 846	7 316 577	7 887 768	8 016 087
LIABILITIES											
Current liabilities	-										
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	-	-	-	1 061	1 116	1 116	1 116	-	-	-
Consumer deposits		4 040	4 352	3 943	4 918	4 918	4 918	4 918	5 183	5 463	4 352
Trade and other payables	4	1 525 033	1 550 990	1 709 972	531 127	1 128 597	1 128 597	1 128 597	1 588 918	1 620 720	1 618 019
Provisions		-	2 512	21 351	-	5 879	5 879	5 879	6 196	6 531	21 351
Total current liabilities		1 529 073	1 557 854	1 735 265	537 106	1 140 510	1 140 510	1 140 510	1 600 298	1 632 714	1 643 721
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		92 475	102 965	124 755	57 937	60 949	60 949	60 949	60 949	64 241	124 755
Total non current liabilities		92 475	102 965	124 755	57 937	60 949	60 949	60 949	60 949	64 241	124 755
TOTAL LIABILITIES		1 621 547	1 660 820	1 860 020	595 043	1 201 460	1 201 460	1 201 460	1 661 247	1 696 955	1 768 476
NET ASSETS	5	3 757 354	4 078 426	4 467 600	5 032 135	6 148 386	6 148 386	6 148 386	5 655 329	6 190 813	6 247 610
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		3 757 354	4 078 426	4 467 600	5 032 135	6 148 386	6 148 386	6 148 386	5 655 329	6 190 813	6 247 610
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	3 757 354	4 078 426	4 467 600	5 032 135	6 148 386	6 148 386	6 148 386	5 655 329	6 190 813	6 247 610

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 SB2 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 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.

1.11.7 Explanatory notes to Table A7 – Budgeted Cash Flow Statement

DC33 Mopani - Table A7 Budgeted Cash Flows

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	–	–	–	–	–	–	–	–	–
Service charges		–	–	0	199 846	199 687	199 687	415	139 210	199 482	208 259
Other revenue		–	–	651	2 104	2 104	2 104	393	241 149	147 127	153 632
Transfers and Subsidies - Operational	1	–	–	475 206	1 139 552	1 134 792	1 134 792	624 499	1 057 469	1 119 401	1 137 210
Transfers and Subsidies - Capital	1	–	–	312 577	526 413	780 362	780 362	687 254	526 487	590 823	647 655
Interest		–	–	13 698	13 702	13 702	13 702	5 513	13 702	14 442	15 182
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		–	–	533 516	(1 268 709)	(1 195 420)	(1 195 420)	214 552	(1 436 419)	(1 307 992)	(1 367 315)
Finance charges		–	–	–	–	(491)	(491)	–	(358)	(373)	(390)
Transfers and Grants	1	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	–	1 335 648	612 909	934 737	934 737	1 532 627	541 240	762 910	794 234
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		–	–	(301 489)	(567 412)	(847 595)	(847 595)	(599 627)	(523 194)	(532 743)	(572 040)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	–	(301 489)	(567 412)	(847 595)	(847 595)	(599 627)	(523 194)	(532 743)	(572 040)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–	–	–	–

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NET INCREASE/ (DECREASE) IN CASH HELD		-	-	1 034 160	45 497	87 142	87 142	933 000	18 046	230 167	222 193
Cash/cash equivalents at the year begin:	2	-	-	672 859	(31 052)	(31 052)	(31 052)	220 833	19 928	37 974	268 141
Cash/cash equivalents at the year end:	2	-	-	1 707 019	14 444	56 090	56 090	1 153 832	37 974	268 141	490 334

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 2021/2022 amounts to **R 37 974 000**.

