



MOPANI DISTRICT
MUNICIPALITY

SCHEDULE A

2021/22 TO 2023/24

BUDGET AND SUPPORTING
DOCUMENTATION

MOPANI DISTRICT MUNICIPALITY

MTREF BUDGET OF

MOPANI DISTRICT MUNICIPALITY

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

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

Part 1 – MTREF Budget

1.1 Mayor's Report

The report will be presented during approval of the MTREF budget

1.2 Council Resolutions

	MTREF BUDGET FOR 2020/2021; 2021/2022 & 2022/2023
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PURPOSE

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

MOTIVATION

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

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

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

ANNEXURE

MTREF Budget Document

POLICY

- Local Government Municipal Finance Management Act, Act No. 56 of 2003;
- Local Government Municipal Systems Act, Act no 32 of 2000
- MFMA Circular 99 & Annexure to MFMA Circular 99

LEGAL REQUIREMENTS

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

Section 24 of the Municipal Finance Management Act provides that:

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

(v) approving any changes to the municipality's budget-related policies.

- (3) The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.

FINANCIAL IMPLICATIONS

See attached MTREF budget

ORGANIZATIONAL AND HUMAN RESOURCE IMPLICATIONS

None

COMMUNICATION IMPLICATIONS

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

RECOMMENDATIONS

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

2.1. REVENUE

Description	2021/22 Medium Term Revenue & Expenditure Framework
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R - billions	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Revenue By Source			
Service charges - water revenue	165 893 916	176 262 276	187 278 672
Service charges - sanitation revenue	32 605 200	33 974 661	35 469 494
Interest earned - external investments	13 701 996	14 441 904	15 181 812
Interest earned - outstanding debtors	41 215 428	42 946 498	44 836 139
Transfers and subsidies	1 583 920 000	1 710 224 000	1 785 865 000
Other revenue	239 339 710	145 220 816	151 628 853
Total Revenue (including capital transfers and contributions)	2 078 697 033	2 121 795 924	2 215 682 211

2.2. OPERATIONAL EXPENDITURE

Description	2021/22 Medium Term Revenue & Expenditure Framework		
R - billions	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<u>Expenditure By Type</u>			
Employee related costs	492 923 003	512 841 446	535 879 220
Remuneration of councillors	13 477 595	14 043 654	14 661 575
Debt impairment	65 173 668	69 247 008	73 574 940
Depreciation & asset impairment	210 524 706	219 363 744	229 018 881
Finance charges	358 340	373 390	389 820

Bulk purchases	331 228 264	295 139 851	308 126 004
Inventory Consumed(Other Materials/Repairs and maintenance)	208 998 041	206 074 798	316 374 943
Contracted services	205 966 129	108 520 797	112 107 496
General expenditure	181 942 099	170 930 784	178 810 959
Total Expenditure	1 710 581 831	1 595 199 412	1 666 267 927

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

	BUDGET RELATED POLICIES & WATER SERVICES TARIFFS
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PURPOSE

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

EXECUTIVE SUMMARY

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

ANNEXURE

- Budget related Policies
 - Water Services Tariffs
-

POLICY

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

LEGAL IMPLICATIONS

It is a requirement in terms of section 21(1)(a) of the Local Government Municipal Finance Management Act that the preparation of the annual budget for the ensuing financial year is accompanied by reviewed budget related policies.

FINANCIAL IMPLICATIONS

ORGANIZATIONAL AND HUMAN RESOURCE IMPLICATIONS

None.

COMMUNICATION IMPLICATIONS

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

COMMENTS BY MANAGEMENT

Noted.

RECOMMENDATIONS

1. That Council takes note of the Reviewed Budget related Policies and the Water Services Tariffs presented for inputs;

2. That Council approves the Reviewed Budget related Policies to be implemented in the 2021/22 financial year as follows:
 - 2.1 Budget Policy;
 - 2.2 Inventory Management Policy;
 - 2.3 Virement Policy;
 - 2.4 Asset Management Policy;
 - 2.5 Credit Control and Debt Collection Policy;
 - 2.6 Expenditure Policy
 - 2.7 Indigent Policy;
 - 2.8 Investment Policy;
 - 2.9 Tariff Policy;
 - 2.10 Policy on the writing off of irrecoverable debt;
 - 2.11 Supply Chain Management Policy and;
 - 2.12 Water Services Tariffs.

3. That Council approves for the Water Services Tariffs to be implemented in the 2020/21 financial year in the following municipalities;
 - 3.1 Greater Giyani Municipality;
 - 3.2 Greater Letaba Municipality;
 - 3.3 Maruleng Local Municipality;
 - 3.4 Ba-Phalaborwa Local Municipality;
 - 3.5 Greater Tzaneen Municipality.

1.3 Executive Summary

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

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

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

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

1.3.1 Addressing unfunded budget

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.3.3 Public Participation on the tabled 2020/21 budget

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

This consultation process due to the pandemic, no public engagement comments were solicited via electronic-, social- and print media. The Executive Mayor has done two visits to the Community radio station to talk about programmes and projects of the municipality on 9 December 2020 and 24 February and the IIDP rep forum on 24 March 2021. Directorates will include this input in the final proposed budget or, if of an operational nature, to be included in directorate's operational plans over the MTREF period.

1.3.4 Annexure to MFMA Circular 99 of 8 April 2020

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

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

1.4 BUDGET PROCESS

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

1.4.1 MFMA Circular No 107

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

1.4.2 MFMA Circular No 108 and Annexure to Circular No 99

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

1.4.3 The South African economy and inflation targets

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

Macroeconomic performance and projections

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

1.4.4 The South African economy and Inflation targets

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

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

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

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

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

1.5 Key focus areas for the 2021/22 budget process

1.5.1 Division of Revenue outlook

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

1.5.2 Local government conditional grants and additional allocations

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

1.5.3 Changes to the structure of local government allocations

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

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

1.5.4 Addressing unfunded budgets in local government

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

Budget assumptions and bases

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

1.5.5 2021 Local Government Elections and the budget process

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

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

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

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

- **Hand-over reports for the newly elected councils-Seshoene will provide report**

Introduction

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

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

a) Basic services

PROGRESS ON IMPLEMENTATION OF INFRASTRUCTURE PROJECTS

. Municipal Infrastructure Grant (MIG)

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

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
GREATER LETABA LOCAL MUNICIPALITY							
1.	Sekgosese Water Scheme - 1A (Senwamokgope)	MDM2019/035	MIG	Equipping of Boreholes: H10-0814, H10-0905, and H10-0909. Construction of 5730m 150 GI pipe rising main (Senwamokgope)	65,00%	55.00%	Contractor on site (67% time elapsed) Completed activities - 5200m of steel pipe (bulk line), Buffer tanks supper structures Current busy with the construction of valve chambers, command reservoir and main pump station. Challenges: Slow delivery of steel pipes due to shortage of steel. ESKOM connection to boreholes.
2.	Sekgosese Water Scheme – 1B (Lemondekop)	MDM2019/035	MIG	Construction of command reservoir 2.6MI, 3600m 150GI steel pipe.	49,00%	35.00%	Contractor on site (90% time elapsed) Completed activities - 2945m of steel pipe (bulk line) Current busy with the construction of valve chambers, command reservoir and main pump station. Challenges: Slow delivery of steel pipes due to shortage of steel. LED issues on subcontracting and payments (Law

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
							enforcement applied).
3	Sekgosese Water Scheme – 1C (Lemondekop, Senwamokgope)	MDM2019/035	MIG	Equipping of borehole H10-0912. Equipping of borehole H10-0914. Rising main from borehole H10091210 H10-0914. Rising main from borehole H10-0914 to command reservoir. Lemondekop water reticulation (43km).	45%	10%	Contractor on site (90% time elapsed) Completed - Equipping of boreholes, Sump construction, 42000m reticulation and 1750 steel pipe supply line. Current - 3000m reticulation, sump. Challenges - Hard rock excavations, ESKOM connection to boreholes.
4	Sefofotse to Ditshosine Bulk Water Supply/Ramahlati Bulk and Reticulation 2D (Mohlabaaneng &	MDM2017/052	MIG		92%	93%	Contractor back on site. Beyond schedule Completed – 51km of reticulation at Mohlabaneng (51.05/52.2km), 1475 yard connections, 2x400kl steel reservoirs; equipping of 4x boreholes, Eskom connection, 40% package plant. Current – Package plant and pipe laying

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
	Lebaka)						on the blasted area
5	Sefofotse to Ditshosine Bulk Water Supply/Ramahlati Bulk and Reticulation 2E (Sefofotse, Maupa, Mohlabaaneng, Jamela, Ditshosine, Maphalle)	12/07/2018	30/06/2020	Construction	82%	82%	<p>The contractor returned to site on the 2nd of June 2020. Contractor has been put on 14days terms from the 09 June 2020 due to poor performance.</p> <p>Completed – 35km rising main from Sefofotse to Ditshosine (35.416/36.3km)</p> <p>Current – Booster pump station to Jamela and 3x road crossing, equipping of borehole at Ditshosine (2C).</p> <p>Challenges – Poor performance by contractor (cash flow challenges)</p>

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
6	Sefofotse to Ditshosine Bulk Water Supply/Ramahlati Bulk and Reticulation 1B (Maupa)	29/01/2018	30/11/2019	Construction	94%	83%	The contractor is awaiting for Eskom to energize the new boreholes.
7	Mopani Rural House-hold Sanitation at GLM is 1686 VIP units in various villages (Phase 1)	29/01/2020	30/06/2020	Construction	89%	83%	A total of 1500 VIP toilets has been completed. Poor workmanship was experienced on some units. The affected contractors were instructed to re-construct / fix the units.

