



MOPANI DISTRICT
MUNICIPALITY

SCHEDULE A

2026/27 TO 2028/29

BUDGET AND SUPPORTING
DOCUMENTATION

MOPANI DISTRICT MUNICIPALITY

MTREF BUDGET OF

MOPANI DISTRICT MUNICIPALITY

2026/27 TO 2028/29
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS

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

Mopani District Municipality 2026/2027 Draft Budget and MTREF March 2027

SMME Small Micro and Medium Enterprises

SALGA South African Local Government
Association

SCM Supply Chain Management

SDBIP Service Delivery Budget Implementation
Plan

SMME Small Micro and Medium Enterprises

VAT Value Added Tax

WCWDM Water Conservation and Waste
Demand
Management

Part 1 – MTREF Budget

1.1 Council Resolutions

	MTREF DRAFT BUDGET FOR 2026/2027; 2027/2028 & 2028/2029
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MOTIVATION

The municipality is required to comply with the municipal finance management act in terms of the MTREF budget.

LEGAL REQUIREMENTS

In terms of Section 16 of the Municipal Finance Management Act provides states that:

- (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) In order for a municipality to comply with 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.
- (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial year

In terms of 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.

(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.

RECOMMENDATIONS

1. That Council takes note of the DRFAT Budget for 2026/27; 2027/28 and 2028/29;
2. That Council approves the Draft Budget as follows:

2.1. REVENUE

DIRECT GRANTS			MTREF		
Source	Audited Outcome 2024/25 R'000	Current Budget 2025/26 R'000	Budget 2026/27 R'000	Budget 2027/28 R'000	Budget 2028/29 R'000
Equitable Shares	1 343 490	1 427 429	1 508 655	1 593 121	1 630 297
Financial Management Grant	3'000	3'000	3 000	3 000	3 000
Municipal Infrastructure Grant	524 667	543 922	551 160	615 854	636 411
Rural Roads Asset Management Grant	2'476	2'587	2 691	2 798	2 886
Expanded Public Works Programme	6 799	7 838	5 929		
Total Grants	1 880 432	1 984 776	2 071 435	2 214 773	2 272 594

Other Revenue			MTREF		
Source	Audited Outcome 2024/25 R'000	Current Budget 2025/26 R'000	Budget 2026/27 R'000	Budget 2027/28 R'000	Budget 2028/29 R'000
Interest earned on External Investment	29 904	30 000	30 000	30 000	30 000
Selling of Tender Documents And other revenue	2 799	3 000	3 000	3 000	3 000
Fire Services Charges, EHS Services and other operating revenue	42 891	500	500	500	500
Water and Sewer Service Charges	223 984	460 878	458 785	458 785	458 785
Interest on Outstanding Debtors	124 675	87 945	87 945	87 945	87 945
Total other revenue	424 253	582 323	580 230	580 230	580 230

TOTAL REVENUE			MTREF		
Source	Audited Outcome 2024/25 R'000	Current Budget 2025/26 R'000	Budget 2026/27 R'000	Budget 2027/28 R'000	Budget 2028/29 R'000
Grants	1 880 432	1 984 776	2 071 435	2 214 773	2 272 594
Other Revenue	424 253	582 323	580 230	580 230	580 230
Total Revenue	2 304 685	2 567 099	2 651 665	2 795 003	2 852 824

2.2 OPERATIONAL EXPENDITURE

Budgeted Operating Expenditure			MTREF		
Source	Audited Outcome 2024/25 R'000	Current Budget 2025/26 R'000	Budget 2026/27 R'000	Budget 2027/28 R'000	Budget 2028/29 R'000
Employee Related Costs	498 920	589 525	621 686	654 343	688 713
Remuneration Councilors	18 084	24 927	26 305	27 686	29 140
Finance Charges	18 942	15 956	20 000	10 000	10 000
Inventory Consumed	572 438	474 701	439 780	489 180	514 826
General Expenses	194 967	136 250	153 844	151 774	160 548
Depreciation and Debt Impairment	1 200 409	374 689	389 286	343 085	367 194
Contracted Services	368 726	393 697	391 300	441 500	480 400
Total Operating Expenditure	2 872 486	2 009 745	2 042 201	2 117 568	2 250 821

2.3. CAPITAL EXPENDITURE

Budgeted Operating Expenditure			MTREF		
Source	Audited Outcome 2024/25 R'000	Current Budget 2025/26 R'000	Budget 2026/27 R'000	Budget 2027/28 R'000	Budget 2028/29 R'000
Capital Outlays/Infrastructure	625 927	522 926	523 602	585 061	604 590

Revenue vs Expenditure			MTREF		
Source	Audited Outcome 2024/25 R'000	Current Budget 2025/26 R'000	Budget 2026/27 R'000	Budget 2027/28 R'000	Budget 2028/29 R'000
Total Revenue	2 304 685	2 567 099	2 651 665	2 795 003	2 852 824
Total Expenditure	3 498 413	2 532 671	2 565 803	2 702 629	2 850 411
Surplus/(Deficit)	(1 193 728)	34 428	85 862	92 374	2 413

3. That Council take note of budgeted capital expenditure of **R523 602 000** for 2026/27; **R585 061 000** for 2027/28 and **R604 590 000** for 2028/29;
4. That Council takes note surplus of **R85 862 00** for 2026/27; **R92 374 000** for 2027/28 and **R2 413 000** for 2028/29; including capital expenditure

5. That council takes note that the surplus is NOT cash backed but rather an accounting surplus calculated on an accrual basis of accounting;
6. That Council deliberates on the Draft budget as detailed prepared in line with section 16 of the MFMA;
7. That Council approves the draft MTREF budget for 2026/27, 2027/28 and 2028/29 as detailed above for public participation;
8. The Accounting Officer Submit the approved draft MTREF budget to the National and Provincial Treasuries;
9. 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 POLICIES & WATER SERVICES TARIFFS

REPORT FROM: FINANCE

PURPOSE

Tabling of budget related policies and Water Services Tariffs before Council for approval before implementation in the 2026/27 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

- Draft Budget Policies
- Water Services Tariffs

POLICY

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

COMMENTS BY MANAGEMENT

Noted.

RECOMMENDATIONS

1. That Council takes note of the Draft Reviewed Budget Policies and the Water Services Tariffs presented for inputs;
2. That Council approves the Draft Budget Policies and Water Services Tariffs as follows:
 - 2.1 Borrowing Policy;
 - 2.2 Cost Containment Policy
 - 2.3 Cash Management Policy
 - 2.4 Payroll Policy
 - 2.5 Tariff Policy
 - 2.6 Funding and Reserves policy
 - 2.7 Inventory Policy
 - 2.8 Credit control and Debt collection policy
 - 2.9 Budget Management policy
 - 2.10 Indigent Management policy

- 2.11 Supply Chain Management Policy
- 2.12 Asset Management Policy
- 2.13 Expenditure Policy
- 2.14 Investment Policy
- 2.15 Virement Policy
- 2.16 Write-off policy
- 2.17 Fleet Management policy
- 2.18 Water Services Tariffs and other municipal Tariffs

- 3. Water Services Tariffs, after public participation are to be gazetted and implemented
- 4. That the draft budgeted policies to be implemented in the 2026/27 financial year.

2.1 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 these 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 considering the available reserves and the commitments as already indicated.

In addressing this, the municipality has put aside **R 84 000 000** to reduce LNW historic debts for 2026/27 financial year, the municipality has been approved for a debt relief program with DWS for historical debts, on condition that we continue to honour the current account, We anticipate the one-third of **R365 000 000** historical debt to be written off by DWS on the 30 June 2026

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 of the unfunded budget, the municipality is in the process of signing repayments agreements with the local municipality and also implementing the cost containment policy.

1.3.2 Public Participation on the tabled 2026/27 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.

The below table indicate the scheduled dates of public participation

Table 1

2026/27 IDP/BUDGET/PMS PUBLIC PARTICIPATION SCHEDULE

DATE	MUNICIPALITY	TIME	STAKEHOLDERS	VENUE
09 April 2026	MDM	11h00	PMT`s & Exco`s	Disaster Management Centre
09 April 2026	MDM	14h00	Traditional Leaders	Disaster Management Centre
12 April 2026	GTM	08H00	IDP stakeholders & community	Nwamitwa Tribal Hall
13 April 2026	BPM	14H00	IDP stakeholders & community	Impala Sports Hall
14 April 2026	BPM	10H00	IDP stakeholders & community	Impala Sports Hall
15 April 2026	GTM	17h00	IDP stakeholders & community	Letsitele AFM
15 April 2026	GTM	17H00	IDP stakeholders & community	Haenertsburg Community Hall
16 April 2026	GLM	10H00	IDP stakeholders & community	Sekgopo Community Hall
16 April 2026	GLM	17 h00	IDP stakeholders & community	Badminton Hall
21 April 2026	MLM	10H00	IDP stakeholders & community	Lorraine Community Hall
21 April 2026	MLM	17H00	IDP stakeholders & community	Hoedspruit Community Hall
05 May 2026	GGM	14h00	IDP stakeholders & community	Giyani Community Hall

06 May 2026	GGM	14h00	IDP stakeholders & community	Thomo Community Hall
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The draft budget and IDP was also delivered to the local municipalities and the Thusong centres for public viewing .The comments were solicited via electronic-, social- and print media.