1.11.8 Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

DC33 Mopani - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description R thousand	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and investments available											
Cash/cash equivalents at the year end	1	7 752	133 952	161 634	72 929	53 763	597 34	162 172	98 157	13 453	(84 753)
Other current investments > 90 days	9	(2 648)	2	(27 021)	(7 855)	311	11	(116 264)	56 190	379 324	246 389
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		7 761	131 304	161 636	45 908	45 908	908 45	45 908	154 347	392 778	161 636
Application of cash and investments											
Unspent conditional transfers	2	2 187	63 255	91 953	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory											

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requirements											
Other working capital							314				
requirements	3	1 221 753	1 315 454	1 618 019	295 399	314 447	447	#####	1 575 176	1 606 348	1 612 955
Other provisions											
Long term											
investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be											
backed by											
cash/investments	5										
Total Application of							314				
cash and investments:		1 223 940	1 378 709	1 709 972	295 399	314 447	447	#####	1 575 176	1 606 348	1 612 955
Surplus(shortfall)		(1 216 179)	(1 247 406)	(1 548 336)	(249 491)	(268 539)	(268 539)	579 836 502	(1 420 829)	(1 213 570)	(1 451 319)

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 99 – 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.

The total creditors of the municipality at end of June 2019 was **R1'599'862'974** against a bank balance of **R 161'636'209**. In this regard, the municipality had a high amount of outstanding creditors against the bank balance.

The municipality has entered into repayment agreement with Lepelle Northern Water and Department of Water and Sanitation to pay **R4 200 000** monthly and pay **R30 000 000** upon receiving the Equitable share

1.11.9 Explanatory notes to Table A9 - Asset Management

DC33 Mopani - Table A9 Asset Management

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	-	-	293 018	532 032	772 172	772 172	484 495	532 482	571 769
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	199 683	404 938	598 972	598 972	373 538	503 316	538 844
Sanitation Infrastructure		-	-	76 181	97 524	136 613	136 613	90 101	18 971	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	275 863	502 462	735 584	735 584	463 639	522 287	538 844
Community Facilities		-	-	-	1 200	-	-	1 000	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	1 200	-	-	1 000	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	5 304	-	2 410	2 410	2 906	3 028	3 161
Furniture and Office Equipment		-	-	1 509	520	7 230	7 230	2 200	2 167	2 263
Machinery and Equipment		-	-	1 280	14 350	13 948	13 948	2 750	5 000	5 500

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Transport Assets		-	-	9 061	13 500	13 000	13 000	12 000	-	22 000
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	8 359	5 000	20 996	20 996	7 500	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	6 943	4 000	20 000	20 000	6 500	-	-
Sanitation Infrastructure		-	-	1 417	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	8 359	4 000	20 000	20 000	6 500	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	1 000	996	996	1 000	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	-	-	43 241	30 380	54 426	54 426	31 199	260	272
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	42 342	25 880	50 370	50 370	30 949	-	-

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Sanitation Infrastructure	-	-	-	-	756	756	-	-	-	
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-	
Rail Infrastructure	-	-	-	-	-	-	-	-	-	
Coastal Infrastructure	-	-	-	-	-	-	-	-	-	
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-	
Infrastructure	-	-	42 342	25 880	51 126	51 126	30 949	-	-	
Community Facilities	-	-	898	1 000	0	0	-	-	-	
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-	
Community Assets	-	-	898	1 000	0	0	-	-	-	
Heritage Assets	-	-	-	-	-	-	-	-	-	
Revenue Generating	-	-	-	-	-	-	-	-	-	
Non-revenue Generating	-	-	-	-	-	-	-	-	-	
Investment properties	-	-	-	-	-	-	-	-	-	
Operational Buildings	-	-	-	-	-	-	-	-	-	
Housing	-	-	-	-	-	-	-	-	-	
Other Assets	-	-	-	-	-	-	-	-	-	
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Servitudes	-	-	-	-	-	-	-	-	-	
Licences and Rights	-	-	-	1 700	0	0	250	260	272	
Intangible Assets	-	-	-	1 700	0	0	250	260	272	
Computer Equipment	-	-	-	-	-	-	-	-	-	
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-	
Machinery and Equipment	-	-	-	-	-	-	-	-	-	
Transport Assets	-	-	-	1 800	3 300	3 300	-	-	-	
Land	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure	4	-	-	344 618	567 412	847 595	847 595	523 194	532 743	572 040
Roads Infrastructure	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	248 967	434 819	669 341	669 341	410 987	503 316	538 844	-
Sanitation Infrastructure	-	-	77 598	97 524	137 369	137 369	90 101	18 971	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	326 565	532 342	806 711	806 711	501 088	522 287	538 844	-
Community Facilities	-	-	898	2 200	0	0	1 000	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	898	2 200	0	0	1 000	-	-	-