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
GREATER GIYANI LOCAL MUNICIPALITY							
1.	Water Reticulation Infrastructure for Middle Letaba Water Scheme Cluster 6 (Tomu)	MDM2019/030	MIG	Excavation of 7km pipeline, Laying of pipes (Various diameter), Installation of gate valves	100%	98%	Project has reached practical completion.
2	Refurbishment of Middle Letaba Water Treatment Works Cluster 7 (Babangu Scheme)	MDM2019/031	MIG	Refurbishment of Babangu Pump station and pipe line, Refurbishment of Majosi to Elim Pump station, Refurbishment of inlet chamber, Sedimentation tanks, Sand filter basins, Chlorination Building, Upgrading of fencing,	73%	73%	Contractor on site (time elapsed 100%) Completed works - Equipping of four (4) boreholes; sealing of sedimentation tanks; refurbishment of backwash pumps; refurbishment of chlorination room and admin building, construction of water recovery pipeline; installation of security doors Current Activities: - Cleaning of filter

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
				Equipping of 3 boreholes			media; sealing of flocculation channels, refurbishment of Babangu and Majosi pump station. Challenges: - Slow progress, contractor cash flow issues.
	Mopani Rural House-hold Sanitation at GGM is 1551 VIP units (Phase 1)	MDM2019/	MIG	Construction of 1551 VIP toilets in various villages within Greater Giyani	91%	80%	A total of 1430 VIP toilets has been completed.

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
BA-PHALABORWA LOCAL MUNICIPALITY							
1.	Makhushane Water Scheme Phase 1A (Tlakisi, Changane, Kanana)	MDM2019/036	MIG	<p>Scope of work entails the construction of the 63mm UPVC medium pipes -Class 9 : 10 000 m ,75 mm UPVC medium pressure -</p> <p>Class 9 : 1530m , 90mm UPVC medium pressure pipes -Class 9: 800m , 110 mm UPVC medium pressure pipes - Class 9 : 3,100m ,</p> <p>160mm UPVC medium pressure pipes -Class 9 : 1300m , 200mm</p> <p>UPVC medium pressure pipes Class</p> <p>9 : 1280m</p>	98%	80%	<p>Time elapsed at 82%</p> <p>Completed - 58 stand pipes, 10km of 63mm;</p> <p>1.53km of 75mm, 0.8km of 90mm, 3.1km of</p> <p>110mm; 1.3km of 160mm; 0.697km of 200mm</p> <p>Project on practical completion stage</p>

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
2	Makhushane Water Scheme Phase 1B (Nyakelang 4, Mapikiri, Dikolobeng, Maune)	MDM2019/036	MIG	<p>Nyakelang - 25 mm HDPE PN 12.5</p> <p>-4276m, 63 diameters class 9 UPVC</p> <p>6160m, 75 diameters class 9 UPVC 3315m. 90 diameters class 9 UPVC 2050m, 110 diameters class 9</p> <p>UPVC 3700m, 160 diameters class</p> <p>9 UPVC 2850m. 6 No. Fire Hydrants, 55 No. communal stand pipes. Mapikiri -63mm UPVC</p> <p>Medium pressure pipes class 9 15000m, 75mm UPVC medium pressure pipes class 9- 150m. 110mm UPVC medium</p>	50%	29%	<p>Contractor on site - Time elapsed at 36%</p> <p>Completed - Nyakelang: 5.9km of 63mm, 3.km of 75mm, 0.93km of 90mm</p> <p>Mapikiri (Maune & Dikolobeng): 13.8km of 63mm, 100m of 75mm, 069km of 160mm</p> <p>Current activity - Pipe laying</p> <p>Challenge: Continuous disruption of project by labourers requesting UIF monies for the months of April 2020. Contractor off-site.</p>

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
				<p>pressure pipes class 9 6100m, 160mm UPVC medium pressure pipes class 9- 700m. 250mm UPVC medium</p> <p>pressure pipes class 9 2200m, 48</p> <p>No.stand pipes</p>			
3	Selwane Water PHS 2 (Mayepu, Khaxane, Matsotsosela, Mzilela)	MDM2019/032	MIG	<p>Replacement of existing 5KM gravity main from Mzilela to Mayephu Village which includes:</p> <p>160mm to 110mm diameter, class 16 UPVC gravity main of total length of approximately 500mm & Installation of 110mm diameter line valve, Construction of a booster pump station with</p>	6%	11%	The project experienced community challenges resulting into late starting. Community issues have since been resolved and Contractor has resumed with works.

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
				<p>2 centrifugal Pumps complete with housing and power supply , Grading of access road to the command reservoir , Supply and</p> <p>installation of Precast valve chamber and Supply and</p> <p>installation of ETANORM 080-065160 Pump, Concrete palisade fencing and Pump house electrical connection</p>			
4	Upgrading of Ba-Phalaborwa Sewage Works (Phalaborwa Town)	MDM2017/052	MIG	Re-enforcing, Concrete and Formworks, Bedding and sewer pipe line, Special fittings, testing of pipe line, Grouting, Manhole covers, Water Tightness test, connecting	93%	80%	<p>Contractor is on site</p> <p>Currently busy with repair works at the maturation ponds and an additional chamber.</p>

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
				to existing services			
5	Mopani Rural House-hold Sanitation at BPLM is 1551 VIP units (Phase 1)	MDM2019/	MIG	Construction of 1551 VIP toilets in various villages within Ba-Phalaborwa	93%	32%	A total of 655 VIP toilets has been completed.

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
GREATER TZANEEN LOCAL MUNICIPALITY							
1.	Ritavhi 2 Water Scheme (Sub- Scheme	MDM2019/033	MIG	Equipping and electrification of two boreholes, construction of 80kl elevated steel tank, refurbishment of Muhlava head kraal reservoir, construction of 2.7km of HDPE ranging from 125mm-160mm pumping main, construction of 1km of HDPE ranging from 315mm- 400mm gravity main	95%	73%	Contractor on site - Time elapsed 100% - Completed - 1.3km of 125mm HDPE, 1.4km of 160mm HDPE, 0.5km of 315mm, 0.5km of 400mm (3.6km), refurbishment of reservoir at Muhlava Head kraal, equipping and testing of two boreholes, installation of 80kl elevated steel tank. - Current - Pipe laying (blasted area) Challenges: ESKOM connection (Application in process)

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
2	Thabina Regional Water Scheme (The Resizing & Replacement of Bulk Water Pipeline from Thabina to Lenyenye	MDM2019/028	MIG	200 mm NB diameter steel pipe (2541m), 01 No Scour valve , 02 No Air valve	100%	95%	Project has reached practical completion.
3	Thabina Regional Water Scheme (The Resizing & Replacement of Bulk Water Pipeline from Thabina to Lenyenye	MDM2019/028	MIG	200 mm NB diameter steel pipe (2350m), 250 mm NB diameter steel pipe (2400m), 7 No of scour pipe, 01 No isolation valve, 14 No Air valve, 350 kl concrete reservoir, refurbishment of existing water treatment plant	65%	63%	Contractor on site (Time elapsed -29%) Completed activities - Construction of the 4km of the steel bulk pipe line. Current activities - construction of valve chambers, earthworks and foundation for the 350kl command reservoir, refurbishment of the WTW. Challenges: None

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
4	Thapane Regional Water Scheme (Upgrading of Water Reticulation and Extensions (Relela & Muleketa -Ward 8 &9)	MDM2019/034	MIG	Housing, electrifying and equipping of three (03) No. New Boreholes, Supplying and laying of raising water main 110 mm uPVC approximately 3600m long from the boreholes to steel pressed water tank. Supplying and laying of 75 mm diameter u.PVC Distribution line approximately 3300m long from the steel pressed water tank. Supply and erect 400kl Steel pressed tank, Supply and install 12No. Communal street taps.	0%	0%	Contractor not on site. The project was stopped by the community. The two wards covered by the project (ward 8&9) did not want to share water source nor share the projects LED benefits (CLO & Safety officer). Engineer commissioned to do a report for additional boreholes (pending report). MMC made political intervention

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
5	Jopie to Mawa Ramotshinyadi Phase 2A (Ramothsinyadi) Phase 2 (Shiluvane, Burgersdorp, Calais)	MDM2017/0052	MIG	Construction of 68152m Reticulation pipeline; Installation of 1146 households and construction of 1 750kl elevated steel tank.	100%	95%	Project complete
6	Jopie to Mawa Ramotshinyadi Phase 2C (Morapalala, Maunatlala, Block 5)	MDM2017/0052	MIG	Construction of 97032m Reticulation pipeline; Installation of 772 households, 464kL elevated steel tank.	100%	98%	Project complete.
7	Tours Water Scheme : Bulk Lines refurbishment and Reticulation	MDM2017/0052	MIG	110mm diameter P7N for 640m. 250mm diameter P8N for 2309m. 63mm diameter P22for 880m. 110mm diameter P5N for 4900m. 90mm diameter P8 for 9075m. Pressure	100%	97%	Project on practical completion.

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
				reducing valve 1, Booster pump station and elevated tank 40kl			
8	Thapane Regional Water Scheme ; Upgrading & Extension Phase 1 (Thapane, Mohlakoni, Thapane)	MDM2017/052	MIG	Construction of 5,9km bulk line, construction of simarela office block, Refurbishment of Simarela package plant, refurbishment of 2 pump stations, refurbishment of Thapane Treatment Plant, installation of a fence around Simarela plant, construction of a septic tank at Simarela, Construction of a settling tank at Simarela, construction of manholes, borehole refurbishment, installation of valves along the pipeline, installation of pipe bends and thrusts	85%	98%	Pressure testing done on the 5.9km Mhlakong line. 2.9km pipeline line from Plant to Marirone Reservoir is still outstanding.

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
				blocks and installing pipeline markers			
9	Thapane Bulk Water Scheme Phase 2A (Madumane, Pjapjamela, Leokwe, Motomeni)	MDM2017/052	MIG	Construction of 10Megalitre concrete reservoir, construction of 11792metres of bulk pipelines, drilling and equipping of five (5) boreholes, construction of booster pump stations	36%	30%	Currently has re-established works on site and currently awaiting safety file approval. Report has been developed for the approval by MM to amend the contracts, correct the rates and include the missing work items.