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.

1.4.1 MFMA Circular No 134

National Treasury issued Annexure to MFMA Circular 134 on 20 March 2026 to provide guidance when finalising the 2026/27 MTREF budget.

The purpose of the annual budget circular is to guide municipalities with their compilation of the 2026/27 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.

This budget circular provides guidance to municipalities with their compilation of the 2026/27 Medium Term Revenue and Expenditure Framework (MTREF). It is linked to the Municipal Budget and Reporting Regulations (MBRR) and the Municipal

Standard Chart of Accounts (*mSCOA*) and strives to support municipalities' budget preparation processes so that the minimum requirements are achieved.

Among the objectives of this budget circular is to demonstrate how municipalities should undertake annual budget preparation in accordance with the budget and financial management reform agenda by focussing on key "game changers". These game-changers include ensuring that municipal budgets are funded, revenue management is optimised, assets are managed efficiently, supply chain management processes are adhered to, *mSCOA* is implemented correctly and that audit findings are addressed. Municipalities are reminded to refer to the annual budget circulars of the previous years for guidance in areas of the budget preparation that are not covered in this circular.

1.4.2 The South African economy and inflation targets

GDP growth is expected to average 1.8 per cent from 2026 to 2028. Medium-term growth will be underpinned by household consumption supported by further gains in real purchasing power, moderately stronger wage growth, easing inflation, wealth gains from rising asset prices, improved consumer sentiment and better credit conditions. Continued investments in renewable energy and easing structural constraints are expected to support higher investment. Key factors for achieving faster economic growth and creating much-needed jobs include greater collaboration with the private sector in energy and transport, rapid implementation of structural reforms, easing of regulatory constraints and increased infrastructure investment.

The following macro-economic forecasts must be considered when preparing the 2026/27 MTREF municipal budgets.

Macroeconomic performance and projections

Table 2

	Actual	Estimate	Forecast	Forecast	Forecast
Fiscal year	2024/25	2025/26	2026/27	2027/28	2028/29
CPI Inflation	4.4%	3.2%	3.4%	3.3%	3.2%

Inflation is expected to increase from 3.2 per cent in 2025 to 3.4 per cent in 2026, driven by higher food prices (particularly meat due to supply disruptions linked to foot-and mouth disease). Inflation is forecast to ease to 3.3 per cent in 2027 and 3.2 per cent in 2028, but risks from geopolitical tensions, exchange rate volatility, administered prices and animal disease outbreaks remain elevated. The reduction of the inflation target to 3 per cent with a 1 percentage point tolerance band will structurally reduce inflation, helping to protect real income levels.

1.5 Key focus areas for the 2026/27 budget process

1.5.1 Local government conditional grants and additional allocations

- For the 2026/27 financial year, the overall direct allocations to local government amount to R182.3 billion, made up of R110.1 billion in the local government equitable share; R54.7 billion in direct conditional grants and R17.5 billion in the General fuel levy sharing with metros. These allocations alleviate some of the financial pressures, particularly in basic services, where the costs of providing services are rising. The overall direct allocations to local government grow by an annual average rate of 3.1 per cent and the local government equitable share and related allocations grow by 4.4 per cent over the 2026 MTEF period.

1.5.2 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.

1.5.3 Addressing unfunded budgets in local government

- National Treasury has observed over the years that many municipalities that adopt unfunded budgets are adopting **budget funding plans** as a mere compliance exercise. There is very little progress made to turn around from an unfunded budget position, to a funded one. As communicated before with the release of MFMA Circular No. 129 (issued during December 2024), this will be the last year than a funding plan as an instrument to facilitate measurable progress will be allowed. The enforce of compliance with Section 18 of the MFMA will now start taking precedence.
- 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 enforcing debt and credit control policy and by-laws to assist in recovering the money owed by consumers
- The Municipality have developed the budget funding plan

Budget assumptions and bases

- National Treasury Circular 134 guided the preparation of the draft budget.
- The municipality also prepared the 2026/27 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 enforce cost containment measures to be able to have surplus to service historic debt
- The interest on investment is budgeted at R30 million for 2026/27 financial year, the amount is the same with the adjusted budget of 2025/26 financial year.
- Based on the audited outcomes for Depreciation and amortisation in 2024/25 financial year of R236 million and the budget amount of R300 million in the 2024/25 financial year, the Depreciation is budgeted at R285 million for the 2026/27 financial year.
- Employee related costs has been increased by 4.75% as per Salga collective agreement with effect from 1 July 2026, an increase based on the average CPI percentage plus 0.75%. In the event that the average CPI percentage for the period is less than 4% and/or higher than 7%, the CPI will be deemed to be 4% and/or 7% respectively. For 2025/26 period, the CPI is 3.2%
- Councillor remuneration is increased from R24 million to R26 million to cater for the increment based on the determination of upper limits
- Contracted services are budgeted at R381 million due to high litigation register and security services
- Inventory Consumed (Repairs & Maintenance & Bulk Purchases) is budgeted at R439 million, this is informed by the high value of asset register and aging infrastructure which requires high maintenance, and high purchases of bulk water from Lepelle Northern Water including the historical debt owed to LNW and DWS.

- Finance charges have been reduced from R30 million in 2025/26 to R20 million in 2026/27 due to ability to honour both historical debts and current accounts of our major creditors.

1.6 BUDGET RELATED POLICIES

Budget related policies

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

- Borrowing Policy;
- Cost Containment Policy
- Cash Management Policy
- Payroll Policy
- Tarriff Policy
- Funding and Reserves policy
- Inventory Policy
- Credit control and Debt collection policy
- Budget Management policy
- Indigent Management policy
- Supply Chain Management Policy
- Asset Management Policy
- Expenditure Policy
- Investment Policy
- Virement Policy
- Write-off policy
- Fleet Management policy
- Water Services Tariffs and other municipal Tariffs

1.7 Budget Summary

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

Table 3

DESCRIPTION	Draft Budget 2026/27.
Employee Related Cost	621 686 000
Remuneration of Councillors	26 305 000
Inventory Consumed	439 780 000
Depreciation and Debt Impairment	389 286 000
Interest Paid	20 000 000
Contracted Services	391 300 000
Operational Cost	153 844 000
Capital Expenditure (Infrastructure and Other Assets)	523 602 000
Total expenditure	2 565 803 000

DESCRIPTION	Final Budget 2026/27.	+1 Budget year Adjusted 2027/28.	+2 Budget year Adjusted 2028/29.
Interest on Call Account	30 000 000	30 000 000	30 000 000
Equitable Shares	1 508 655 000	1 593 121 000	1 630 297 000
EPWP	5 929		
Financial Management Grant	3 000 000	3 000 000	3 000 000
Municipal Infrastructure Grant	551 160 000	615 854 000	636 411 000
Rural Roads Asset Management Grant	2 691 000	2 798 000	2 886 000
Water Services Infrastructure Grant			
Tender Documents	3 000 000	3 000 000	3 000 000
EHS charges	500 000	500 000	500 000
Interest On Outstanding Debtors	87 945 000	87 945 000	87 945 000
Sub Total	2 049 276 000	2 184 801 400	2 286 278 250

Water and Sewer Service Charges	458 785 000	458 785 000	458 785 000
Grand Total	2 651 665 000	2 795 003 000	2 852 824 000

Total Budget

The total budget for the 2026/27 financial year is **R2.651 billion**, of which **R2.027 billion (73%)** is allocated to the operating budget, **R523 602 million (25%)** to the capital budget and **R 84 000 000(3.9%)** is budget toward servicing the historic debt of LNW and DWS.

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 a 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.

Below is a summary of main sources of revenue:

Table 4: Summary of revenue classified by main revenue source

Major components for 2026/27 include:

Service Charges – Water Revenue (**R388 million**) and Sanitation Revenue (**R70 million**) The 2026/27 projections are based on the tariffs as approved by the District in consultation with the Locals. On average all municipalities' basic tariff has been increased to be cost reflective.