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Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	1 700	0	0	250	260	272
Intangible Assets		-	-	-	1 700	0	0	250	260	272
Computer Equipment		-	-	5 304	-	2 410	2 410	2 906	3 028	3 161
Furniture and Office Equipment		-	-	1 509	1 520	8 226	8 226	3 200	2 167	2 263
Machinery and Equipment		-	-	1 280	14 350	13 948	13 948	2 750	5 000	5 500
Transport Assets		-	-	9 061	15 300	16 300	16 300	12 000	-	22 000
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		-	-	344 618	567 412	847 595	847 595	523 194	532 743	572 040
ASSET REGISTER SUMMARY - PPE (WDV)	5	-	(1 180)	4 388 987	6 340 131	6 620 313	6 620 313	44 308	(1 618 037)	4 558 402
<i>Roads Infrastructure</i>		-	-	(0)	(0)	(0)	(0)	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	3 806 017	5 389 902	5 624 425	5 624 425	9 985 194	10 460 490	538 844
<i>Sanitation Infrastructure</i>		-	-	391 423	812 355	852 200	852 200	184 629	134 098	-
<i>Solid Waste Infrastructure</i>		-	-	10 149	15 020	15 020	15 020	(1 712 272)	(1 763 947)	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	4 207 589	6 217 278	6 491 646	6 491 646	8 457 550	8 830 641	538 844
Community Assets		-	-	68 884	111 627	109 427	109 427	(1 499 188)	(1 543 379)	-
Heritage Assets		-	-	432	639	639	639	665	692	719
Investment properties		-	-	-	-	-	-	-	-	-
Other Assets		-	(2)	-	-	-	-	(45)	(44)	(49)

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				(383)						
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	5 463	11 082	9 382	9 382	1 734 173 (1 934)	16 686 (1 995)	1 188 721 (223)
Computer Equipment		-	-	6 500	2 125 (97)	5 115 (91)	5 115 (91)	391 (3 366)	361 (3 468)	799
Furniture and Office Equipment		-	(15)	49 550	334	108	108	071 (1 724)	245 (1 774)	3 026 465
Machinery and Equipment		-	(20)	1 694	15 420	14 918	14 918	305 (1 642)	321 (1 703)	5 500
Transport Assets		-	(144)	37 278	61 562	62 562	62 562	521 (1 642)	885 (1 703)	22 000
Land		-	-	11 981	17 732	17 732	17 732	18 441	19 178	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	-	(180)	4 388 987	6 340 131	6 620 313	6 620 313	44 308	(1 618 037)	4 558 402
EXPENDITURE OTHER ITEMS		-	-	298 560	223 879	307 290	307 290	331 423	334 934	349 858
<u>Depreciation</u>	7	-	-	183 231	186 056	186 056	186 056	210 525	219 364	229 019
<u>Repairs and Maintenance by Asset Class</u>	3	-	-	115 328	37 823	121 234	121 234	120 899	115 570	120 839
Roads Infrastructure		-	-	-	26	26	26	26	28	29
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	101 794	20 894	103 401	103 401	50 669	52 797	55 391
Sanitation Infrastructure		-	-	4 286	4 711	2 677	2 677	27 481	28 643	29 811
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	106 080	25 631	106 104	106 104	78 176	81 468	85 231
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	2 100	-	-	200	208	218
Community Assets		-	-	-	2 100	-	-	200	208	218
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	157	157	157	170	177	185
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	157	157	157	170	177	185
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-

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Licences and Rights	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	301	212	250	250	66	69	72	
Furniture and Office Equipment	-	-	-	9	9	9	9	9	10	
Machinery and Equipment	-	-	2 148	1 476	1 491	1 491	2 038	2 129	2 228	
Transport Assets	-	-	6 799	8 238	13 223	13 223	40 239	31 509	32 896	
Land	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURE OTHER ITEMS	-	-	298 560	223 879	307 290	307 290	331 423	334 934	349 858	
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	0.0%	0.0%	15.0%	6.2%	8.9%	8.9%	7.4%	0.0%	0.0%	
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	0.0%	0.0%	28.2%	19.0%	40.5%	40.5%	18.4%	0.1%	0.1%	
<i>R&M as a % of PPE</i>	0.0%	0.0%	2.0%	0.4%	1.4%	1.4%	16.5%	13.1%	3.6%	
<i>Renewal and upgrading and R&M as a % of PPE</i>	0.0%	0.0%	4.0%	1.0%	3.0%	3.0%	360.0%	-7.0%	3.0%	

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 **R523 193 784** will be spend on new assets in the 2021/2022 financial year while an amount of R45 000 000.00 will be spend on renewal of existing assets.