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
10	Thapane Bulk Water Scheme Phase 2B (Moleketa, Semarela, Buhlodi, Morutji, Marironi)	MDM2017/052	MIG	Construction of 21037metres of bulk pipelines	85%	80%	<p>The contractor is currently on site and busy with pipe laying and 11 262m has been laid out of 14200m which the rest has become a saving to MDM the contractor is done with pipe laying which now the remaining works is dependent on additional funding.</p> <p>Equipping of 5 booster pumps with electrical works and testing has been done. Further works on the project are dependent on the approval of the report submitted for MM's approval.</p>
11	Upgrading of Nkowankowa Sewage Works (Nkowankowa Town)	N/A	MIG	Construction of trickling filter, construction of a secondary settling tank, construction of kitchen facilities and ablution block, Provision of automated screens and rehabilitation of inlet works platform, Construction of sludge	74%	72%	<p>Contractor not on site.</p> <p>Project was stopped at 74% progress and is currently under planning and status review. The project has exhausted the previous MIG budget.</p> <p>Revised technical report submitted to DWS to source for approval for additional MIG funding.</p>

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
				drying bed, Refurbishment of laboratory and provision of laboratory equipment. Provision of security lighting and Provision of standby power supply.			
12	Mopani Rural House-hold Sanitation at GTM is 1730 VIP units (Phase 1)	MDM2019/	MIG	Construction of 1730 VIP toilets in various villages within Greater Tzaneen	70%	66%	A total of 852 VIP toilets has been completed.

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
MARULENG LOCAL MUNICIPALITY							
1.	Kampersrus Bulk Water Scheme & Scotia Water Reticulation (2019/20) (Scotia & Kampersrus) Phase 4	MDM2019/029	MIG	Construction of 160mm uPVC Pumping main (270m) to existing Moholoholo reservoir, upgrading of clear water pump station and equipping it with two pumps, 10100m of water reticulation in Scotia inclusive of 43 stand pipes and 32 fire hydrant, 7000m of water reticulation in Kampersrus inclusive of 38 stand pipes and 10 fire hydrant.	62%	62%	Contractor on site - Time elapsed at 62% Completed - 9km of reticulation at Scotia (excluding stand pipes and fire hydrants) Current: Kampersrus water reticulation, refurbishment of clear water pump station.

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
2	Kampersus Bulk Water Scheme & Scotia Water Reticulation (Kampersrus and Scotia) Phase 5	MDM2019/039	MIG	Construction of 150mm steel Pumping main (3000m) to existing Lemont reservoir, Construction of 0,8ML concrete reservoir, Installation of two pumps and pipework at the clear water pump station, Transformer upgrade	57%	57%	Contractor on site - Time elapsed is 41% Completed: Removal of the existing steel tank from the plant. Earthworks for the command reservoir. Current: Construction of the 800kl reservoir, pumping main to Lemont Reservoir. Challenge: Stoppage by community for pipeline routes access.
3	Hoedspruit Bulk Water Supply	MDM2017/052	MIG	Construction of 5.22ML reservoir, 4,7km pipeline ranging from 250mm diameter to 406mm diameter, and 19 valve chambers	92% (exclusive of the reservoir)	57%	Contractor not on site. Project had challenges on land availability for the reservoir and contractor claiming financial losses on the project. Meeting held with consultant and legal rep resolved that the contractor must finish the remaining scope of works

Item	Project Name	Project No	Funding	Scope of works	Project Overall Progress (%)	Project Overall Expenditure (%)	Comments/Issues
							<p>which is the 12m road crossing and project be closed.</p> <p>The reservoir is on hold until further notice for 2020/21 financial year.</p>
4	Mopani Rural House-hold Sanitation at MLM is 1596 VIP units (Phase 1)	MDM2019/	MIG	Construction of 1596 VIP toilets in various villages	40%	15%	A total of 641 VIP toilets has been completed.

2020/21 PLANNED INFRASTRUCTURE PROJECTS**a) MIG Projects**

The Infrastructure Planning division has concluded technical reports and designs review for the projects listed on the below table. Subsequent appointment of contractors, the PMU office takes over the responsibility for implementation of the projects.

No.	Project Title	2020/21 Budget	Overall Project Status	Consultant	Technical Report Approval	Design for 2020/21	Contractor (For 2020/21 Scope)
1	Jopie to Mawa Ramothsinyadi	R 20 000 000,00	Design/Tender	Appointed	Approved	Done	To be appointed
2	Tours Water Scheme : Bulk Lines refurbishment and Reticulation	R 13 880 148,05	Construction	Appointed	Approved	Done	To be appointed
3	Hoedspruit Bulk Water Supply	R 17 904 900,66	Construction	Appointed	Approved	Done	Appointed
4	Thapane Regional Water Scheme ; Upgrading & Extension	R 20 600 481,19	Construction	Appointed	Approved	Done	Appointed
5	Kampersus Bulk Water Scheme & Scotia Water Reticulation	R 21 380 952,38	Construction	Appointed	Approved	Done	TBA
6	Water Reticulation Infrastructure	R 21 380 952,38	Construction	Appointed	Approved	Done	To be appointed

No.	Project Title	2020/21 Budget	Overall Project Status	Consultant	Technical Report Approval	Design for 2020/21	Contractor (For 2020/21 Scope)
	for Middle Letaba Water Scheme Cluster 6						
7	Lulekani Water Scheme(Benfarm)	R 11 000 000,00	Design/Tender	Appointed	Approved	Done	To be appointed
8	Rural Household Sanitation (Maruleng)	R 17 104 761,90	Construction	Appointed	Approved	Done	Appointed
9	Rural Household Sanitation (Greater Tzaneen LM)	R 17 104 761,90	Construction	Appointed	Approved	Done	Appointed
10	Rural Household Sanitation (Greater Giyani LM)	R 17 104 761,90	Construction	Appointed	Approved	Done	Appointed
11	Rural Household Sanitation (Greater Letaba LM)	R 17 104 761,90	Construction	Appointed	Approved	Done	Appointed
12	Rural Household Sanitation (BaPhalaborwa LM)	R 17 104 761,90	Construction	Appointed	Approved	Done	Appointed
13	Ritavhi 2 Water Scheme (Sub-Scheme	R 21 380 952,38	Construction	Appointed	Approved	Done	To be appointed

No.	Project Title	2020/21 Budget	Overall Project Status	Consultant	Technical Report Approval	Design for 2020/21	Contractor (For 2020/21 Scope)
	1)						
14	Thabina Regional Water Scheme (The Resizing & Replacement of Bulk Water Pipeline from Thabina to Lenyenye	R 53 452 380,95	Construction	Appointed	Approved	Done	To be appointed
15	Sekgosese Water Scheme	R 61 142 857,14	Construction	Appointed	Approved	Done	To be appointed
16	Makhushane Water Scheme	R 48 452 380,95	Construction	Appointed	Approved	Done	To be appointed
17	Lephephane Bulk Water	R 32 403 384,39	Construction	Appointed	Approved	Done	To be appointed
18	Tours Bulk Water Scheme: reticulation of 24 villages	R0.00	Planning	Appointed	Approved	Not yet done	To be appointed
19	Operational budget	R 22 552 800,00					
20	TOTAL	R 451 056 000,00					

b) Water Services Infrastructure Grant (WSIG) Projects

The Infrastructure Planning division has concluded business plans and designs review for the projects listed on the below table. Subsequent appointment of contractors, the Water and Sanitation Services Directorate will take over the responsibility for implementation of the projects. The WSIG funding mainly focuses on refurbishment of existing infrastructure hence these projects will be implemented under the Water and Sanitation Directorate which is responsible for undertaking the operations and maintenance functions.

No.	Municipality Name	Project Description	WSIG Value R	Status (Business plan submission/approval, Design & Tender, Construction, Completed, retention)	Planned date: Consultant to be appointed (start with design)	Designs Approval	Planned date: Contractor to be appointed and construction to start	Planned Project Completion date
1	Greater Tzaneen LM	Refurbishment, Rehabilitation and Upgrading Water Reticulation Network and Borehole in Mariveni Phase 2	R 4 000 000	Business plan submitted to DWS and approved.	Appointed	30/11/2020	01/2021	30/06/2021
2	Greater Giyani LM	Giyani Pipeline C & D(Makhuva)	R 4 000 000	Business plan submitted to DWS and approved.	Appointed	30/11/2020	01/2021	30/06/2021
3	Greater Letaba LM	Refurbishment/Rehabilitation and	R 4 000 000	Business plan submitted to DWS and	Appointed	30/11/2020	01/2021	30/06/2021

		Upgrading of Internal Water Reticulation Network and Borehole in Mokwasela		approved.				
4	Greater Letaba LM	Refurbishment, rehabilitation and Upgrading of Internal Water Reticulation Network and Development of Borehole in Kuranta Village	R 4 000 000	Business plan submitted to DWS and approved.	Appointed	30/11/2020	01/2021	30/06/2021
5	Greater Giyani LM	Nhlaniki Upgrading Of Water Reticulation	R 4 000 000	Business plan submitted to DWS and approved.	Appointed	30/11/2020	01/2021	30/06/2021
6	Greater Letaba LM	Ramaroka Village Bulk Water Supply Upgrade	R 4 000 000	Business plan submitted to DWS and approved.	Appointed	30/11/2020	01/2021	30/06/2021
7	Ba-Phalaborwa LM	Refurbishment of Namakgale Water Treatment	R 4 000 000	Business plan submitted to DWS and approved.	Appointed	30/11/2020	01/2021	30/06/2021
8	Greater Giyani LM	Eco Park (Xikukwane) Water Reticulation	R 5 000 000	Business plan submitted to DWS and approved.	Appointed	30/11/2020	01/2021	30/06/2021
9	Greater Giyani LM	Ngove Water Supply & Reticulation	R 4 000 000	Business plan submitted to DWS and approved.	Appointed	30/11/2020	01/2021	30/06/2021

10	Greater Letaba LM	Senwamokgope Village/Township Sewer Bulk Line – Reticulation Upgrade & Electrical power provision at Sewer Plant	R 4 000 000	Business plan submitted to DWS and approved.	Appointed	30/11/2020	01/2021	30/06/2021
11	Greater Giyani LM	Rotterdam(Manyunyu) Groundwater Scheme	R 4 000 000	Business plan submitted to DWS and approved.	Appointed	30/11/2020	01/2021	30/06/2021
			R 45 000 000					

b) Municipal Financial Viability

Audit Matters

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

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

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

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

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

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

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

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

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

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

Development and implementation of audit remedial action plans;

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

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

Asset management with credible register;

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

1. New additional Assets purchased
2. Disposal of assets through Auction and donations

3. Write off of non-functional Assets
4. Valuation of Assets
5. The Assets Management has few positions which are still vacant
6. The assets of municipality are maintained and safe guarded

Functionality of Audit Committees.