Tariffs per local municipality- Table 5:

PROPOSED TARRIFS	DRFAT Budget 2026/27. Per KL	+1 Budget year Adjusted 2027/28. Per KL	+2 Budget year Adjusted 2028/29. Per KL
Ba-Phalaborwa Municipality	R10.47	R10.82	R11.17
Greater Letaba Municipality	R11.33	R11.70	R12.08
Maruleng Local Municipality	R11.33	R11.70	R12.08
Greater Giyani Municipality	R6.94	R7.17	R7.40
Greater Tzaneen Municipality	R11.33	R11.70	R12.08

Previously each local municipality was determining its own water and sewer tariffs.

The District municipality has determined 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 (R2.0 billion; National- and Provincial allocations) for purposes of budget compilation, national allocations are based on the Division of Revenue Bill, Government Gazette No 45903 of 8 February 2026

Table 6– Grants and Subsidies

DESCRIPTION	Final Budget 2026/27.	+1 Budget year Adjusted 2027/28.	+2 Budget year Adjusted 2028/29.
Equitable Shares	1 508 655 000	1 593 121 000	1 630 297 000
EPWP	5 929 000		
Financial Management Grant	3 000 000	3 000 000	3 000 000
Municipal Infrastructure Grant	551 160 000	615 854 000	636 411 000
Rural Roads Asset Management Grant	2 691 000	2 798 000	2 886 000
Water Services Infrastructure Grant			
Grand Total	2 071 435 000	2 214 773 000	2 272 594 000

1.9 Operating Expenditure Framework

The Municipality's expenditure framework for the 2026/2027 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 below table depicts expenditure by Function

Table 7: Expenditure by Function

	2026/2027	2027/2028	2028/2029
Municipal governance and administration	599 676 000	624 551 000	665 430 000
Executive and council	256 325 000	268 023 000	279 979 000
Finance and administration	327 086 000	340 829 000	368 588 000
Internal audit	16 266 000	15 700 000	16 864 000
Community and public safety	193 844 000	213 043 000	232 712 000
Community and social services	31 839 000	33 496 000	35 240 000
Sport and recreation	1 822 000	1 917 000	2 017 000
Public safety	116 090 000	131 285 000	146 742 000
Health	44 093 000	46 344 000	48 713 000
Economic and environmental services	111 299 000	118 077 000	129 086 000
Planning and development	101 408 000	107 668 000	118 131 000
Road transport	9 890 000	10 409 000	10 954 000
Trading services	1 137 384 000	1 161 900 000	1 224 324 000
Energy sources	2 505 000	2 635 000	2 772 000
Water management	1 070 644 000	1 090 510 000	1 148 122 000
Waste water management	64 755 000	68 755 000	73 430 000
Total Expenditure - Functional	2 042 203 000	2 117 570 000	2 251 552 000

The following table is a high-level summary of the 2026/2027 draft budget and MTREF (classified per main type of operating expenditure):

Table 8 - Summary of operating expenditure by standard classification item

Source	Budget 2026/27 R'000	Budget 2027/28 R'000	Budget 2028/29 R'000
Employee Related Costs	621 686	654 343	688 713
Remuneration Councilors	26 305	27 686	29 140
Finance Charges	20 000	10 000	10 000
Inventory Consumed	439 780	489 180	514 826
General Expenses	153 844	151 774	160 548
Depreciation and Debt Impairment	389 286	343 085	367 194
Contracted Services	391 300	441 500	480 400
Total Operating Expenditure	2 042 201	2 117 568	2 250 821

Major components for 2026/27 include:

Employee related costs total **R621.687 million**, which equates to **30.66%** of the total operational budget. The 2025/26 cost of living increase as per the National Treasury MFMA Circular No. 130(**CPI 5.01%**) was used when calculating the 2025/26 staff budget.

The **Debt Impairment and Depreciation** allocation of **R389.286 million**, which equates to **19.20%** of the total operational budget is influenced by the budgetary treatment as prescribed in the GRAP1 Accounting Standard.

Inventory Consumed amount to **439.780 million**, which is 21.69% of the OPEX allocated for the purchase of bulk water from suppliers i.e. Lepelle Northern Water and the Department of Water Affairs & Sanitation and other materials /Repairs and Maintenance.

Contracted services of **R391.300 million**, which equates to **18.80%** of the operational expenditure. This item includes the payments for security services, Legal Services, Water tankers, consultants (financial and technical) and contactors for the repairs and maintenance of infrastructure. This expenditure is linked to contractual commitments

Bulk purchases amount to **R280 million**, which is **13%** of the OPEX allocated for the purchase of bulk water from suppliers i.e. Lepelle Northern Water and the Department of Water Affairs & Sanitation. This will be used to service the current accounts with the institutions.

Table 9-Contracted Services

Contracted Services	2026/2027	2027/2028	2028/2029
Contract Services: Asset Management	4 000 000.00	4 000 000.00	4 000 000.00
Repairs and Maintenance:Buildings	6 000 000.00	7 000 000.00	8 000 000.00
Repairs and Maintenance:Fire Extinguishers	500 000.00	550 000.00	600 000.00
Audit Committee	2 500 000.00	3 000 000.00	3 500 000.00
Audit Data Analytics Capability Development	1 700 000.00	-	-
Operational Cost:Outsourcing of IT audits	600 000.00	600 000.00	600 000.00
Food Sampling & Analysis	400 000.00	400 000.00	400 000.00
Water Sampling Analysis	400 000.00	400 000.00	400 000.00
Health and Hygiene Awareness for sanitation	300 000.00	300 000.00	300 000.00
Eskom-borehole and plants electricity	45 000 000.00	60 000 000.00	65 000 000.00
Application of Accreditation of water Quality testing lab	2 000 000.00	3 000 000.00	4 000 000.00
Contracted Services: Supply water (Water Tankers)	48 000 000.00	50 000 000.00	52 000 000.00
Auditors Remuneration	17 000 000.00	18 000 000.00	18 000 000.00
Asset Management FMG	500 000.00	500 000.00	500 000.00
Business and Advisory:Mscoa Budget Preparation	3 000 000.00	3 200 000.00	3 400 000.00
AFS Preparation	5 500 000.00	5 000 000.00	4 000 000.00
Marula Festival	400 000.00	400 000.00	400 000.00
BPLM Year End 2023 Repairs & Maintenance	6 000 000.00	6 500 000.00	7 000 000.00
BPLM Year End 2023 Repairs & Maintenance	4 000 000.00	5 000 000.00	6 000 000.00
Repairs and Maintenance: Water Network	4 000 000.00	5 000 000.00	6 000 000.00
Contracted Services:Water Suply	2 000 000.00	3 000 000.00	4 000 000.00
Repairs and Maintenance: Sewer Network	4 000 000.00	5 000 000.00	6 000 000.00
Repairs And Maintenance: infrastructure	1 000 000.00	1 500 000.00	2 000 000.00
Legal Services	20 000 000.00	25 000 000.00	30 000 000.00
Labour Relation	20 000 000.00	25 000 000.00	30 000 000.00
District Aids Council Activities	250 000.00	300 000.00	350 000.00

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Food Hamper child headed family support	250 000.00	300 000.00	350 000.00
Public Participations(imbizo)- Catering Service	2 000 000.00	2 500 000.00	3 000 000.00
Public Participations Forum-Catering Service	1 500 000.00	2 000 000.00	2 500 000.00
District ward Committee Forum	500 000.00	550 000.00	600 000.00
Maphalle Township Establishment	700 000.00	800 000.00	900 000.00
Majeje Town Establishment	700 000.00	800 000.00	900 000.00
Meidingen 1	700 000.00	800 000.00	900 000.00
PMU SUPPORT CONSULTANT	18 000 000.00	20 000 000.00	25 000 000.00
Areal Fire Fighting Support	400 000.00	500 000.00	600 000.00
Fire Awaness Campaigns	300 000.00	350 000.00	400 000.00
Awarenes Campaign	200 000.00	250 000.00	300 000.00
Corporate GIS Establishment	3 500 000.00	4 000 000.00	5 000 000.00
SIU	1 000 000.00	1 500 000.00	2 000 000.00
Security Services	150 000 000.00	160 000 000.00	165 000 000.00
Repairs and Maintenance:Server Room Service	2 000 000.00	2 500 000.00	3 000 000.00
Specialised Computer Service IFMS Support Services	1 000 000.00	1 000 000.00	1 000 000.00
mSCOA Implementation	6 000 000.00	6 500 000.00	7 000 000.00
Computer networking	1 000 000.00	1 500 000.00	2 000 000.00
Contracted servives SITA	2 500 000.00	3 000 000.00	3 500 000.00
Grand Total	391,300,000.00	441 ,500,000.00	480,400,000.00

Table 10-General Expenditure

General expenditure constitute **7.09%** of the total operating budget at a total budget of **R153 844**. 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, and advertising and essential user re-imbursive costs.