Part 2 – Supporting Documentation

2.1 Overview of the draft budget process

The Management of Mopani District Municipality in compliance with the above quoted legislation prepared the draft MTREF budget for consideration and approval by council.

The detail below provides insights into the high level understanding, process plan, guidelines and assumptions applied in the finalising the budget.

The municipality has limited revenue sources and thus the budgeted expenditure were limited to the available revenue that will certainly be received during the financial year. The Water and Sanitation revenue is not committed to the budgeted expenditure since this poses a risk of expenditure items without corresponding funding.

The municipality has significant legacy commitments in the form of payables relating to Lepelle Northern Water and the Department of water and sanitation. Moreover, the municipality has pending litigations and claims that if unsuccessful will put the municipality under significant financial burden. Not all this financial commitments are funded due to the municipality's main dependence on grants. It is for this reason that the draft budget of the municipality is not cash backed when taking into account the available reserves and the commitments as already indicated.

This executive summary provides high-level understanding of the budget and is not aimed at detailing every line item in the budget. In the latter regard, reference should be made to the budget and supporting schedules as annexed hereto.

The draft budget process was guided by the council approved budget and IDP preparation timetable. The timetable was effectively adhered to with minor deviations in terms of set dates and times.

The draft budget is tabled to Council for adoption to enable the public participations for inputs and comments from the public.

2.1.2 Budget assumptions and bases

The municipality prepared the 2021/22 budget using a combination of incremental and zero based budgeting approaches. The approaches were informed by the nature of items under budgeting consideration. Projects were budgeted using the zero based budgeting approach whilst operational costs were determined using an incremental approach due to historic trends. The municipality will be reviewing its budget policy in the next review cycle to accommodate the incremental approach basis where feasible.

The directorates considered the following when preparing the budget adjustment:

- a) The revenue that will be earned and collected by the municipality;
- b) Any changes to the Division of Revenue Act that will impact on the municipality;
- c) The HR recruitment plan especially where the municipality intends to hire/ terminate employees;
- d) Significant or capital items in the budget;
- e) Cost containment policy adopted by Council on the 30 July 2019; and in addition

- f) Implementation of the adopted revenue enhancement strategy and the financial recovery plan.

2.2 Overview of alignment of annual budget with IDP

Budget and the IDP are aligned, and all amendments were done at the time of preparing this report.

2.3 Measurable performance objectives and indicators

For the measurable performance and indicators, the draft Service Delivery and Budget Implementation plan has been developed.

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. The budget policies have been reviewed and included as annexures.

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.
- The Municipality's tariff policy provides a broad framework within which council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The revenue tariff has been revised from those of the previous financial years to reflect increases in inflation and cost of providing water and sanitation. The municipality has ensured that the tariffs are economic yet affordable by consumers. The tariffs for water and sanitation were set in consultation with the local municipalities.

2.6 Grants

The table below depicts the grants that the municipality will be received as per the DORA bill.

Description	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Equitable Shares	1 044 405 000	1 116 401 000	1 134 210 000
EPWP	10 19 000	-	-
Financial Management Grant	2 900 000	3 000 000	3 000 000
Municipal Infrastructure Grant	481 869 000	523 460 000	548 285 000
Rural Roads Asset Management Grant	2 255 000	2 363 000	2 370 000
Water Services Infrastructure Grant	42 363 000	65 000 000	97 000 000
Total	1 583 921 000	1 710 224 000	1 784 865 000

2.7 Employee related costs and Remuneration of councillors

Employee related cost constitute **28.82%** of the overall operating budget. The Salaries and Wages & social contribution item has a budget of **R492 773 028**. This item remains the largest cost. The fixed nature of the salaries makes it difficult to reduce the level of expenditure when compared to other operating expenditure.