Revenue Enhancement

- ❖ Address tariff setting challenges;

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

- ❖ Issues of metering and credibility of data and bills;

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

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

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

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

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

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

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

❖ **Implementation of credible revenue enhancement strategy.**

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

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

Appointment of Senior Managers and other Scarce Skills Personnel

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

Service and Infrastructure

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

Implementation of Forensic Reports

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

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

○ ANALYSIS OF COUNCIL MEETING INCLUDING IMPLEMENTATION OF RESOLUTIONS

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

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

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

- **COMPLIANCE WITH CODE OF CONDUCT OF COUNCILLORS**

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

- **FUNCTIONALITY OF COUNCIL COMMITTEES**

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

○ **FUNCTIONALITY OF MPAC**

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

○ **FUNCTIONALITY OF MAYORAL COMMITTEE**

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

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

FUNCTIONALITY OF LOCAL LABOUR FORUM

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

APPOINTMENT OF SENIOR MANAGERS AND OTHER SCARES PERSONNEL.

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

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

Further appointments in other keys positions were in progress in Water and Technical Services in line with the prioritisation list and the appointment on these areas is anticipated for completion by the end of the third quarter.

Also, 2 x Managers in the Office of the Executive Manager and Municipal

The main challenges experienced during the compilation of the 2021/22 MTREF

can be summarized as follows:-

- Ensure a funded budget - The revenue collection from non-cash items such as depreciation, actuarial provisions, landfill sites etc. cannot fully be recovered from tariffs;
- Ageing and increasing costs of maintenance of water, sewerage and infrastructure;
- Affordability of capital;
- Salary increases for staff exceed consumer inflation – 6.25% increase budgeted -
- Non-cash items such as depreciation, bad debt provision puts pressure on the expenditure budget and cannot fully be recovered from tariffs.

Debtors

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

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

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

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

Creditors

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

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

1.6 BUDGET RELATED POLICIES

Budget related policies

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

- Budget policy
- Virement policy
- Tariff Policy
- Budget Policy;
- Inventory Management Policy;
- Virement Policy;
- Asset Management Policy;
- Credit Control and Debt Collection Policy;
- Expenditure Policy
- Indigent Policy;
- Investment Policy;
- Tariff Policy;
- Policy on the writing off of irrecoverable debt;
- Supply Chain Management Policy and;

1.7 BUDGET SUMMARY

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

Table 1

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

Table 2

Remuneration of Councillors	Bulk Purchases	General Expenditure	Finance Charges	Capital Outlay	Infrastructure	Total
R13 477 595	R331 228 264	R181 942 099	R358 340	R22 106 000	R501 087 748	R2 233 775 579

Total Budget

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

1.8. Operating revenue

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

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

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

Below is a summary of main sources of revenue:

Table 3: Summary of revenue classified by main revenue source

Description	2021/22 Medium Term Revenue & Expenditure Framework		
	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R - billions			
Revenue By Source			
Service charges - water revenue	165 893 916	176 262 276	187 278 672
Service charges - sanitation revenue	32 605 200	33 974 661	35 469 494
Interest earned - external investments	13 701 996	14 441 904	15 181 812
Interest earned - outstanding debtors	41 215 428	42 946 498	44 836 139
Transfers and subsidies	1 583 920 000	1 710 224 000	1 785 865 000
Other revenue	239 339 710	145 220 816	151 628 853

Total Revenue (including capital transfers and contributions)	2 078 697 033	2 121 795 924	2 215 682 211
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Major components for 2020/21 include:

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

Tariffs per local municipality

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

Individual service tariffs

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

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

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

1.8.1 Grants and Subsidies

Table 4 – Grants and Subsidies

Description	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Equitable Shares	1 044 404 000	1 116 401 000	1 134 210 000
EPWP	10 19 000	-	-
Financial Management Grant	2 900 000	3 000 000	3 000 000
Municipal Infrastructure Grant	481 869 000	523 460 000	549 285 000
Rural Roads Asset Management Grant	2 255 000	2 363 000	2 370 000
Water Services Infrastructure Grant	42 363 000	65 000 000	97 000 000
Total	1 583 920 000	1 710 224 000	1 785 865 000

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

Municipality	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Ba-Phalaborwa-Water	136 266 567	144 783 227	153 832 179
Ba-Phalaborwa-Sewerage	23 530 500	25 001 156	26 563 728

Greater Giyani- Water	17 549 518	18 646 362	19 811 760
Greater Giyani- Sewerage	3 162 299	3 359 942	3 569 939
Greater Letaba – Water	10 563 283	11 223 488	11 924 956
Greater Letaba – Sewerage	4 045 351	4 298 185	4 566 822
Greater Tzaneen – Water	31 669 684	33 649 039	35 752 104
Greater Tzaneen – Sewerage	7 584 142	8 058 151	8 561 785
Maruleng – Water and Sewerage	5 343 192	5 740 612	6 099 401
Total	239 714 544	254 760 163	270 682 673

Table 5b- Interest on outstanding debtors per municipality

Municipality	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Ba-Phalaborwa-Water	20 697 544	21 991 140	23 365 586
Ba-Phalaborwa-Sewerage	4 065 878	4 319 995	4 589 995
Greater Giyani- Water	6 136 418	6 519 944	6 927 440
Greater Giyani- Sewerage	292 382	310 656	330 072

Greater Letaba – Water	3 676 745	3 906 542	4 150 701
Greater Letaba – Sewerage	448 801	476 851	506 654
Greater Tzaneen – Water	4 601 326	4 888 909	5 194 466
Greater Tzaneen – Sewerage	1 268 075	1 347 329	1 431 537
Maruleng – Water and Sewerage	28 277	30 045	31 923
Total	41 215 446	43 791 420	46 528 380

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

1.9 Operating Expenditure Framework

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

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

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

Table 6 - Summary of operating expenditure by standard classification item

Description	2021/22 Medium Term Revenue & Expenditure Framework		
	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R - billions			
Expenditure By Type			
Employee related costs	492 923 003	512 841 446	535 879 220
Remuneration of councillors	13 477 595	14 043 654	14 661 575
Debt impairment	65 173 668	69 247 008	73 574 940
Depreciation & asset impairment	210 524 706	219 363 744	229 018 881
Finance charges	358 340	373 390	389 820
Bulk purchases	331 228 264	295 139 851	308 126 004
Inventory Consumed(Other Materials/Repairs and maintenance)	208 998 041	206 074 798	316 374 943
Contracted services	205 966 129	108 520 797	112 107 496
General expenditure	181 942 099	170 930 784	178 810 959
Total Expenditure	1 710 581 831	1 595 199 412	1 666 267 927

Major components for 2021/22 include:

Employee related costs total **R492.9 million**, which equates to **28.82%** of the total budget. The 2021/22 cost of living increase as per the National Treasury MFMA Circular No. 108(**CPI 3.9%**) was used when calculating the 2020/21 staff budget.

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

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

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

Inventory Consumed (Other materials /Repairs and Maintenance) constitute **12.22%** of the overall operating budget at a total budget of **R209.0 million**.

Included in the **R209.0 million** is an amount of **R15 million** provided for in the 2021/22 for the repayment of debts owed to Local Municipalities emanating to losses incurred by the LM's on water provision.

The amount owed as per the Audited Annual Financial Statement 30 June 2019, and are divided follows;

Table 7

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

General expenditure constitute **10.63%** of the total operating budget at a total budget of **R181.9 million**. This item includes programmes and projects, which are not of capital nature funded by Equitable Shares. Also included in this is items such as fleet costs (fuel & oil, tyres, admin costs, licences), telephone system rental, licences, advertising and essential user re-imbursive costs.