The table below shows the detailed items per department

General/Operational Cost	2026/2027	2027/2028	2028/2029
Subsistence and Travel	29 660 000.00	31 143 375.00	32 700 938.00
Fuel	14 750 000.00	15 487 000.00	16 261 875.00
Skills Development levy	4 928 000.00	5 171 250.00	5 429 809.00
Bulding Rental	3 000 000.00	3 150 000.00	3 307 500.00
Telephone	7 000 000.00	7 350 000.00	7 717 500.00
Water & Electricity Consumption	4 000 000.00	4 200 000.00	4 410 000.00
Electric records Management system	600 000.00	630 000.00	661 500.00
Refurblish Disaster Management Centre	1 000 000.00	1 050 000.00	1 102 500.00
Membership Fees	100 000.00	105 000.00	110 250.00
CPD Expense	300 000.00	350 000.00	400 000.00
Training Programme	1 000 000.00	1 050 000.00	1 102 500.00
Licences : Vehicles	500 000.00	525 000.00	551 250.00
Development of the waste water Risk abetment Plan	2 000 000.00	2 100 000.00	2 205 000.00
Installation of Camers at high risk areas	700 000.00	735 000.00	771 750.00
Disaster Relief Support	2 000 000.00	2 100 000.00	2 205 000.00
Training For Interns	600 000.00	630 000.00	661 500.00

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Insurance Underwriting:Premiums	8 000 000.00	8 400 000.00	8 820 000.00
Audit Action Plan	100 000.00	105 000.00	110 250.00
Stores and Materials	200 000.00	210 000.00	220 500.00
Bank Charges	50 000.00	52 500.00	55 125.00
SALGA Levy	6 500 000.00	6 825 000.00	7 166 250.00
Workman Compensation	2 500 000.00	2 625 000.00	2 756 250.00
JE Task and Org.Plus Lisence	200 000.00	210 000.00	220 500.00
Protective Clothing	4 000 000.00	4 200 000.00	4 410 000.00
Employee wellness	350 000.00	367 500.00	385 875.00
Pest control	100 000.00	105 000.00	110 250.00
Trauma/debrifing counselling	250 000.00	262 500.00	275 625.00
Training for Councillors	1 000 000.00	1 500 000.00	2 000 000.00
Training for Employees	4 000 000.00	5 000 000.00	6 000 000.00
Rand Show	400 000.00	420 000.00	441 000.00
4IR - PPP	1 000 000.00	1 050 000.00	1 102 500.00
EPWP - Borehole Operators	5 929 000.00	6 225 450.00	6 536 722.00
EPWP - Borehole Operators (291)	15 000 000.00	15 750 000.00	16 537 500.00
IDP Priniting	500 000.00	-	-
Municipal Services IDP Strategic Planning	1 300 000.00	1 365 000.00	1 433 250.00
Stores and Materials	1 000 000.00	1 050 000.00	1 102 500.00
BPLM Year End 2023 Travel & Accomodation	50 000.00	52 500.00	55 125.00
Workman Compensation	200 000.00	210 000.00	220 500.00
Quarterly MDM News letter & Publications	200 000.00	210 000.00	220 500.00
Advertising and Marketing	1 000 000.00	1 050 000.00	1 102 500.00
website Maintenance	200 000.00	210 000.00	220 500.00
Partneship with Community Radio Stations	500 000.00	525 000.00	551 250.00
BPLM Employee Related Costs	30 000.00	31 500.00	33 075.00
Debt Impairment	2 000 000.00	2 100 000.00	2 205 000.00
Workman Compensation	100 000.00	105 000.00	110 250.00

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Exploration of renewable energy source	200 000.00	210 000.00	220 500.00
Youth NYDA	2 000 000.00	2 100 000.00	2 205 000.00
Youth Advisory Council	200 000.00	210 000.00	220 500.00
Bursaries	500 000.00	525 000.00	551 250.00
General Expenses Council	5 000 000.00	-	-
District IGF	250 000.00	262 500.00	275 625.00
Local House of Traditional Leaders	1 500 000.00	1 575 000.00	1 653 750.00
Batho Pele Day	150 000.00	157 500.00	165 375.00
Stores and Materials	300 000.00	315 000.00	330 750.00
Gender Forum	50 000.00	52 500.00	55 125.00
District Disability Forum	50 000.00	52 500.00	55 125.00
MPAC activities	1 000 000.00	1 052 500.00	1 107 756.00
Arrive Alive	200 000.00	210 000.00	220 500.00
Grreing Mopani and waste management	150 000.00	157 500.00	165 375.00
Implementation of climate change project	300 000.00	315 000.00	330 750.00
Development of Environmental Framework	1 000 000.00	1 050 000.00	1 102 500.00
Innovation Innitiatives	1 000 000.00	1 050 000.00	1 102 500.00
Awareness Campaign	100 000.00	105 000.00	110 250.00
Fire Awaness Campaigns	100 000.00	105 000.00	110 250.00
SANS Standards & Codes	100 000.00	105 000.00	110 250.00
Computerised PMS	4 000 000.00	4 200 000.00	4 410 000.00
Annual report printing	400 000.00	420 000.00	441 000.00
Maintenance of Financial and Management System 1	500 000.00	500 000.00	500 000.00
Disaster Recovery Plan DRP Review	1 000 000.00	1 050 000.00	1 102 500.00
Operating Lease - Rental of Copy Machine	5 000 000.00	-	-
Grand Total	153 844 000.00	151 774 075.00	160 548 300.00

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 11 – Capital budget per Function

R thousand	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Capital Expenditure – Functional			
Finance and Admin	7 600 000		
Public safety	6 000 000		
Water Services	473 455 000	537 389 000	465 209 000
Planning and Development	2 691 000		
Total Capital Expenditure - Functional	489 746 000	537 389 000	465 209 000

Key projects

The key Capital 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 12 – List of capital projects

Capital Projects	2026/2027	2027/2028	2028/2029
Rural Household Sanitation (Greater Giyani LM)	43 478 261.00	52 278 239.00	52 278 239.00
Rural Household Sanitation (Greater Letaba LM)	42 745 444.00	-	-
Rural Household Sanitation (Greater Tzaneen LM)	40 329 634.00	-	-
Rural Household Sanitation (Maruleng LM)	8 673 385.00	-	-
Rural Household Sanitation (Ba- Phalaborwa LM)	1 294 603.00	-	-
Repairs and Maintenance - Giyani-WWTW	11 345 100.00	11 345 100.00	11 345 100.00
Repairs and Maintenance - Nkowankowa-WWTW	16 785 367.00	16 785 367.00	16 785 367.00
Repairs and Maintenance - Kgapane-WWTW	17 352 328.00	17 352 328.00	17 352 328.00
Repairs and Maintenance - Phalaborwa-WWTW	11 354 808.00	11 354 808.00	11 354 808.00
Repairs and Maintenance - Namakgale-WWTW	12 682 525.00	12 682 525.00	12 682 525.00
Repairs and Maintenance - Lenyenye-WWTW	7 267 734.00	7 267 734.00	7 267 734.00
Repairs and Maintenance - Lulekani-WWTW	7 608 494.00	7 608 494.00	7 608 494.00
Water Fleet	20 000 000.00	-	-
Middle Letaba Refurbishment of Water treatment Plant	-	23 702 786.00	-
Makhushane Water Scheme	17 391 304.00	-	-
Tours Water Reticulation	34 782 608.00	27 606 691.00	-
Thapane Water supply scheme -Upgrading of Water Reticulation	25 771 550.00	-	-
Thabina To Lenyenye Bulk water supply	-	869 565.00	-
Hoedspruit Bulk Water Supply	-	869 565.00	-
Sefofotse to Ditshosine bulk water/ramahlatsi bulk and Retic	17 603 004.00	-	-
Makushane Water Scheme	-	17 391 304.00	-
Ritavi Water Scheme	103 157 481.00	329 404 441.00	328 534 876.00
Lephephane Bulk Water	23 796 396.00	-	-
Lulekani water scheme (BenFarm)	10 035 440.00	-	-
Kampersus Bulk Water Scheme & Scotia Water	-	869 565.00	-

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Reticulation			
Furniture	100 000.00	-	-
Development and Maintanance of Air Quality Station	1 000 000.00	-	-
Road Asset Management System	2 691 000.00	-	-
Purchase of Fire and Rescue Equipment	5 000 000.00	-	-
Computers	2 500 000.00	-	-
Server	2 000 000.00	-	-
Computer software	3 000 000.00	-	-
Grand Total	489 746 000.00	537 389 000.00	465 209 000.00

