



MOPANI DISTRICT  
MUNICIPALITY

# SCHEDULE A

2022/23 TO 2024/25

BUDGET AND SUPPORTING  
DOCUMENTATION

MOPANI DISTRICT MUNICIPALITY

MTREF BUDGET OF

# MOPANI DISTRICT MUNICIPALITY

2022/23 TO 2024/25  
MEDIUM TERM REVENUE AND EXPENDITURE  
FORECASTS

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

**Vision**

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

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## Abbreviations and Acronyms

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

## **Part 1 – MTREF Budget**

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

Speech will be delivered by His Worship, the Executive Mayor of Mopani District Municipality, Councillor PJ Shayi during Council Sitting on the occasion of adopting the IDP and Budget for the 2022/23 Financial year on the 31 May 2023 at the MDM Council Chamber in Giyani.

**Madam Speaker, Cllr Martha Maswanganyi;**

**Whip of Council, Cllr Lewele;**

**Members of the Mayoral Committee;**

**Our royal leaders present here; Matswarathamaga, Maaparankwe,ba ka mafateng a matelele, Ba Ndabezitha ba hina**

**Chair of chairs and all chairs of our Section 79 Committees;**

**Chair of MPAC, Cllr Hlungwani;**

**Leaders of opposition parties;**

**Acting Municipal Manager and your team of senior managers;**

**Chair of the Audit Committee, Ntate Modipane;**

**Fellow Councillors;**

**Members of the Public....Bakahina,Bageso**

**Ladies and gentlemen**

Few minutes ago, this Council has approved the appointment of three senior managers in the form of Municipal Manager Mr Mogano TJ, Senior Managers responsible for Water and Sanitation, Mr Shilowa JP as well as Senior Manager Planning and Development, Mme Monyepau MA.

On behalf of the people of Mopani, we wish to congratulate all these appointed Senior Managers and believe that their contributions will enhance good governance and service delivery.

Council was emphatic that appointees must hit the ground running, in the words of Cllr Ramalepe, especially now that we are facing audit cycle. The recruitment process to fill the CFO starts now.

It is indeed my singular honour and privilege to present to this august sitting on behalf of the people of Mopani the budget for the MTREF period. This budget is grounded on the social compact made with our people following the November 2021 local government elections that ushered in the fifth democratic local government Administration – a generation of councillors that has committed to take forward the programme of building better communities for our people as espoused in the Freedom Charter.

The Freedom Charter remains a relevant guiding document for the work of government through the National Development Plan as adopted in 2012. Our people made a bold declaration in that historic meeting in Kliptown. They said, and I quote: **“We, the people of South Africa, declare for all our country and the world to know: that South Africa belongs to all who live in it, black and white, and that no government can justly claim authority unless it is based on the will of all the people.”**

Madam Speaker

In saying this, allow me to register profound appreciation to the people of Mopani who have participated in the process leading to this tabling of the budget of today. We know what our people want and once again, they have been very emphatic throughout our engagement in the form of public participation programme.

Throughout the public participation process, including during our targeted engagements with specific sectors, the message has been loud and clear – our people want water, not excuses. But at the same time, our people remain hopeful of the future and do appreciate the limitations that exists.

One after another, our people in Greater Letaba and Ba-Phalaborwa said we want water, and this is what our people in Greater Tzaneen repeated to us when we met them in Relela. In Maruleng, our people came to Hlohlokwe to tell us they want water, and to a particular extent even proposed solutions around getting water from mountain streams instead of drilling boreholes. We concluded our Programme here in Giyani, it was water, but we also listened to their submission around the issue of sewer.

Let me also assure our people that all issues raised during our IDP/budget public participation meetings, including those that are outside our mandate as a district – will find expression in the planning processes of our local municipalities as well as departments concerned as we move forward.

The people of Mopani have, during our engagements raised issues of roads, houses, clinics, electricity, and unemployment. We have formally written to the local mayors on issues that may want their direct interventions. During the State of the District Address in the coming weeks, we will be able unpack, broadly plans to address some of the issues raised in the short-term, but also planning for the next financial years in the context of the district development model.

Therefore, we are very confident that the IDP and budget that we are presenting here today is a reflection of the aspirations of our people. Big sacrifices had to be made in arriving at this budget. We had to look ourselves in the mirror and be brutally honest with ourselves. We can no longer afford to live beyond our means.

Fellow councillors

For many years, Mopani has been approving an unfunded budget, and it has to be this generation of councillors that put an end to that. This is our first budget as the Fifth Democratic Local Government Administration, and it must speak to the realities while we also strive to meet the expectations of our people.