1.10 Capital Expenditure

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

Table 8 – Capital budget functional

R thousand	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Capital Expenditure -			

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

Key projects

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

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

Table 9 – List of capital projects

No	Project Name	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year + 2 2023/24
1.	Hoedspruit Bulk Water Supply	15 904 901	-	-

No	Project Name	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year + 2 2023/24
2.	Jopie Mawa- Ramotshinyadi	-	42 727 638	-
3.	Tours Water Reticulation	44 004 000	53 981 403	-
4.	Sefotse to Ditshosini Bulk Water Supply	14 270 862		
5.	Thapane Regional Water Scheme	18 292 761	-	-
6.	Thapane Regional Water Scheme-Upgrade and Extension	23 754 995	-	-
7.	Tours Water Scheme-Bulk lines refurbishment and reticulation	3 216 755	-	-
8.	Water Reticulation Infrastructure for Middle Letaba Water Scheme Cluster 6	15 000 000	41 606 589	-
9.	Lulekani Water Scheme Benfarm	40 000 000	50 000 000	87 350 665
10.	Ritavi 2 Water Scheme	40 000 000	60 000 000	125 867 851

No	Project Name	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year + 2 2023/24
11.	Thabina to Lenyenye Bulk Water Supply	40 000 000	60 000 000	80 499 848
12.	Sekgosese Water Scheme	40 000 000	60 000 000	124 533 750
13.	Selwane Water	2 536 224	-	-
14.	Makhushane Water Scheme	40 000 000	60 000 000	66 646 232
15.	Lephephane Bulk Water	30 144 706	50 000 000	36 922 404
16.	Rural Household Sanitation (GGM)	20 065 667	-	-
17.	Rural Household Sanitation (GTM)	22 547 011	-	-
18.	Rural Household Sanitation (GLM)	18 730 382	-	-
19.	Rural Household Sanitation (BPM)	20 000 000	18 971 369	-
20.	Rural Household Sanitation (MLM)	8 757 484		
21.	Electrical Transformer(Borehole)	1 500 000	-	-
22.	Refurbishment of Namakgale	5 000 000	-	-

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

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

R thousand	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Expenditure by Vote			
General Council	18 048 469	19 083 223	20 188 214
Office of the Executive Mayor	10 277 055	10 582 651	11 048 288
Office of the Chief Whip	570 142	594 088	620 228
Office of the Speaker	14 043 404	14 549 867	15 190 344
Disability Desk	1 610 871	1 678 403	1 752 252
Gender Desk	1 561 371	1 626 824	1 698 404
Youth Desk	2 244 367	2 338 723	2 441 716
Sports and Recreation	2 086 065	2 173 680	2 269 322
Municipal Manager	45 880 609	47 792 664	49 895 541
Internal Audit	11 034 137	11 496 695	12 002 550
Budget & Treasury	22 495 174	23 440 144	24 462 192
BUDGET AND REPORTING	6 858 831	7 146 527	7 460 974
EXPENDITURE	13 065 412	13 613 159	14 212 138
Revenue Management	125 309 044	26 372 024	27 532 393
Supply chain Management	8 856 175	9 228 134	9 634 172

Asset Management	9 253 258	9 641 895	10 066 138
Human Resources	33 923 069	35 347 838	36 903 143
Communication & Marketing	6 214 384	6 474 763	6 759 652
Engineering Services	4 976 429	5 319 729	5 618 381
Corporate Services	2 377 090	2 476 928	2 585 913
Administration	30 752 378	32 036 475	33 446 080
Legal Services	13 540 605	14 109 310	14 730 120
Project Management Unit	24 366 283	24 842 315	25 935 377
Planning & Development	2 520 140	2 625 986	2 741 529
LED	21 378 702	11 722 189	12 237 966
GIS	5 094 336	5 412 129	8 316 427
Spatial Planning	8 470 393	4 565 750	2 469 842
IDP	3 210 464	3 345 303	3 492 497
Health	33 971 554	35 147 959	35 950 469
Community Services	2 429 264	2 531 293	2 642 670
Fire Services	83 886 510	86 902 648	91 259 678
Disaster Management	31 634 105	32 837 537	33 760 389
Roads Transport	8 662 272	9 026 087	9 423 235

Water Distribution	822 069 614	801 487 070	836 752 501
Electricity	2 544 319	2 651 180	2 767 832
Information Technology	21 073 372	17 259 838	18 019 271
Water Schemes	71 400 866	74 399 70	79 326 465
Sewerage	182 940 098	190 626 711	199 017 045
Total Expenditure by Vote	1 710 581 831	1 595 199 412	1 666 267 927

1.11 Annual Budget Tables – Mopani District Municipality

Ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2020/21 budget and MTREF as adopted by the Council.

1.11.1. Explanatory notes to MBRR Table A1 - Budget Summary

DC33 Mopani - Table A1 Budget Summary

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

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

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

- 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).
- 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.
- 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:
 - The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - 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)

Mopani(DC33) - Table A2 Budgeted Financial Performance by Functional Classification

Description R thousands	Ref 1	2017/18	2018/19	2019/20	Current year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24
Revenue - Functional										
<i>Municipal governance and administration</i>		1 387 620	1 488 133	1 297 702	1 681 714	2 065 008	2 065 008	1 838 923	1 871 951	1 954 844
Executive and council										
Finance and administration		1 387 620	1 488 133	1 297 702	1 681 714	2 065 008	2 065 008	1 838 923	1 871 951	1 954 844
Internal audit										
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-
Community and social services										
Sport and recreation										
Public safety										
Housing										
Health										
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-
Planning and development										
Road transport										
Environmental protection										
<i>Trading services</i>		248 465	223 901	307 617	239 774	239 774	239 774	239 774	249 845	260 838
Energy sources										

Water management		189 143	204 715	262 372	196 049	196 049	196 049	196 049	204 283	213 272
Waste water management		59 322	19 186	45 245	43 725	43 725	43 725	43 725	45 562	47 566
Waste management										-
Other	4									
Total Revenue - Functional	2	1 636 085	1 712 035	1 605 318	1 921 488	2 304 783	2 304 783	2 078 697	2 121 796	2 215 682
Expenditure - Functional	-									
Municipal governance and administration		296 660	357 552	328 554	287 384	267 682	267 682	399 098	311 708	326 706
Executive and council		50 143	77 045	99 317	89 029	87 387	87 387	94 355	96 807	102 356
Finance and administration		246 517	272 155	221 804	189 240	170 871	170 871	293 709	203 404	212 346
Internal audit		-	8 352	7 433	9 115	9 425	9 425	11 034	11 498	12 003
Community and public safety		103 826	123 345	141 794	146 130	156 796	156 796	153 607	159 682	165 083
Community and social services		28 233	28 948	29 359	38 057	49 937	49 937	34 070	35 376	36 410
Sport and recreation		-	-	1 748	4 753	1 880	1 880	1 686	1 757	1 834
Public safety		51 942	63 237	83 494	67 645	72 054	72 054	83 880	87 402	91 253
Housing		-	-					-	-	-
Health		23 651	31 161	27 193	35 675	32 925	32 925	33 972	35 148	35 586
Economic and environmental services		15 928	54 613	54 699	90 654	70 478	70 478	78 679	63 911	66 359
Planning and development		12 588	48 082	48 338	82 911	64 436	64 436	70 017	54 885	56 935
Road transport		3 340	6 531	6 361	7 742	6 042	6 042	8 662	9 026	9 423
Environmental protection		-	-					-	-	-
Trading services		847 159	787 350	984 918	756 801	949 894	949 894	1 079 197	1 058 124	1 105 846
Energy sources		1 127	1 851	3 551	2 661	1 799	1 799	2 544	2 651	2 768
Water management		736 377	767 901	949 507	728 585	923 210	923 210	1 035 231	1 012 303	1 057 920
Waste water management		109 655	17 598	31 860	25 554	24 885	24 885	41 422	43 170	45 158
Waste management		-	-							
Other	4									
Total Expenditure - Functional	3	1 263 574	1 322 860	1 509 965	1 280 968	1 444 850	1 444 850	1 710 582	1 593 425	1 663 994
Surplus/(Deficit)		372 510	389 175	95 354	640 520	859 932	859 932	368 115	528 371	551 688

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

Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table B4.

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

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

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

Vote Description R thousand	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote	1									
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		969 524	1 387 620	1 488 133	1 544 965	1 441 116	1 441 116	1 681 714	1 664 401	1 778 399
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		174 058	189 143	204 715	188 892	190 312	190 312	201 452	214 043	227 420
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		-	-	-	-	-	-	-	-	-
Vote 15 - Waste Water Management/Sewerage		33 225	59 322	19 186	36 018	36 118	36 118	38 322	40 717	43 262
Total Revenue by Vote	2	1 176 807	1 636 085	1 712 035	1 769 875	1 667 546	1 667 546	1 921 488	1 919 161	2 049 082
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council/Mayor & council		38 825	38 177	41 870	46 087	56 378	56 378	53 493	57 733	62 189
Vote 2 - Executive & Council/Municipal Manager		11 966	11 966	43 527	40 098	55 351	55 351	49 404	51 883	54 336
Vote 3 - Finance & Admin/Finance		81 839	115 886	193 497	59 570	57 558	57 558	105 581	156 935	157 259
Vote 4 - Corporate Services/HR		15 614	15 614	15 895	21 848	18 441	18 441	18 972	19 239	20 627
Vote 5 - Finance & Admin/Other Admin		92 180	92 180	89 852	82 650	71 420	71 420	78 250	76 442	80 159
Vote 6 - Planning & Development/Economic		12 581	12 588	15 904	24 908	17 504	17 504	51 831	27 164	32 005
Vote 7 - Health/Other		23 651	23 651	31 161	39 411	35 521	35 521	35 675	37 042	48 590
Vote 8 - Community Services/Other Community		10 938	10 938	9 824	5 987	6 994	6 994	5 995	6 383	6 788
Vote 9 - Public Services/Fire		51 942	51 942	63 237	56 104	81 293	81 293	67 645	72 258	73 664

Vote 10 - Public Safety/Other		17 295	17 295	19 123	22 489	23 132	23 132	32 063	34 198	32 427
Vote 11 - Roads Transport/Roads		3 340	3 340	6 531	8 808	6 937	6 937	7 742	8 435	8 879
Vote 12 - Water/Water Distribution		851 838	736 377	767 901	888 990	700 797	700 797	732 213	789 914	856 146
Vote 13 - Electricity/Electricity Distribution		1 127	1 127	1 851	2 379	3 076	3 076	2 661	3 084	3 413
Vote 14 - Corporate Services/Information Technology		18 224	22 837	5 088	22 504	30 894	30 894	17 519	19 426	18 343
Vote 15 - Waste Water Management/Sewerage		134 054	109 655	17 598	28 204	23 304	23 304	21 927	23 308	24 747
Total Expenditure by Vote	2	1 365 415	1 263 574	1 322 860	1 350 035	1 188 602	1 188 602	1 280 968	1 383 444	1 479 574
Surplus/(Deficit) for the year	2	(188 607)	372 510	389 175	419 840	478 944	478 944	640 520	535 718	569 508