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 2026/27 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	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Financial Performance										
Property rates	—	—	—	—	—	—	—	—	—	—
Service charges	104 403	168 632	131 494	306 839	365 726	365 726	365 726	492 271	516 884	542 728
Investment revenue	3 622	11 463	27 775	18 000	18 000	18 000	18 000	20 000	21 000	22 050
Transfer and subsidies - Operational	737 564	1 158 167	1 297 361	1 353 289	1 353 289	1 353 289	1 353 289	1 438 267	1 520 993	1 589 656
Other own revenue	4 093	27 765	65 214	75 416	78 696	78 696	78 696	44 500	46 725	49 061
Total Revenue (excluding capital transfers and contributions)	849 681	1 366 027	1 521 843	1 753 544	1 815 711	1 815 711	1 815 711	1 995 038	2 105 602	2 203 496
Employee costs	412 265	459 034	473 596	526 096	535 078	535 078	535 078	551 341	578 908	607 853
Remuneration of councillors	22 041	19 727	17 963	23 761	27 073	27 073	27 073	28 427	29 848	31 341
Depreciation and amortisation	—	167 934	232 813	300 018	300 318	300 318	300 318	315 694	331 478	348 052
Interest	65	19 846	116	30 734	30 434	30 434	30 434	31 956	33 554	35 231
Inventory consumed and bulk purchases	330 218	278 676	307 966	413 496	436 520	436 520	436 520	416 841	437 684	459 568
Transfers and subsidies	—	—	—	—	—	—	—	—	—	—
Other expenditure	339 518	387 795	429 694	384 876	561 382	561 382	561 382	513 728	538 839	565 781
Total Expenditure	1 104 107	1 333 013	1 462 138	1 678 982	1 890 805	1 890 805	1 890 805	1 857 986	1 950 311	2 047 826
Surplus/(Deficit)	(254 426)	33 014	59 706	74 562	(75 094)	(75 094)	(75 094)	137 051	155 292	155 669
Transfers and subsidies - capital (monetary allocations)	354 700	425 812	673 608	575 141	527 143	527 143	392 648	546 509	596 083	625 511
Transfers and subsidies - capital (in-kind)	—	59	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	100 274	458 885	733 314	649 703	452 049	452 049	317 554	683 560	751 375	781 180
Share of Surplus/Deficit attributable to Associate	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	100 274	458 885	733 314	649 703	452 049	452 049	317 554	683 560	751 375	781 180
Capital expenditure & funds sources										
Capital expenditure	414 465	363 127	398 264	513 833	489 430	489 430	373 017	557 843	585 735	615 021
Transfers recognised - capital	350 795	358 177	398 264	478 354	445 271	445 271	347 717	526 843	553 185	580 844
Borrowing	—	—	—	—	—	—	—	—	—	—
Internally generated funds	62 067	4 951	—	35 478	44 159	44 159	25 300	31 000	32 550	34 178
Total sources of capital funds	412 862	363 127	398 264	513 833	489 430	489 430	373 017	557 843	585 735	615 021
Financial position										
Total current assets	1 816 718	2 173 015	136 470	1 208 586	1 023 519	1 023 519	467 884	1 746 769	966 166	1 029 024
Total non current assets	6 730 185	8 824 333	9 095 034	9 207 471	9 182 768	9 182 768	9 835 940	9 840 302	254 256	266 969
Total current liabilities	2 770 998	3 740 478	1 323 562	1 513 118	1 501 002	1 501 002	1 690 955	2 127 061	469 048	514 813
Total non current liabilities	(8 231)	(212 249)	(146 773)	85 143	85 143	85 143	70 513	714 267	—	—
Community wealth/Equity	5 784 132	7 458 415	8 052 025	8 817 796	8 620 142	8 620 142	8 542 335	8 745 743	751 375	781 180
Cash flows										
Net cash from (used) operating	911 157	1 292 448	898 715	921 230	850 134	850 134	850 134	1 098 881	1 184 302	1 239 208
Net cash from (used) investing	(455 385)	(502 537)	(440 590)	(510 808)	(489 215)	(489 215)	(489 215)	(557 843)	(585 735)	(615 021)
Net cash from (used) financing	—	—	—	—	—	—	—	—	—	—
Cash/cash equivalents at the year end	445 924	819 696	476 602	428 899	379 396	379 396	379 396	722 018	1 320 585	1 944 772
Cash backing/surplus reconciliation										
Non current Investments	506 259	198 744	(154 572)	106 936	106 936	106 936	216 188	74 904	—	0
Statutory requirements	(2 482 050)	(3 308 192)	(856 792)	(727 317)	(674 985)	(674 985)	(927 037)	(1 179 558)	(36 787)	(60 722)
Balance - surplus (shortfall)	2 988 309	3 506 936	702 220	834 253	781 921	781 921	1 143 224	1 254 463	36 787	60 722
Asset management										
Asset register summary (WDV)	4 603 717	6 520 945	6 431 607	6 307 285	6 418 999	6 418 999	6 418 999	6 348 950	(39 525)	(41 501)
Depreciation	—	167 934	232 813	300 018	300 318	300 318	300 318	315 694	331 478	348 052
Renewal and Upgrading of Existing Assets	33 244	6 719	11 513	261	39 131	39 131	39 131	—	—	—
Repairs and Maintenance	119 037	62 547	91 631	103 400	119 444	119 444	119 444	74 684	77 368	81 237
Free services										
Cost of Free Basic Services provided	—	—	—	—	—	—	—	—	—	—
Revenue cost of free services provided	29	—	—	951	951	951	951	—	—	—
Households below minimum service level										
Water:	—	—	—	—	—	—	—	—	—	—
Sanitation/sewerage:	—	—	—	—	—	—	—	—	—	—
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)

UC33 Mopani - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	###	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue - Functional										
Governance and administration		1 267 787	1 321 728	1 278 532	1 461 767	1 471 767	1 471 767	1 551 084	1 629 621	1 666 797
Executive and council		0	28	0	-	-	-	-	-	-
Finance and administration		1 267 787	1 321 700	1 278 532	1 461 767	1 471 767	1 471 767	1 551 084	1 629 621	1 666 797
Internal audit		-	-	0	-	-	-	-	-	-
Community and public safety		66	14	11	-	-	-	-	-	-
Community and social services		-	0	-	-	-	-	-	-	-
Sport and recreation		12	13	11	-	-	-	-	-	-
Public safety		-	1	0	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		54	-	0	-	-	-	-	-	-
Economic and environmental services		22 547	26 239	42 852	2 587	2 587	2 587	32 378	2 798	2 886
Planning and development		22 547	26 239	42 852	2 587	2 587	2 587	32 378	2 798	2 886
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		1 048 688	1 375 498	822 404	1 263 746	1 228 746	1 228 746	1 070 298	1 164 678	1 185 235
Energy sources		-	664	-	-	-	-	-	-	-
Water management		990 130	1 308 942	781 905	1 127 229	1 092 229	1 092 229	933 781	1 028 161	1 048 718
Waste water management		58 558	65 892	40 500	136 517	136 517	136 517	136 517	136 517	136 517
Waste management		-	-	-	-	-	-	-	-	-
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	2 339 088	2 723 478	2 143 800	2 728 100	2 703 100	2 703 100	2 653 760	2 797 097	2 854 918
Expenditure - Functional										
Governance and administration		400 168	462 249	371 217	523 702	579 899	579 899	599 676	624 551	665 430
Executive and council		140 069	151 812	172 804	195 474	239 030	239 030	256 325	268 023	279 979
Finance and administration		250 194	299 039	188 066	316 163	327 184	327 184	327 086	340 829	368 588
Internal audit		9 904	11 398	10 347	12 065	13 685	13 685	16 266	15 700	16 864
Community and public safety		138 594	145 491	138 055	165 715	175 567	175 567	193 844	213 043	232 712
Community and social services		23 445	30 506	30 397	28 400	40 063	40 063	31 839	33 496	35 240
Sport and recreation		1 465	1 455	1 223	1 454	1 724	1 724	1 822	1 917	2 017
Public safety		74 241	74 344	69 607	96 303	91 823	91 823	116 090	131 285	146 742
Housing		-	-	-	-	-	-	-	-	-
Health		39 442	39 185	36 829	39 557	41 957	41 957	44 093	46 344	48 713
Economic and environmental services		83 148	98 021	91 735	105 679	100 346	100 346	111 299	118 077	129 086
Planning and development		78 097	91 386	86 163	95 391	89 748	89 748	101 408	107 668	118 131
Road transport		5 051	6 634	5 571	10 288	10 598	10 598	9 890	10 409	10 954
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		1 215 363	1 231 690	853 684	1 073 174	1 154 202	1 154 202	1 137 384	1 161 900	1 224 324
Energy sources		1 951	1 708	1 403	2 494	2 349	2 349	2 505	2 635	2 772
Water management		1 185 949	1 193 736	822 200	1 043 080	1 120 124	1 120 124	1 070 644	1 090 510	1 148 122
Waste water management		27 463	36 245	30 081	27 599	31 728	31 728	64 235	68 755	73 430
Waste management		-	-	-	-	-	-	-	-	-
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	1 837 273	1 937 450	1 454 692	1 868 269	2 010 014	2 010 014	2 042 203	2 117 570	2 251 552
Surplus/(Deficit) for the year		501 815	786 028	689 108	859 831	693 086	693 086	611 557	679 526	603 365

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.