This generation of councillors has committed to expand on the provisions of basic services to address in particular the backlog on water supply to our communities as well as provision of sanitation. Therefore, we can no longer postpone the implementation of our cost recovery strategy if we are to succeed in meeting our obligation to the people of this district.

Behavioural Economists, particularly proponents of rational choice theory, such as George Homans, Peter Blau and James Coleman, would argue that when presented with various options under conditions of scarcity, like we are now, will choose options that maximize service delivery than opulence.

With a history of unfunded budget, disclaimer audit opinion and ballooning UIFWE, our grants cut and roll overs rejected, debts to Lepelle Northern Water and Department of Water and Sanitation, we have to learn to live within our means, cutting our clothing according to our size without being overambitious, focusing on our core mandate.

We are a rational institution and our decisions should as well be rational yet decisive.

Our priorities for the next five years are also aligned to the Seven Apex priorities that continue to drive the Medium Term Strategic Framework or the plan of government from 2019 until 2024. They are as follows:

- Priority 1: A Capable, Ethical and Developmental State
- Priority 2: Economic Transformation and Job Creation
- Priority 3: Education, Skills and Health
- Priority 4: Consolidating the social wage through Reliable and Quality Basic Services
- Priority 5: Spatial integration, Human Settlements and Local Government
- Priority 6: Social Cohesion and Safe Communities
- Priority 7: A better Africa and World

All these priorities are informed by the goals as set out in the National Development Plan – our roadmap to 2030. The previous Council adopted the reviewed Spatial Development Framework and the Local Economic Development Strategy, which should help us fully exploit our competitive advantage as a district.

Of course, our everyday action is guided by our commitment to provide sustainable basic services to the people of Mopani and grow the economy. And in doing so, we are guided by the following goals:

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

The covid-19 pandemic is still with us and has worsened the socio-economic conditions of our people. Government at all levels has had to cut on its spending, because the economy is not growing at the rate expected. Through, the district development model will have to build on the relations established with the private sector to grow the economy of the district, create jobs and reduce poverty.

Yesterday, we formally launched our partnership with Santam, the insurance company. In the main, the partnership is around our efforts to build a disaster resilient district. They have donated firefighting equipment, which should enhance our ability to fight veld fires.

But we are also partnering to host awareness campaigns on disaster risk-reduction, which should target our vulnerable communities. We will be looking for more of these partnerships so that our work in the space of social transformation continues, even when as a Municipality we are not able to commit funds in the immediate.

Madam Speaker

This august sitting will be reminded that we have gone through a number of phases to arrive where we are today. The final determination by this council is informed by months of consultations with our people, through the IDP Rep Forum and the public participation programme.

This sitting is of course in direct response to the legislative directive. 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.

Our plans as outlined in the IDP for the 2022/23 financial year will be implemented with a total budget of **Two billion- Two Hundred and Three Million –Eight Hundred Thirty-Six Thousands – Thirty-two (R2 203 836 032).**

From this budget of **R2, 2 billion**, an amount of **R1, 4 billion (R 1 403 073 508)** which constitute **64%** of the total budget is allocated for the operating budget. **R560 million (R560 762 524)** is the capital budget, which constitute at least **25%** of the total revenue. We are budgeting **R240 million** towards servicing the historic debt we have with both Lepelle Northern Water and DWS, which constitute **11%** of the budget.

And the breakdown from transfers and subsidies is as follows:

1. **R1,1 billion (R1 170 419 000)** from Equitable Shares
2. **R523 Million (R523 460 000)** from Municipal Infrastructure Grant (MIG)
3. **R50 Million (R50 000 000)** from the Water Services Infrastructure Grant (WSIG)
4. **R10,6 Million (R10 600 000)** from EPWP
5. **R3 Million** Financial Management Grant
6. **R2,3 Million (R2 361 000)** from the Rural Roads Asset Management Grant

This brings to total, the amount from transfers and subsidies to **R 1 759 billion.**

Other revenue will come from the following:

- Interest earned in investment
- Sale of tender documents

- insurance claims,
- skills levy – LGSETA,
- EHS charges,
- Fire Services charges

We are projecting an amount of **R273 million** from the Water Revenue and **R36 million** from the Sanitation Revenue. The 2022/23 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%**.

Major components for the 2022/23 operating budget, include the **Employee related costs** total **R460.1 million**, which equates to **33%** of the total operational budget. The 2022/23 cost of living increase as per the National Treasury MFMA Circular No. 115(**CPI 4%**) was used when calculating the 2022/23 staff budget.

The **Debt Impairment and Depreciation** allocation of **R289.1 million**, which equates to **21%** of the total operational budget is influenced by the budgetary treatment as prescribed in the GRAP1 Accounting Standard.