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)

Mopani(DC33) - Table A4 Budgeted Financial Performance

Description	Ref	2017/18	2018/19	2019/20	Current year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24
R thousands	1										
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	189 143	167 688	221 312	165 894	165 894	165 894	-	166 105	173 082	180 697
Service charges - sanitation revenue	2	59 322	19 186	33 750	32 605	32 605	32 605	-	32 605	33 975	35 470
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-	-	-	-
Interest earned - external investments		5 438	13 200	19 298	13 702	13 702	13 702	1 567	13 702	14 442	15 182
Interest earned - outstanding debtors		145 712	37 027	52 555	41 215	41 215	41 215	-	41 215	42 947	44 836
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		774 682	855 547	928 151	1 135 221	1 134 792	1 134 792	452 204	1 057 433	1 119 401	1 137 210
Other revenue	2	8 945	1 244	2 040	4 212	136 212	136 212	99	241 149	147 127	153 632
Gains		-	21 378	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		1 183 242	1 115 272	1 257 106	1 392 850	1 524 421	1 524 421	453 870	1 552 210	1 530 973	1 567 027
Expenditure By Type											
Employee related costs	2	352 806	389 571	426 811	397 854	413 718	413 718	270 730	492 732	512 257	535 645
Remuneration of councillors		13 179	13 224	33 624	14 233	14 313	14 313	28 423	13 478	14 044	14 662
Debt impairment	3	145 254	42 119	191 133	65 174	65 174	65 174	-	65 174	67 911	70 899
Depreciation and asset impairment	2	175 238	223 747	183 231	186 056	186 056	186 056	-	210 525	219 364	229 019
Finance charges		48 657	71 906	66 798	491	491	491	1 095	358	373	390
Bulk purchases	2	179 755	172 303	187 611	239 642	254 642	254 642	151 955	331 228	295 140	308 126
Other materials	8	152 042	179 194	53 628	119 083	217 331	217 331	156 634	208 988	206 075	216 375
Contracted services		51 184	59 086	188 321	76 526	121 973	121 973	71 802	205 846	108 396	111 977
Transfers and subsidies		1 326	354	-	-	-	-	-	-	-	-
Other expenditure	4,5	144 134	170 247	178 809	181 910	171 153	171 153	57 141	182 253	169 866	176 902
Losses		-	1 110	-	-	-	-	-	-	-	-
Total Expenditure		1 263 574	1 322 860	1 509 965	1 280 968	1 444 850	1 444 850	737 779	1 710 582	1 593 425	1 663 994
Surplus/(Deficit)		(80 332)	(207 589)	(252 858)	111 882	79 571	79 571	(283 910)	(158 372)	(62 452)	(96 967)
Transfers and subsidies - capital (monetary allocations) (National)		452 843	596 763	348 212	528 638	780 362	780 362	133 951	526 487	590 823	648 655
Transfers and subsidies - capital (monetary allocations) (Local)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers and contributions		372 510	389 175	95 354	640 520	859 932	859 932	(149 958)	368 115	528 371	551 688
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		372 510	389 175	95 354	640 520	859 932	859 932	(149 958)	368 115	528 371	551 688
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		372 510	389 175	95 354	640 520	859 932	859 932	(149 958)	368 115	528 371	551 688
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		372 510	389 175	95 354	640 520	859 932	859 932	(149 958)	368 115	528 371	551 688

Total revenue excluding capital transfers is R1 552 210 020 in 2021/2022 and escalates to R1 530 972 948 and R1 567 027 248 by 2022/23 and 2023/2024 respectively. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.

The main component of the total revenue is grant and subsidies amounting to R1 057 433 000; R1 119 401 000 and R1 137 210 000 for the financial years 2021/2022, 2022/2023 and 2023/2024 respectively. The other revenue component is Service charges for water & sanitation amount to R239 774 271; R254 760 163 and R270 682 673 for the financial years 2021/2022, 2022/2023 and 2023/2024 respectively.

The total operating expenditure is projected to be R1 710 581 831 in 2021/22, R1 595 199 412 and R1 666 267 927 in the 2022/23 and 2023/24 financial years. The finance charges constitute of interest paid and bank charges.

The following are the operational expenditure items:

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

g. General Expenditure

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

Mopani(DC33) - Table A5 Budgeted Capital Expenditure by Functional Classification

Description	Ref	2017/18	2018/19	2019/20	Current year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24
R thousands	1										
Capital Expenditure - Functional											
Municipal governance and administration		801	113 894	26 717	11 750	17 454	17 454	3 796	5 656	4 727	4 934
Executive and council											
Finance and administration		801	113 894	26 717	11 750	17 454	17 454	3 796	5 656	4 727	4 934
Internal audit											
Community and public safety		-	51 198	898	23 320	18 450	18 450	-	16 150	5 417	27 935
Community and social services					3 650	0	0				
Sport and recreation											
Public safety		-	51 198	898	19 670	18 450	18 450		16 150	5 417	27 935
Housing											
Health											
Economic and environmental services		-	11 981	245 014	-	4 980	4 980	40 538	300	313	326
Planning and development		-	11 981	245 014		4 980	4 980	40 538	300	313	326
Road transport											
Environmental protection											
Trading services		548 175	5 415 927	183 731	532 342	806 711	806 711	287 844	501 088	521 166	538 844
Energy sources											
Water management		477 733	1 574 755	183 731	532 342	806 711	806 711	287 844	501 088	521 166	538 844
Waste water management		70 442	3 841 172								
Waste management		-	-								
Other		-	-								
Total Capital Expenditure - Functional	3	548 976	5 593 001	456 360	567 412	847 595	847 595	332 178	523 194	531 622	572 040
Funded by											
National Government				420 990	532 342	694 934	694 934	327 625	501 088	521 166	538 844
Provincial Government											
District Municipality											
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	-	-	420 990	532 342	694 934	694 934	327 625	501 088	521 166	538 844
Borrowing	6										
Internally generated funds				8 924	35 070	152 660	152 660	3 796	22 106	10 456	33 196
Total Capital Funding	7	-	-	429 914	567 412	847 595	847 595	331 421	523 194	531 622	572 040

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

The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2021/2022 R 523 193 784 has been allocated.

1.11.6 Explanatory notes to Table A6 - Budgeted Financial Position

DC33 Mopani - Table A6 Budgeted Financial Position

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

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

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

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

Table SB2 provides a detailed analysis of the major components of budgeted financial position items, including:

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

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

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

1.11.7 Explanatory notes to Table A7 – Budgeted Cash Flow Statement

DC33 Mopani - Table A7 Budgeted Cash Flows

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	unAudited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	–	–	–	–	–	–	–	–	–
Service charges		–	274	286	63 510	–	–	–	–	–	–
Other revenue		140 451	59 145	166 602	11 996	3 940	3 940	3 940	4 212	4 440	4 669
Transfers and Subsidies - Operational	1	644 068	765 797	817 428	927 159	925 159	927 543	927 543	1 135 221	1 090 006	1 177 672
Transfers and Subsidies - Capital	1	340 023	551 648	676 317	596 866	496 633	496 633	496 633	528 638	555 576	580 944
Interest		7 029	4 572	–	47 791	51 791	51 791	51 791	54 917	58 233	61 710
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(721 151)	(715 633)	(986 840)	(1 171 833)	(971 109)	(971 109)	(971 109)	(956 422)	(1 038 615)	(1 113 198)
Finance charges		(214)	(242)	(2 526)	(466)	(466)	(466)	(466)	(491)	(521)	(554)
Transfers and Grants	1	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		410 206	665 561	671 267	475 023	505 948	508 332	508 332	766 077	669 120	711 243
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(511 811)	(541 691)	(635 665)	(563 730)	(553 732)	(553 732)	(553 732)	(567 412)	(607 198)	(653 660)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(511 811)	(541 691)	(635 665)	(563 730)	(553 732)	(553 732)	(553 732)	(567 412)	(607 198)	(653 660)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		–	(327)	(5 271)	–	–	–	–	(138 000)	(146 625)	(155 789)
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	(327)	(5 271)	–	–	–	–	(138 000)	(146 625)	(155 789)
NET INCREASE/ (DECREASE) IN CASH HELD		(101 605)	123 543	30 331	(88 707)	(47 784)	(45 400)	(45 400)	60 664	(84 703)	(98 206)
Cash/cash equivalents at the year begin:	2	109 358	7 761	131 304	161 636	161 636	161 636	161 636	161 636	222 301	137 597
Cash/cash equivalents at the year end:	2	7 752	131 304	161 634	72 929	113 852	116 236	116 236	222 301	137 597	39 391

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

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

Cash and cash equivalents totals for 2021/2022 amounts to **R 222 301 668**.