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	###	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
R thousand		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year +1	Budget Year +2
Revenue by Vote	1									
Vote 1 - Executive and Council/Mayor & council		12	41	11	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		0	0	0	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		1 266 168	1 321 397	1 278 532	1 461 767	1 471 767	1 471 767	1 551 084	1 629 621	1 666 797
Vote 4 - Corporate Services/HR		72	2	-	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		11 947	18 013	19 335	-	-	-	29 687	-	-
Vote 6 - Planning & Development/Economic		10 600	8 227	23 517	2 587	2 587	2 587	2 691	2 798	2 886
Vote 7 - Health/Other		54	-	0	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		-	0	-	-	-	-	-	-	-
Vote 9 - Public Services/Fire		-	1	0	-	-	-	-	-	-
Vote 10 - Public Safety/Other		-	-	-	-	-	-	-	-	-
Vote 11 - Roads Transport/Roads		-	-	-	-	-	-	-	-	-
Vote 12 - Water/Water Distribution		990 130	1 308 942	781 905	1 127 229	1 092 229	1 092 229	933 781	1 028 161	1 048 718
Vote 13 - Electricity/Electricity Distribution		-	664	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		1 547	300	-	-	-	-	-	-	-
Vote 15 - Waste Water Management/Sewerage		58 558	65 892	40 500	136 517	136 517	136 517	136 517	136 517	136 517
Total Revenue by Vote	2	2 339 088	2 723 478	2 143 800	2 728 100	2 703 100	2 703 100	2 653 760	2 797 097	2 854 918
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council/Mayor & council		47 405	42 545	41 352	62 824	64 883	64 883	74 328	73 914	78 675
Vote 2 - Executive & Council/Municipal Manager		104 034	122 120	143 022	146 169	189 557	189 557	197 237	208 728	217 030
Vote 3 - Finance & Admin/Finance		143 270	172 813	57 308	160 476	171 225	171 225	166 312	164 958	172 387
Vote 4 - Corporate Services/HR		21 777	21 504	17 600	35 923	33 851	33 851	30 841	32 437	34 115
Vote 5 - Finance & Admin/Other Admin		101 074	112 565	118 321	112 810	103 076	103 076	105 287	115 832	126 583
Vote 6 - Planning & Development/Economic		47 243	65 515	66 819	65 231	63 845	63 845	74 429	79 283	88 269
Vote 7 - Health/Other		39 442	39 185	36 829	39 557	41 957	41 957	44 093	46 344	48 713
Vote 8 - Community Services/Other Community		3 620	1 362	2 849	3 845	6 195	6 195	6 628	6 974	7 339
Vote 9 - Public Services/Fire		74 241	74 344	69 607	96 303	91 823	91 823	116 090	131 285	146 742
Vote 10 - Public Safety/Other		19 825	29 144	27 548	22 555	31 867	31 867	23 661	24 895	26 193
Vote 11 - Roads Transport/Roads		5 051	6 634	5 571	10 288	10 598	10 598	9 890	10 409	10 954
Vote 12 - Water/Water Distribution		1 186 334	1 193 736	822 200	1 043 080	1 120 124	1 120 124	1 070 644	1 090 510	1 148 122
Vote 13 - Electricity/Electricity Distribution		1 566	1 708	1 403	2 494	2 349	2 349	2 505	2 635	2 772
Vote 14 - Corporate Services/Information Technology		14 928	18 028	14 182	21 113	23 933	23 933	24 061	21 770	24 491
Vote 15 - Waste Water Management/Sewerage		27 463	36 245	30 081	27 599	31 728	31 728	64 235	68 755	73 430
Total Expenditure by Vote	2	1 837 273	1 937 450	1 454 692	1 850 269	1 987 014	1 987 014	2 010 241	2 078 730	2 205 814
Surplus/(Deficit) for the year	2	501 815	786 028	689 108	877 831	716 086	716 086	643 519	718 367	649 104

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	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 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 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	227 543	174 501	231 707	388 360	388 360	388 360	-	388 360	388 360	388 360
Service charges - Waste Water Management	2	38 721	45 253	34 609	70 424	70 424	70 424	-	70 424	70 424	70 424
Service charges - Waste Management	2	-	-	-	-	-	-	-	-	-	-
Sale of Goods and Rendering of Services	2	9 531	1 827	2 737	5 594	5 594	5 594	-	5 594	5 594	5 594
Agency services	2	-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2	94 452	112 148	48 774	87 945	87 945	87 945	-	87 945	87 945	87 945
Interest earned from Current and Non Current Assets	2	11 463	28 439	28 023	20 000	30 000	30 000	-	30 000	30 000	30 000
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	-	-	-	-	-	-	-	-	-	-
Licence and permits	2	-	-	-	-	-	-	-	-	-	-
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	-	-	-	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	4 646	13 300	1 941	-	-	-	-	-	-	-
Non-Exchange Revenue											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Surcharges and Taxes	2	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	-	-	-	-	-	-	-	-	-	-
Licences or permits	2	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational	2	1 196 690	1 321 730	1 304 020	1 438 267	1 438 267	1 438 267	-	1 547 271	1 596 121	1 633 297
Interest	2	-	-	-	-	-	-	-	-	-	-
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Gains	2	7 651	(65)	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	2 694	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		1 590 697	1 697 131	1 654 506	2 010 591	2 020 591	2 020 591	-	2 129 595	2 178 445	2 215 621
Expenditure											
Employee related costs	2	486 050	498 527	431 371	554 179	589 525	589 525	-	621 687	654 343	689 406
Remuneration of councillors	2	16 437	16 256	17 206	28 427	24 927	24 927	-	26 306	27 687	29 140
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	2,8	246 724	344 601	327 558	416 841	474 701	474 701	-	439 780	489 181	514 863
Debt impairment	2,3	342 254	297 636	-	68 495	68 495	68 495	-	103 986	130 185	136 695
Depreciation, amortisation and impairment	2	255 771	260 120	205 833	316 194	306 194	306 194	-	285 300	212 900	230 500
Interest, Dividends and Rent on Land	2	50 877	73 831	104	31 956	15 956	15 956	-	20 000	10 000	10 000
Contracted services	2	216 470	267 508	369 953	324 017	393 907	393 907	-	391 300	441 500	480 400
Transfers and subsidies	2	-	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off	2	7 443	(225)	-	-	-	-	-	-	-	-
Operational costs	2	217 923	179 634	102 668	128 162	136 310	136 310	-	153 844	151 774	160 548
Disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Losses	2	(2 677)	(438)	-	-	-	-	-	-	-	-
Total Expenditure		1 837 273	1 937 450	1 454 692	1 868 269	2 010 014	2 010 014	-	2 042 203	2 117 570	2 251 552
Surplus/(Deficit)		(246 576)	(240 318)	199 814	142 322	10 577	10 577	-	87 392	60 874	(35 932)
Transfers and subsidies - capital (monetary allocations)	6	748 333	1 026 347	489 161	717 509	682 509	682 509	-	524 165	618 652	639 297
Transfers and subsidies - capital (in-kind)	6	59	-	133	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		501 815	786 028	689 108	859 831	693 086	693 086	-	611 557	679 526	603 365
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		501 815	786 028	689 108	859 831	693 086	693 086	-	611 557	679 526	603 365
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		501 815	786 028	689 108	859 831	693 086	693 086	-	611 557	679 526	603 365
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	501 815	786 028	689 108	859 831	693 086	693 086	-	611 557	679 526	603 365

Total revenue excluding capital transfers is **R 2 129 595 000** in 2026/2027 and escalates to **R2 178 445 000** and **R2 215 621 000** by 2027/2028 and 2028/2029 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 547 271 000** to **R1 596 121 000** and **R1 633 297 000** for the financial years 2026/2027, 2027/2028 and 2028/2029 respectively. The other revenue component is Service charges for water & sanitation amount **to R458 784 000; R458 784 000** and **R458 784 000** for the financial years 2026/2027, 2027/2028 and 2028/2029 respectively.