**Bulk purchases** amount to **R223.1 million**, which is **16%** of the OPEX allocated for the purchase of bulk water from suppliers i.e. Lepelle Northern Water and the Department of Water Affairs & Sanitation. This will be used to service the current accounts with the institutions.

**Contracted services** of **R147.9 million**, which equates to **11%** of the operational expenditure. This item includes the payments for security services, Legal Services, Water tankers, consultants (financial and technical) and contactors for the repairs and maintenance of infrastructure. This expenditure is linked to contractual commitments.

Madam Speaker

Through our capital budget of **R560 million**, we will be able to continue our work around water provision, and addressing the sanitation backlog. We will continue the implementation of Lulekani Benfarm Water Scheme Project with a budget of **R60 million** in the next financial year.

We will be able to implement the Tours Water Reticulation project with the budget of **R73,9 million**. We will be able to continue with work around the Ritavi 2 Water Scheme with a budget of **R60 million**. We have a budget of **R17 million** for the Hoedspruit Bulk Water Supply.

The Thabina to Lenyenye Bulk Water Supply project is allocated an amount of **R63, 4 million**. We will implement the Sekgosese Water Scheme with a budget of **R60 million**. Makhushane Water Scheme with a budget of **R60 million**, Lephephane Bulk Water with a budget of **R50 million**.

We will implement the water reticulation project at Xikukwane with an amount of **R10 million**. In Mageva, we will be upgrading the internal network reticulation with an amount of **R20 million**. An amount of **R15 million** is set aside for the Rotterdam Ground Water Scheme Project. We will spend R3, 5 million on Sefototse to Ditshosini Bulk Water Supply.

In the Relela Cluster of Greater Tzaneen, we will spend **R12, 7 million** on the Thapane Regional Water Scheme Project and **R8, 7 million** Thapane Regional Water Scheme-Upgrade and Extension. We will spend R5 million on Khujwana water reticulation. We have set aside an amount of **R21, 2 million** for rural household sanitation in the Ba-Phalaborwa Municipality. At least **R5 million** has been set aside for borehole development. ‘

Madam Speaker

It was not an easy journey to arrive where we are at this stage of this budget adoption. We wish to thank everyone involved, from the Budget Steering Committee, the portfolio committee and everyone at the level of administration led by the Acting Municipal Manager, Mr Mogano.

The budget we are presenting here today is for the people of Mopani. We have to jointly work together to ensure that every cent of this budget is accounted for, and spent only for betterment of the lives of our people.

It is therefore my singular honour to table the MTREF budget for 2022/23, 2023/24 and 2024/25, the reviewed Integrated Development Plan, and the budget related policies to the council of Mopani District Municipality for approval on behalf of the people of Mopani.

6. That Council takes note that the surpluses will be used to pay the historic debt of

Lepelle Northern Water amounting to R 150 000 000 and Department of Water and

Sanitation amounting to R 90 000 000 in the 2022/23 financial year;

7. That Council deliberates on the Draft budget as detailed prepared in line with section 16 of the MFMA;

8. That Council approves the draft MTREF budget for 2022/23, 2023/24 and 2024/25 as Detailed above;

9. That Council approve the amendment of budget as follows:

No Project/Programme

1. Legal Services Reduced by R11 000 000 from  
R 23 000 000 to R 12 000 000

2. Site Establishment in the following areas:

Burgersdorp, Relela, mariveni, Namakgale,  
Phooko and Mokwakwaila

Add: R 3 500 000

3. Supporting Trade and Manufacturing SMME Add: R 1 000 000

4. Completion of Dan Sewer Project Add: R 3 500 000

5 Construction of Water Bulk Pipeline in

Zanspruit-Maruleng

Add: R 3 000 000

10. The Accounting Officer Submit the approved draft MTREF budget to the National and Provincial Treasuries;

11. 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 budget and supporting documentation.

That Council approve the amendment of budget as follows:

No Project/Programme

1. Legal Services Reduced by R11 000 000 from  
R 23 000 000to R 12 000 000

2. Township Establishment in the following areas:

Burgersdorp, Relela, mariveni, Namakgale,

Phooko and Mokwakwaila

Add: R 3 500 000

3. Supporting Trade and Manufacturing SMME Add: R 1 000 000

4. Completion of Dan Sewer Project Add: R 3 500 000

5 Construction of Water Bulk Pipeline in

Zanspruit-Maruleng

Add: R 3 000 000

10. The Accounting Officer Submit the approved draft MTREF budget to the National and Provincial Treasuries;

11. 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

1. Makes public the approved budget and supporting documentation.

That Council approves the Draft Reviewed Budget Policies, and draft Management policy Water Services Tariffs 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 irrecoverable debt;

2.11 Supply Chain Management Policy and;

2.12 Water Services Tariffs and other municipal Tariffs

2.13 Draft Management Plan

2.14 Draft demand management plan

In the same wavelength, I present the following items with their recommendations to Council for adoption.