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

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

Description R thousand	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and investments available											
Cash/cash equivalents at the year end	1	7 752	133 952	161 634	72 929	53 763	597 34	162 172	98 157	13 453	(84 753)
Other current investments > 90 days		9	(2 648)	2	(27 021)	(7 855)	311 11	(116 264)	56 190	379 324	246 389
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		7 761	131 304	161 636	45 908	45 908	908 45	45 908	154 347	392 778	161 636
Application of cash and investments											
Unspent conditional transfers		2 187	63 255	91 953	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	1 221 753	1 315 454	1 618 019	295 399	314 447	314 447	#####	1 575 176	1 606 348	1 612 955

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

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

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

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

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

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

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

1.11.9 Explanatory notes to Table A9 - Asset Management

DC33 Mopani - Table A9 Asset Management

Description R thousand	R e f	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021//22	Budget Year +1 2022/23	Budget Year +2 2023/24
CAPITAL EXPENDITURE										
Total New Assets	1	5 101 186	5 172 098	5 593 001	494 423	503 680	503 680	501 087	479 559	538 844
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply		-	-	-	-	-	-	-	-	-
Infrastructure		5 068 252	5 154 357	5 415 927	364 813	394 345	394 345	404 938	461 449	436 460
Sanitation Infrastructure		29 084	15 071	34 402	110 570	101 635	101 635	97 524	22 916	102 000
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and		-	-	-	-	-	-	-	-	-
Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		5 097 336	5 169 428	5 450 329	475 383	495 980	495 980	502 462	584 365	548 460
Community Facilities		-	-	-	1 350	-	-	1 200	5 000	100
Sport and Recreation		-	-	-	-	-	-	-	-	-
Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	1 350	-	-	1 200	5 000	100
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	74 171	3 240	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	74 171	3 240	-	-	-	-	-
Biological or Cultivated		-	-	-	-	-	-	-	-	-
Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	100	-	-	-	-	-
Intangible Assets		-	-	-	100	-	-	-	-	-
Computer Equipment		1 600	476	-	3 350	1 650	1 650	-	-	-

Furniture and Office Equipment	1 700	440	5 321	1 550	350	350	520	470	440
Machinery and Equipment	-	-	3	5 750	2 000	2 000	14 350	6 370	8 250
Transport Assets	550	1 754	51 195	3 700	3 700	3 700	13 500	-	15 000
Land	-	-	11 981	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	90 316	256 140	-	15 000	-	-	5 000	7 363	2 500
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	67 527	245 856	-	15 000	-	-	4 000	6 863	-
Sanitation Infrastructure	22 789	9 483	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	90 316	255 339	-	15 000	-	-	4 000	6 863	-
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	801	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	801	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	1 000	500	2 500
Machinery and Equipment	-	-	-	-	-	-	-	-	-

Transport Assets	6	-	-	-	-	-	-	-	-	
Land		-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	
Total Upgrading of Existing Assets		-	-	-	54 308	45 000	45 000	30 380	3 630	78 910
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	50 958	43 600	43 600	25 880	-	75 000
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-	
Coastal Infrastructure	-	-	-	-	-	-	-	-	-	
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-	
Infrastructure	-	-	-	50 958	43 600	43 600	25 880	-	75 000	
Community Facilities	-	-	-	1 500	600	600	1 000	2 500	3 000	
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-	
Community Assets	-	-	-	1 500	600	600	1 000	2 500	3 000	
Heritage Assets	-	-	-	-	-	-	-	-	-	
Revenue Generating	-	-	-	-	-	-	-	-	-	
Non-revenue Generating	-	-	-	-	-	-	-	-	-	
Investment properties	-	-	-	-	-	-	-	-	-	
Operational Buildings	-	-	-	-	-	-	-	-	-	
Housing	-	-	-	-	-	-	-	-	-	
Other Assets	-	-	-	-	-	-	-	-	-	
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Servitudes	-	-	-	-	-	-	-	-	-	
Licences and Rights	-	-	-	350	100	100	1 700	1 130	910	
Intangible Assets	-	-	-	350	100	100	1 700	1 130	910	
Computer Equipment	-	-	-	-	-	-	-	-	-	
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-	
Machinery and Equipment	-	-	-	-	-	-	-	-	-	
Transport Assets	-	-	-	1 500	700	700	1 800	-	-	
Land	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-	-	-	-	-	-	-	-	-	-	

biological Animals										
<u>Total Capital Expenditure</u>	4	5 191 502	5 428 239	5 593 001	563 730	548 680	548 680	523 13	532 742	572 040
Roads Infrastructure		—	—	—	—	—	—	—	—	—
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	—	—	—	—	—	—	—	—
Water Supply		—	—	—	—	—	—	—	—	—
Infrastructure		5 135 779	5 400 213	5 415 927	430 771	437 946	437 946	434 819	468 312	511 460
Sanitation Infrastructure		51 873	24 554	34 402	110 570	101 635	101 635	97 524	122 916	112 000
Solid Waste Infrastructure		—	—	—	—	—	—	—	—	—
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and		—	—	—	—	—	—	—	—	—
Communication Infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		5 187 652	5 424 767	5 450 329	541 340	539 580	539 580	501 265	591 228	623 460
Community Facilities		—	—	—	2 850	600	600	2 200	7 500	3 100
Sport and Recreation		—	—	—	—	—	—	—	—	—
Facilities		—	—	—	—	—	—	—	—	—
Community Assets		—	—	—	2 850	600	600	2 200	7 500	3 100
Heritage Assets		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Operational Buildings		—	801	74 171	3 240	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Other Assets		—	801	74 171	3 240	—	—	—	—	—
Biological or Cultivated		—	—	—	—	—	—	—	—	—
Assets		—	—	—	—	—	—	—	—	—
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		—	—	—	450	100	100	1 700	1 130	910
Intangible Assets		—	—	—	450	100	100	1 700	1 130	910
Computer Equipment		1 600	476	—	3 350	1 650	1 650	—	—	—
Furniture and Office		—	—	—	—	—	—	—	—	—
Equipment		1 700	440	5 321	1 550	350	350	1 520	970	2 940
Machinery and Equipment		—	—	3	5 750	2 000	2 000	14 350	6 370	8 250
Transport Assets		550	1 754	51 195	5 200	4 400	4 400	15 300	—	15 000
Land		—	—	11 981	—	—	—	—	—	—
Zoo's, Marine and Non-		—	—	—	—	—	—	—	—	—
biological Animals		—	—	—	—	—	—	—	—	—
TOTAL CAPITAL EXPENDITURE										
- Asset class		5 191 502	5 428 239	5 593 001	563 730	548 680	548 680	521 694	532 742	572 040

ASSET REGISTER SUMMARY - PPE (WDV)	5	4 816 440	5 168 154	–	385 994	370 613	370 613	381 356	409 516	443 627
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply		–	–	–	–	–	–	–	–	–
Infrastructure		4 320 494	827 221	–	430 771	437 946	437 946	434 819	468 312	511 460
Sanitation Infrastructure		400 522	4 178 417	–	110 570	101 635	101 635	97 524	122 916	112 000
Solid Waste Infrastructure		81 332	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		4 802 348	5 005 638	–	541 340	539 580	539 580	532 342	591 228	623 460
Community Assets		–	–	–	1 500	600	600	2 200	7 500	3 100
Heritage Assets		–	432	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other Assets		3 850	752	–	4 590	–	–	(346)	(367)	(390)
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Intangible Assets		10 242	7 187	–	450	100	100	1 700	1 130	910
Computer Equipment		–	30	–	(174 056)	(175 756)	(175 756)	(185 365)	(196 948)	(209 253)
Furniture and Office Equipment		–	3 259	–	1 220	(311)	(311)	1 175	603	2 550
Machinery and Equipment		–	1 625	–	5 750	2 000	2 000	14 350	6 370	8 250
Transport Assets		–	30 021	–	5 200	4 400	4 400	15 300	–	15 000
Land		–	119 210	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	4 816 440	5 168 154	–	385 994	370 613	370 613	381 356	409 516	443 627
EXPENDITURE OTHER ITEMS	7	263 618	242 990	179 194	294 560	208 843	208 843	223 879	231 459	245 996
Depreciation		168 321	178 583	–	177 736	178 067	178 067	186 056	197 682	210 033

Repairs and Maintenance by Asset Class	3	95 296	64 407	179 194	116 823	30 776	30 776	37 823	33 777	35 963
Roads Infrastructure		-	-	-	25	25	25	26	28	30
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply		-	-	-	-	-	-	-	-	-
Infrastructure		31 228	44 240	165 577	92 678	15 051	15 051	20 894	15 950	16 962
Sanitation Infrastructure		7 930	5 747	6 062	7 909	3 139	3 139	4 711	5 005	5 318
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		39 157	49 987	171 639	100 612	18 215	18 215	25 631	20 983	22 310
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	2 100	1 700	1 800
Community Assets		-	-	-	-	-	-	2 100	1 700	1 800
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		7 661	222	994	147	147	147	157	166	177
Housing		-	-	-	300	-	-	-	-	-
Other Assets		7 661	222	994	447	147	147	157	166	177
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		25 967	4 167	2 062	400	200	200	212	226	240
Furniture and Office Equipment		3 879	54	-	8	8	8	9	9	10
Machinery and Equipment		8 009	3 417	446	5 391	1 511	1 511	1 476	1 818	1 936
Transport Assets		10 622	6 560	4 053	9 965	10 695	10 695	8 238	8 874	9 490
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		263 618	242 990	179 194	294 560	208 843	208 843	223 879	231 459	245 996

<i>Renewal and upgrading of Existing Assets as % of total capex</i>	1,7%	4,7%	0,0%	12,3%	8,2%	8,2%	6,2%	1,8%	12,5%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	53,7%	143,4%	0,0%	39,0%	25,3%	25,3%	19,0%	5,6%	38,8%
<i>R&M as a % of PPE</i>	1,9%	1,2%	3,2%	2,4%	0,6%	0,6%	0,6%	0,5%	0,5%
<i>Renewal and upgrading and R&M as a % of PPE</i>	4,0%	6,0%	0,0%	48,0%	20,0%	20,0%	19,0%	11,0%	26,0%

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class. An amount of **R523 193 784** will be spend on new assets in the 2021/2022 financial year while an amount of R45 000 000.00 will be spend on renewal of existing assets.

Part 2 – Supporting Documentation

2.1 Overview of the draft budget process

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

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

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

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

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

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

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

2.1.2 Budget assumptions and bases

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

The directorates considered the following when preparing the budget adjustment:

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

- e) Cost containment policy adopted by Council on the 30 July 2019; and in addition
- f) Implementation of the adopted revenue enhancement strategy and the financial recovery plan.

2.2 Overview of alignment of annual budget with IDP

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

2.3 Measurable performance objectives and indicators

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

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies and all policies are reviewed. The budget policies have been reviewed and included as annexures.