The total operating expenditure is projected to be **R2 0422 203 000** in 2026/2027, **R2 117 570 000** and **R2 251 621 000** in the 2027/2028 and 2028/2029 financial years. The finance charges constitute of interest paid and bank charges.

The following are the operational expenditure items:

- a. Employee related cost
- b. Contracted Services
- c. Depreciation
- d. Debt Impairment
- e. Finance charges
- f. Inventory Consumed (Bulk Purchases and Repairs and Maintenance)
- g. General Expenditure
- h. Remuneration of Councillors
- i. Water losses

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

Vote Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 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 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
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		1 059	664	5 311	1 000	1 000	1 000	-	100	-	-
Vote 4 - Corporate Services/HR		-	-	-	-	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		-	315	-	-	-	-	-	-	-	-
Vote 6 - Planning & Development/Economic		-	-	856	2 587	2 587	2 587	-	2 691	-	-
Vote 7 - Health/Other		-	-	-	-	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		-	-	-	-	-	-	-	-	-	-
Vote 9 - Public Services/Fire		61 540	4 417	-	25 000	25 000	25 000	-	5 000	-	-
Vote 10 - Public Safety/Other		-	-	-	-	-	-	-	-	-	-
Vote 11 - Roads Transport/Roads		-	-	-	-	-	-	-	-	-	-
Vote 12 - Water/Water Distribution		575 034	892 857	502 312	609 380	590 719	590 719	-	473 455	537 389	465 209
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	2 522	2 522	-	-	-	-
Vote 14 - Corporate Services/Information Technology		1 064	0	8 420	5 000	5 000	5 000	-	7 500	-	-
Vote 15 - Waste Water Management/Sewerage		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		638 697	898 254	516 898	642 967	626 827	626 827	-	488 746	537 389	465 209
Total Capital Expenditure - Vote		638 697	898 254	516 898	642 967	626 827	626 827	-	488 746	537 389	465 209
Capital Expenditure - Functional											
Governance and administration		2 123	664	13 730	6 000	6 000	6 000	-	7 600	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		2 123	664	13 730	6 000	6 000	6 000	-	7 600	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		61 540	4 417	-	26 500	26 500	26 500	-	6 000	-	-
Community and social services		-	-	-	1 500	1 500	1 500	-	1 000	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		61 540	4 417	-	25 000	25 000	25 000	-	5 000	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	315	856	2 587	2 587	2 587	-	2 691	-	-
Planning and development		-	315	856	2 587	2 587	2 587	-	2 691	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		575 034	892 857	502 312	609 380	593 240	593 240	-	473 455	537 389	465 209
Energy sources		-	-	-	-	2 522	2 522	-	-	-	-
Water management		575 034	892 857	502 312	609 380	590 719	590 719	-	473 455	537 389	465 209
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	638 697	898 254	516 898	644 467	628 327	628 327	-	489 746	537 389	465 209
Funded by:											
National Government		355 354	353 236	293 561	611 967	581 306	581 306	-	456 146	537 389	465 209
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		199 806	435 043	198 419	-	12 000	12 000	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	555 160	788 278	491 980	611 967	593 306	593 306	-	456 146	537 389	465 209
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		78 333	111 578	24 918	32 500	35 022	35 022	-	33 600	-	-
Total Capital Funding	7	633 493	899 857	516 898	644 467	628 327	628 327	-	489 746	537 389	465 209

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 2026/2027 **R 489 746 000** has been allocated, 2027/2028 and 2028/2029 **R 537 389 000** and **R 465 209 000** has been allocated

1.11.6 Explanatory notes to Table A6 - Budgeted Financial Position

DC33 Mopani - Table A6 Budgeted Financial Position

Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand											
ASSETS											
Current assets											
Cash and cash equivalents	1	18 477	180 980	375 407	188 762	338 346	338 346	-	373 353	529 990	747 743
Short term Investments	2	-	-	-	-	-	-	-	-	-	-
Trade and other receivables from exchange transactions	3	2 196 241	82 395	110 321	201 968	2 110 569	2 110 569	-	2 240 531	2 390 800	2 603 839
Receivables from non-exchange transactions	3	52 006	(97 517)	(95 649)	121 407	178 105	178 105	-	119 851	119 851	119 851
Current portion of non-current receivables	4	-	-	-	-	-	-	-	-	-	-
Inventory	5	32 737	31 627	47 173	32 987	24 980	24 980	-	24 980	24 980	24 980
VAT Receivable	6	187 089	244 415	163 907	222 148	404 800	404 800	-	396 357	419 179	654 529
Other current assets	7	10 538	10 642	10 642	-	-	-	-	-	-	-
Total current assets		2 497 087	452 541	611 801	767 271	3 056 799	3 056 799	-	3 155 071	3 484 801	4 150 942
Non current assets											
Investments	8	-	-	-	-	-	-	-	-	-	-
Investment property	9	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	10	8 923 017	9 646 422	9 963 035	10 004 857	10 427 725	10 427 725	-	10 307 683	10 430 416	10 665 126
Biological assets	11	-	-	-	-	-	-	-	-	-	-
Living resources	12	-	-	-	-	-	-	-	-	-	-
Heritage assets	13	432	432	432	451	432	432	-	432	432	432
Intangible assets	14	2 805	2 316	2 718	5 566	2 202	2 202	-	4 556	1 865	1 865
Trade and other receivables from exchange transactions	15	-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions	15	-	-	-	35 434	23 200	23 200	-	23 200	23 200	23 200
Other non-current assets	16	3 323	10 985	10 985	1 224	3 431	3 431	-	3 431	3 431	3 431
Total non current assets		8 929 576	9 660 156	9 977 171	10 047 531	10 456 989	10 456 989	-	10 339 302	10 459 344	10 694 054
TOTAL ASSETS		11 426 664	10 112 698	10 588 971	10 814 802	13 513 789	13 513 789	-	13 494 373	13 944 145	14 844 995
LIABILITIES											
Current liabilities											
Bank overdraft	17	-	-	-	-	-	-	-	-	-	-
Financial liabilities	18	(0)	(0)	(0)	-	-	-	-	-	-	-
Consumer deposits	19	4 091	4 039	4 039	3 866	15 254	15 254	-	15 254	15 254	15 254
Trade and other payables from exchange transactions	20	1 240 791	1 383 943	1 082 310	1 428 680	1 829 435	1 829 435	-	1 607 215	1 630 038	1 847 435
Trade and other payables from non-exchange transactions	21	106 936	78 766	325 952	78 125	0	0	-	-	(0)	-
Provision	22	61 470	57 060	57 060	10 358	-	-	-	-	-	-
VAT Payable	23	259 999	292 527	293 569	75 135	75 135	75 135	-	80 088	80 088	160 176
Other current liabilities	24	-	-	-	-	-	-	-	933 350	933 350	933 350
Total current liabilities		1 673 288	1 816 335	1 762 930	1 596 163	1 919 823	1 919 823	-	2 635 907	2 658 729	2 956 214
Non current liabilities											
Financial liabilities	25	(83 930)	85 864	(72 989)	590 065	599	599	-	599	599	599
Provision	26	-	-	-	-	-	-	-	-	-	-
Long term portion of trade payables	27	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	28	85 143	107 619	107 619	101 889	653 971	653 971	-	-	-	-
Total non current liabilities		1 213	193 483	34 630	691 954	654 569	654 569	-	599	599	599
TOTAL LIABILITIES		1 674 501	2 009 818	1 797 560	2 288 117	2 574 393	2 574 393	-	2 636 505	2 659 328	2 956 813
NET ASSETS		9 752 163	8 102 879	8 791 411	8 526 685	10 939 396	10 939 396	-	10 857 868	11 284 817	11 888 182
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	29	7 318 711	8 038 627	8 775 058	8 526 685	10 939 396	10 939 396	-	10 857 868	11 284 817	11 888 182
Reserves and funds	30	-	-	-	-	-	-	-	-	-	-
Other	31	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	32	7 318 711	8 038 627	8 775 058	8 526 685	10 939 396	10 939 396	-	10 857 868	11 284 817	11 888 182

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 SA2 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 municipality has a community wealth of **R10 857 868 000** for the 2026/2027 financial year