Remuneration of councilors

Councillor Remuneration – An increase on councillors remuneration has been effected as the regulating gazette specifying the remuneration packages was issued by the end of April 2020.

2.8 Monthly targets for revenue, expenditure and cash flow

The total Cash Receipts by source of the municipality is mainly derive from the grant. The total grant anticipated to be received in the 2021/22 financial year is amounting to R1 583 920 000.

2.9 Contract having future budgetary implications

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

2.10 Capital expenditure details

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	-	-	293 018	532 032	772 172	772 172	484 495	532 482	571 769
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	199 683	404 938	598 972	598 972	373 538	503 316	538 844
Sanitation Infrastructure		-	-	76 181	97 524	136 613	136 613	90 101	18 971	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	275 863	502 462	735 584	735 584	463 639	522 287	538 844
Community Facilities		-	-	-	1 200	-	-	1 000	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	1 200	-	-	1 000	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	5 304	-	2 410	2 410	2 906	3 028	3 161
Furniture and Office Equipment		-	-	1 509	520	7 230	7 230	2 200	2 167	2 263
Machinery and Equipment		-	-	1 280	14 350	13 948	13 948	2 750	5 000	5 500
Transport Assets		-	-	9 061	13 500	13 000	13 000	12 000	-	22 000
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	8 359	5 000	20 996	20 996	7 500	-	-

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<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	6 943	4 000	20 000	20 000	6 500	-	-
<i>Sanitation Infrastructure</i>		-	-	1 417	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	8 359	4 000	20 000	20 000	6 500	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	1 000	996	996	1 000	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<u>Total Upgrading of Existing Assets</u>	6	-	-	43 241	30 380	54 426	54 426	31 199	260	272
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	42 342	25 880	50 370	50 370	30 949	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	756	756	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-

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<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	42 342	25 880	51 126	51 126	30 949	-	-
Community Facilities		-	-	898	1 000	0	0	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	898	1 000	0	0	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	1 700	0	0	250	260	272
Intangible Assets		-	-	-	1 700	0	0	250	260	272
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	1 800	3 300	3 300	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	-	344 618	567 412	847 595	847 595	523 194	532 743	572 040
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	248 967	434 819	669 341	669 341	410 987	503 316	538 844
<i>Sanitation Infrastructure</i>		-	-	77 598	97 524	137 369	137 369	90 101	18 971	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	326 565	532 342	806 711	806 711	501 088	522 287	538 844
Community Facilities		-	-	898	2 200	0	0	1 000	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	898	2 200	0	0	1 000	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-

Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	1 700	0	0	250	260	272
Intangible Assets	-	-	-	1 700	0	0	250	260	272
Computer Equipment	-	-	5 304	-	2 410	2 410	2 906	3 028	3 161
Furniture and Office Equipment	-	-	1 509	1 520	8 226	8 226	3 200	2 167	2 263
Machinery and Equipment	-	-	1 280	14 350	13 948	13 948	2 750	5 000	5 500
Transport Assets	-	-	9 061	15 300	16 300	16 300	12 000	-	22 000
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	-	-	344 618	567 412	847 595	847 595	523 194	532 743	572 040

2.11 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 having a room to improve on reporting requirement to the Provincial and National Treasury and complying with the act.

The following table depicts the activities that the municipality was not complied with in the 2019_2020 financial year:

Category	Description of non-compliance
PPE	Completed projects incorrectly classified as work in progress- GRAP 17
PPE	Infrastructure recognised at fair value in the absence of actual cost

VAT	Reconciliation of VAT receivable
Services Charges	GRAP 9, revenue from exchange transaction
Inventories	
Current liabilities	Misstatement of current liabilities
Material loss	Water loss
Commitment	No system in place for accounting for capital commitment
Procurement and contract management	SCM regulation 17(1)(a) and (c) MFMA 112(j) and SCM regulation 44 Section 21 of PPP framework
Revenue Management	Section 64(2)(b) of the MFMA
Expenditure Management	Section 65(2)(e) of the MFMA Section 65(2)(a) of the MFMA Section 62(1)(d) of the MFMA
Strategic planning and performance management	Municipal planning and performance management regulation 7(1)
Asset Management	Section 63(2)© of the MFMA

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.