2.5 Overview of budget assumptions

2.5.1 Collection rate for revenue services

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

- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity.
- The Municipality's tariff policy provides a broad framework within which council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The revenue tariff has been revised from those of the previous financial years to reflect increases in inflation and cost of providing water and sanitation. The municipality has ensured that the tariffs are economic yet affordable by consumers. The tariffs for water and sanitation were set in consultation with the local municipalities.

2.6 Grants

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

Description	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Equitable Shares	1 044 404 000	1 116 401 000	1 134 210 000
EPWP	10 19 000	-	-
Financial Management Grant	2 900 000	3 000 000	3 000 000
Municipal Infrastructure Grant	481 869 000	523 460 000	549 285 000
Rural Roads Asset Management Grant	2 255 000	2 363 000	2 370 000
Water Services Infrastructure Grant	42 363 000	65 000 000	97 000 000
Total	1 583 920 000	1 710 224 000	1 785 865 000

2.7 Employee related costs and Remuneration of councillors

Employee related cost constitute **28.82%** of the overall operating budget. The Salaries and Wages & social contribution item has a budget of **R492 923 003**. This item remains the largest cost. The fixed nature of the salaries makes it difficult to reduce the level of expenditure when compared to other operating expenditure.

Remuneration of councilors

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

2.8 Monthly targets for revenue, expenditure and cash flow

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

2.9 Contract having future budgetary implications

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

2.10 Capital expenditure details

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	5 101 186	5 172 098	5 593 001	494 423	503 680	503 680	532 032	596 205	572 250
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		5 068 252	5 154 357	5 415 927	364 813	394 345	394 345	404 938	461 449	436 460
Sanitation Infrastructure		29 084	15 071	34 402	110 570	101 635	101 635	97 524	122 916	112 000
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		5 097 336	5 169 428	5 450 329	475 383	495 980	495 980	502 462	584 365	548 460
Community Facilities		-	-	-	1 350	-	-	1 200	5 000	100
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	1 350	-	-	1 200	5 000	100
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	74 171	3 240	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	74 171	3 240	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	100	-	-	-	-	-
Intangible Assets		-	-	-	100	-	-	-	-	-
Computer Equipment		1 600	476	-	3 350	1 650	1 650	-	-	-
Furniture and Office Equipment		1 700	440	5 321	1 550	350	350	520	470	440
Machinery and Equipment		-	-	3	5 750	2 000	2 000	14 350	6 370	8 250
Transport Assets		550	1 754	51 195	3 700	3 700	3 700	13 500	-	15 000
Land		-	-	11 981	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	90 316	256 140	-	15 000	-	-	5 000	7 363	2 500

Roads Infrastructure	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	67 527	245 856	-	15 000	-	-	4 000	6 863	-
Sanitation Infrastructure	22 789	9 483	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure	90 316	255 339	-	15 000	-	-	4 000	6 863	-
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	801	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	801	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	1 000	500	2 500
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	-	-	54 308	45 000	45 000	30 380	3 630	78 910
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	-	50 958	43 600	43 600	25 880	-	75 000
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Rail Infrastructure	-	-	-	-	-	-	-	-	-
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-

Infrastructure	-	-	-	50 958	43 600	43 600	25 880	-	75 000	
Community Facilities	-	-	-	1 500	600	600	1 000	2 500	3 000	
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-	
Community Assets	-	-	-	1 500	600	600	1 000	2 500	3 000	
Heritage Assets	-	-	-	-	-	-	-	-	-	
Revenue Generating	-	-	-	-	-	-	-	-	-	
Non-revenue Generating	-	-	-	-	-	-	-	-	-	
Investment properties	-	-	-	-	-	-	-	-	-	
Operational Buildings	-	-	-	-	-	-	-	-	-	
Housing	-	-	-	-	-	-	-	-	-	
Other Assets	-	-	-	-	-	-	-	-	-	
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Servitudes	-	-	-	-	-	-	-	-	-	
Licences and Rights	-	-	-	350	100	100	1 700	1 130	910	
Intangible Assets	-	-	-	350	100	100	1 700	1 130	910	
Computer Equipment	-	-	-	-	-	-	-	-	-	
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-	
Machinery and Equipment	-	-	-	-	-	-	-	-	-	
Transport Assets	-	-	-	1 500	700	700	1 800	-	-	
Land	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure	4	5 191 502	5 428 239	5 593 001	563 730	548 680	548 680	567 412	607 198	653 660

2.11 Legislation compliance status

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

Municipal Finance Management Act

The municipality is still having a room to improve on reporting requirement to the Provincial and National Treasury and complying with the act.

The following table depicts the activities that the municipality was not complied with in the 2019_2019 financial year:

Category of Finding	Description of Finding	Root cause
Cash and Cash Equivalents	Three quotes not obtained before an investment is made	Lack of internal controls to ensure compliance with the laws and regulations.
Employee Costs	Acting for more than 6 months	Lack of review and monitoring of compliance with laws and regulations.
Employee Costs	Senior manager's post not advertised within 14 days	Lack of adequate internal control mechanisms to ensure compliance with laws and regulations affecting the municipality.
Employee Costs	HR Issues:- Vacation leave entitlement of the following employees were incorrectly captured on the system. leave days that were taken by the employee as per the approved leave forms in the employee file employee was identified from the leave provision schedule with zero	1. Lack of regular and appropriate reviews to ensure adherence to policies and procedures for the municipality. 2. Inadequate controls

	<p>leave days and no movement.</p> <p>managers directly accountable to the municipal manager did not sign performance agreements</p>	<p>around the approval of leave transactions.</p> <p>3. Inappropriate controls in place to ensure that only approved posts are filled to avoid employment of employees on invalid job posts.</p> <p>4. Employees appointed by the municipality without signing an employment contract.</p>
Operating expenditure	Budget votes not locked to prevent unauthorised expenditure	Lack of controls in place to ensure that each vote is locked when payment is made and no payment should be made from an unauthorised vote.
Operating expenditure	Revenue from non-exchange and Expenditure- Payments not made within 30 days and control deficiencies	The accounting officer did not ensure that payments to creditors are made within 30

		days from date of receipt of invoice, that cheque requisitions are reviewed as, and when they are processed.
Procurement	SCM policy has an incorrect range of supply chain management processes.	The internal control processes in place for reviewing policies and procedures are ineffective.
Procurement	Interest not declared (Employees in service of state)	Lack of control to ensure all councillors have declared interests
Procurement	SLA not signed by both parties	Lack of control measures in place to ensure that all contracts that are awarded are reviewed and approved by both the winning bid and the accounting officer before commencement of the contract.
Procurement	Contract without an end date	No measures in place to ensure that all contracts that

		are awarded are reviewed and that the terms of the contract includes the duration of the contract.
Procurement	Contract signed after the inception date	No control measures in place to ensure that all contracts that are awarded are reviewed and signed by both the winning bidder and the accounting officer before commencement of the contract
Procurement	No justifiable reasons for not inviting all contractors on the approved panel of contractors	No control measures in place to ensure that when making use of a panel, all requirements around the appointment of suppliers listed under a specific panel are complied with.
Procurement	Disqualified bidder evaluated further using the preference point system	No control measures in place to ensure that all tenders/quotations that do not meet the prequalifying

		criteria are disqualified and not evaluated further.
Procurement	Service provider listed on the National Database of Prohibited suppliers	Management did not exercise oversight responsibility regarding compliance and related internal controls of abuse
Procurement	Allocation of sites to winning bidders not transparent	Management did not exercise oversight responsibility regarding compliance and related internal controls of abuse, Management did not review and monitor compliance with applicable laws and regulations.

Municipal Systems Act

The municipality is compliance in this regard

Municipal Structures Act

The municipality is compliance in this regard

Treasury Regulations

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

- Municipal investment Regulations

The municipality is complying with the regulation

- Municipal Public –Private Partnership Regulations

The municipality does not enter into Public-Private Partnership agreements

- Municipal Supply Chain Management Regulations

The municipality does not fully comply with the regulations

- Municipal Regulations on Debt Disclosure

- Municipal Regulations on Minimum Competency Level

STATUS OF THE MINIMUM COMPETENCY LEVELS FOR MOPANI								
		as at December 2020						
Name	Surname	Position	Highest Education Qualification	Work Related Experience	Performance Agreement Signed (where	Completed Required Unit Standards	Requirements Met	Compliance (consider Budget)

					required)			
Quiet	Kgatla	Accounting Officer	✓	✓	✓	X	2	X
Tshepo	Mogano (acting)	Chief Financial Officer - Municipality	✓	✓	✓	✓	4	✓
Jimmy	Mojela (acting)	Supply Chain Management Manager	✓	✓	✓	✓	4	✓
Nthabiseng	Kgabi	Middle Manager: Finance	✓	✓	✓	✓	4	✓
Ruth	Pootona	Middle Manager: Finance	✓	✓	✓	✓	4	✓
Mpho	Mothibi (acting)	Middle Manager: Finance	✓	✓	✓	✓	4	✓
Andries	Makgoba (acting)	Middle Manager: Finance	✓	✓	✓	✓	4	✓

- Asset Transfer Regulations

The municipality has never transferred an asset

- Municipal Budget and Reporting regulations

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

mSCOA

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

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

GRAP

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

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

- Interest incurred on late payments classified as finance costs
- Payables-Prior period errors not corrected

- Payables from exchange transactions-payables incomplete
- Employee benefits misstatements
- Errors on the statement of changes in net assets and the prior period note
- Going concern - Errors on the going concern note and assessment not provided

Basic Conditions of Employment Act

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

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

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

with BCEA.

2.12 Other supporting documents

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

- MBRR SB 1 – Supporting detail to budgeted financial performance

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

2.13 Municipal manager's quality certificate

Conclusion

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

Certification

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

Kgatla Q.

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

Signature: _____