1.11.7 Explanatory notes to Table A7 – Budgeted Cash Flow Statement

DC33 Mopani - Table A7 Budgeted Cash Flows

Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	-	-	-	-	-	-	-	-
Service charges		-	-	-	68 818	68 818	68 818	68 818	68 818	68 818	68 818
Other revenue		11 932	-	-	201 145	201 145	201 145	201 145	168 900	188 105	187 114
Transfers and Subsidies - Operational	1	1 162 251	-	-	1 438 267	1 438 267	1 438 267	1 438 267	1 547 271	1 596 121	1 633 297
Transfers and Subsidies - Capital	1	630 336	477 669	-	717 509	682 509	682 509	682 509	524 165	618 652	639 297
Interest		2 411	-	-	33 192	43 192	43 192	43 192	38 795	38 795	38 795
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(535 236)	(493 491)	(925 431)	(1 482 306)	(1 619 370)	(1 619 370)	(1 619 370)	(1 632 917)	(1 764 485)	(1 874 358)
Finance charges		-	-	-	(1 276)	(15 956)	(15 956)	(15 956)	(20 000)	(10 000)	(10 000)
Transfers and Subsidies	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		1 271 694	(15 822)	(925 431)	975 350	798 605	798 605	798 605	695 031	736 005	682 963
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Insurance Refund - Capital		-	-	-	-	-	-	-	-	-	-
Interest on Short Term Investment (Greater than 90 days) and Long Term Investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(607 644)	(440 590)	(636 287)	(644 467)	(628 327)	(628 327)	(628 327)	(489 746)	(537 389)	(465 209)
Retention (Capital)		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		(607 644)	(440 590)	(636 287)	(644 467)	(628 327)	(628 327)	(628 327)	(489 746)	(537 389)	(465 209)
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		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		664 049	(456 411)	(1 561 718)	330 883	170 278	170 278	170 278	205 285	198 617	217 753
Cash/cash equivalents at the year begin:	2	27 550	18 477	180 980	(142 121)	168 068	168 068	168 068	168 068	373 353	571 969
Cash/cash equivalents at the year end:	2	691 599	(437 934)	(1 380 738)	188 762	338 346	338 346	338 346	373 353	571 969	789 723

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 2026/2027 are estimated at **R 205 285 000**

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	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year +1	Budget Year +2
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	691 599	(437 934)	(1 380 738)	188 762	338 346	338 346	338 346	373 353	571 969	789 723
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
Non current Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		691 599	(437 934)	(1 380 738)	188 762	338 346	338 346	338 346	373 353	571 969	789 723
Application of cash and investments											
Unspent conditional transfers		106 936	78 766	325 952	78 125	0	0	-	-	(0)	-
Unspent borrowing											
Statutory requirements	2	(54 907)	(97 176)	12 666	(84 583)	121 147	121 147	-	(152 963)	(156 580)	(130 322)
Other working capital requirements	3	1 152 454	1 383 943	1 082 310	1 220 090	485 445	485 445	-	387 050	228 155	333 548
Other provisions		2 494 906	57 060	57 060	10 358	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		3 699 390	1 422 593	1 477 988	1 223 989	606 592	606 592	-	234 087	71 574	203 226
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits		(3 007 791)	(1 860 527)	(2 858 726)	(1 035 227)	(268 246)	(268 246)	338 346	139 266	500 395	586 497
Creditors transferred to Debt Relief - Non-Current portion		-	-	-	-	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits		(3 007 791)	(1 860 527)	(2 858 726)	(1 035 227)	(268 246)	(268 246)	338 346	139 266	500 395	586 497

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 be either 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 municipality has entered into repayment agreement with Lepelle Northern Water and debt relief program with Department of Water and Sanitation. The LNW repayment agreement is budgeted at **R84 million** per annum

1.11.9 Explanatory notes to Table A9 - Asset Management

Asset Class	2026/2027	2026/2027	2026/2027	2026/2027	2026/2027	2026/2027	2026/2027	2026/2027	2026/2027	2026/2027
Asset Class	2026/2027	2026/2027	2026/2027	2026/2027	2026/2027	2026/2027	2026/2027	2026/2027	2026/2027	2026/2027
1.11.9.1 Infrastructure										
1.11.9.1.1 Roads										
1.11.9.1.2 Bridges										
1.11.9.1.3 Stormwater										
1.11.9.1.4 Sewerage										
1.11.9.1.5 Water Supply										
1.11.9.1.6 Electricity										
1.11.9.1.7 Telecommunications										
1.11.9.1.8 Other Infrastructure										
1.11.9.2 Intangible Assets										
1.11.9.2.1 Software										
1.11.9.2.2 Patents										
1.11.9.2.3 Other Intangible Assets										
1.11.9.3 Computer Equipment										
1.11.9.3.1 Laptops										
1.11.9.3.2 Desktops										
1.11.9.3.3 Servers										
1.11.9.3.4 Other Computer Equipment										
1.11.9.4 Furniture and Office Equipment										
1.11.9.4.1 Desks										
1.11.9.4.2 Chairs										
1.11.9.4.3 Other Furniture and Office Equipment										
1.11.9.5 Machinery and Equipment										
1.11.9.5.1 Tractors										
1.11.9.5.2 Other Machinery and Equipment										
1.11.9.6 Transport Assets										
1.11.9.6.1 Buses										
1.11.9.6.2 Other Transport Assets										
1.11.9.7 Facilities										
1.11.9.7.1 Buildings										
1.11.9.7.2 Other Facilities										

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 **R405.350 000** will be spend on new assets in the 2026/2027 financial year.

Of the total capital budget **R 369.059000** is for infrastructure, **R 5 691 000** is for intangible asset, **R 4 500 000** is for computer equipment, **R 1 000 000** for Furniture and Office equipment, **R 5 000 000** for machinery and equipment and for Transport asset, with **R 20 000 000** going to facilities.

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 Final 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.

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 was tabled to Council for adoption to enable the public participations for inputs and comments from the public.

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 final 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 Budget assumptions and bases

The municipality prepared the 2026/27 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 draft budget.

- 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) Draft Cost containment policy

2.5.2 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 provide 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.

Table 15

DIRECT GRANTS			MTREF		
Source	Audited Outcome 2024/25 R'000	Current Budget 2025/26 R'000	Budget 2026/27 R'000	Budget 2027/28 R'000	Budget 2028/29 R'000
Equitable Shares	1 343 490	1 427 429	1 508 655	1 593 121	1 630 297
Financial Management Grant	3'000	3'000	3 000	3 000	3 000
Municipal Infrastructure Grant	524 667	543 922	551 160	615 854	636 411

Rural Roads Asset Management Grant	2'476	2'587	2 691	2 798	2 886
Expanded Public Works Programme	6 799	7 838	5 929		
Total Grants	1 880 432	1 984 776	2 071 435	2 214 773	2 272 594

2.7 Employee related costs and Remuneration of councillors

Employee related cost constitute 30.66% of the overall operating budget. The Salaries and Wages & social contribution item has a budget of **R621 686 000**. 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 councillors

Councillor Remuneration – An increase on councillors' remuneration has been affected as the regulating gazette specifying the remuneration packages was issued. The total remuneration of councillors' budget is **R 26 305 000** for the 2026/2027 financial year.

2.8 Monthly targets for revenue, expenditure and cash flow (SA 30)

The total Cash Receipts by source of the municipality is mainly derive from the grant. The total grant anticipated to be received in the 2026/27 financial year is amounting to **R 2 071 435 000**.

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

Table 17

R thousand	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Capital Expenditure – Functional			
Finance and Admin	7 600 000		
Public safety	6 000 000		
Water Services	473 455 000	537 389 000	465 209 000
Planning and Development	2 691 000		
Total Capital Expenditure - Functional	489 746 000	537 389 000	465 209 000

2.11 Legislation compliance status

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

Municipal Finance Management Act

The municipality still has 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 did not comply with in the 2023_2024 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)(c) 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 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 March 2025						
Name	Surname	Position	Highest Education Qualification	Work Related Experience	Performance Agreement Signed (where required)	Completed Required Unit Standards	Requirements Met	Compliant ()
Tshepo	Mogano	Municipal Manager	✓	✓	✓	✓	4	✓
Jimmy	Mojela (acting CFO)	Supply Chain Management Manager	✓	✓	✓	✓	4	✓
Lesly	Motau	Middle Manager: Finance	✓	✓	✓	✓	4	✓
Ruth	Pootona	Middle Manager: Finance	✓	✓	✓	✓	4	✓
Delight	Sekgota	Middle Manager: Finance	✓	✓	✓	No	4	✓
Khutso	Mohlamme	Middle Manager: Finance	✓	✓	✓	✓	4	✓

- **Asset Transfer Regulations**

The municipality has transferred landfill site to Maruleng Local Municipality in the 2022/23 financial year

- **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.

GRAP

The municipality still has 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 2023/24 Audit Report are resolved.

The following are 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 complying with BCEA.

2.12 Other supporting documents

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

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

2.13 Municipal manager's quality certificate

Conclusion

The 2026/27 final 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 Draft 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 Tshepo **Jack Mogano**, 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.

Mogano TJ

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

Signature: _____