- Municipal investment Regulations

The municipality is complying with the regulation

- Municipal Public –Private Partnership Regulations

The municipality does not enter into Public-Private Partnership agreements

- Municipal Supply Chain Management Regulations

The municipality does not fully comply with the regulations

- Municipal Regulations on Debt Disclosure

- Municipal Regulations on Minimum Competency Level

STATUS OF THE MINIMUM COMPETENCY LEVELS FOR MOPANI								
		as at December 2020						

Name	Surname	Position	Highest Education Qualification	Work Related Experience	Performance Agreement Signed (where required)	Completed Required Unit Standards	Requirements Met	Compliance (consider Budget)
Quiet	Kgatla	Accounting Officer	✓	✓	✓	X	2	X
Tshepo	Mogano	Chief Financial Officer - Municipality	✓	✓	✓	✓	4	✓
Jimmy	Mojela (acting)	Supply Chain Management Manager	✓	✓	✓	✓	4	✓
Nthabiseng	Kgabi	Middle Manager: Finance	✓	✓	✓	✓	4	✓
Ruth	Pootona	Middle Manager: Finance	✓	✓	✓	✓	4	✓
Lethabo	Seemola	Middle Manager: Finance	✓	✓	✓	✓	4	✓
Andries	Makgoba (acting)	Middle Manager: Finance	✓	✓	✓	✓	4	✓

- Asset Transfer Regulations

The municipality has never transferred an asset

- Municipal Budget and Reporting regulations

The municipality is using the correct format for the preparation of the Original budget and the adjustment budget. We also use the correct schedule when the monthly reports are submitted to Treasuries.

mSCOA

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

	MSCOA - Summary - Upload and Segment Validation																			
	Green = correct (Phase 2), Yellow = Segment errors (Phase 2), Orange = Submitted with Error (Phase 1), Red = Outstanding, Blank = N/A																			
	ADJB and PRAD: Not required to submit ADJB and PRAD if no adjustments are done, if ADJB submitted but not PRAD then PRAD shows as outstanding																			
	Projected months on the budget forms are temporarily not validated on (Charges and Recoveries Balance) and (Trial Balance) errors																			
			Financial,Year																	
			2019	2020		2021														
			SUBMISSIONCODE																	
			RAUD	PAUD	AUDA	ORGB	PROR	ADJB	PRAD	M01	M02	M03	M04	M05	M06	M07	M08	M09	M10	
Demarcation Description	Demarc Code	CAP																		
Mopani	DC33	L																		

GRAP

The municipality is still having a room to improve on compliance with GRAP reporting requirements. The municipality has developed the action plan and is currently ensuring that findings emanating from the 2018/19 Audit Report are resolved.

The following is the areas where the municipality is not complying in relation to GRAP

- Interest incurred on late payments classified as finance costs
- Payables-Prior period errors not corrected
- Payables from exchange transactions-payables incomplete
- Employee benefits misstatements
- Errors on the statement of changes in net assets and the prior period note
- Going concern - Errors on the going concern note and assessment not provided

Basic Conditions of Employment Act

The municipality is still having a room to improve on the compliance with BCEA. The municipality has developed the action plan and is currently ensuring that all Human Resource findings emanating from the 2018/19 Audit Report are resolved.

The following were some of the issues raised in terms of the BCEA:

- Vacation leave entitlement of the following employees were incorrectly captured on the system.
- leave days that were taken by the employee as per the approved leave forms in the employee fill
- Employee was identified from the leave provision schedule with zero leave days and no movement.
- managers directly accountable to the municipal manager did not sign performance agreements

with BCEA.

2.12 Other supporting documents

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

- MBRR SB 1 – Supporting detail to budgeted financial performance
- MBRR SB 2 – Matrix financial Performance budget (revenue source/expenditure type and department)
- MBRR SB 3 – Supporting detail to statement of financial position

2.13 Municipal manager's quality certificate

Conclusion

The 2020/21 budget has been prepared within the legislative timelines and is aligned to the IDP of the municipality. The budget related policies have been reviewed and were a cornerstone in the preparation of the budget including the budget assumptions and basis. Once approved and adopted by council the budget will be submitted to the Provincial and National Treasury offices.

Certification

I **Quiet Kgatla**, 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 final budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Kgatla Q.

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

Signature: _____