1. SCD 15, 1

Let us move forward, guided by our collective responsibility to change the lives of our people. This is one task we have accepted with great humility, the task of working with our people to build better communities.

I thank you

Kea leboga

Na khensa

## 1.2 Council Resolutions

	<b>MTREF BUDGET FOR 2022/2023; 2023/2024 &amp; 2024/2025</b>
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### **PURPOSE**

To present the MTREF Budget for 2022/23; 2023/24 & 2024/25 before Council for adoption.

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### **MOTIVATION**

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

### **LEGAL REQUIREMENTS**

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

- (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
- (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial year

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

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

(2) An annual budget—

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

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

## **RECOMMENDATIONS**

2. That Council takes note of the draft Budget for 2022/23; 2023/24 and 2024/25;
3. That Council approves the draft Budget as follows:

### 3.1. REVENUE

Description	Draft Budget 2022/23	+1 Budget Year Adjusted 2023/24	+2 Budget Year Adjusted 2024/25
Equitable Shares	1 170 419 000	1 262 191 000	1 360 105 000
EPWP	10 600 000	-	-
Financial Management Grant	3 000 000	3 000 000	3 000 000
Municipal Infrastructure Grant	523 460 000	548 285 000	574 696 000
Rural Roads Asset Management Grant	2 361 000	2 370 000	2 456 000
Water Services Infrastructure Grant	50 000 000	67 000 000	61 360 000
Interest Earned-Investment	9 000 000	7 308 000	7 636 860
Interest Earned- Outstanding Debtors	71 713 371	74 868 795	78 237 844
Services charges -Water	273 449 741	285 481 531	298 328 196
Services charges -Sewage	36 351 161	37 950 625	39 658 409
Other revenue	3 172 599	3 056 425	3 193 971
<b>Total</b>	<b>2 153 526 893</b>	<b>2 291 511 336</b>	<b>2 428 672 276</b>

### 3.2. OPERATIONAL EXPENDITURE

DESCRIPTION	Draft Budget 2022/23	+ 1 Budget Year 2023/24	+2 Budget Year 2024/25
Remuneration of Councillors	12 934 786	13 503 910	14 111 616
Employee related cost-Salaries and wages	460 123 144	480 368 431	500 652 413
Depreciation	219 126 405	228 767 960	239 062 543
Debt impairment	70 004 544	73 084 728	76373532
Inventory Consumed-Water	223 749 928	233 594 925	244 106 696
Inventory Consumed-Materials and Supplies	122 763 773	210 657 362	218 261 977
Contracted Services	147 976 952	152 264 665	159 116 608
Finance charge	150 000	156 600	163 644
General Expenditure	146 243 975	181 041 838	180 081 747
<b>Total Operating Expenditure</b>	<b>1403 073 508</b>	<b>1 573 440 423</b>	<b>1 631 930 777</b>

4. That Council take note of budgeted capital expenditure of **R560 762 524** for 2022/23; **R634 958 876** for 2023/24 and **R590 995 982** for 2024/25;
5. That Council takes note of surpluses of **R 240 000 000** for 2022/23; **R 129 921 395** for 2023/24 and **R 243 721 360** for 2024/25;
6. That council takes note that the surpluses will be used to pay the historic debt of Lepelle Northern Water amounting to **R 150 000 000** and Department of Water and Sanitation amounting ~~to~~ **R 90 000 000** in the 2022/23 financial year;
7. That Council deliberates on the Draft budget as detailed prepared in line with section 16 of the MFMA;
8. That Council approves the draft MTREF budget for 2022/23, 2023/24 and 2024/25 as detailed above;
9. That Council the approve the amendment of budget as follows:

No	Project/Programme	
1.	Legal Services	Reduced by R11 000 000 from R 23 000 000to R 12 000 000
2.	Site Establishment in the following areas : Burgersdorp, Relela, mariveni, Namakgale,	Add: R 3 500 000

	Phooko and Mokwakwaila	
3.	Supporting Trade and Manufacturing SMME	Add: R 1 000 000
4.	Completion of Dan Sewer Project	Add: R 3 500 000
5	Construction of Water Bulk Pipeline in Zanspruit-Maruleng	Add: R 3 000 000

10. The Accounting Officer Submit the approved draft MTREF budget to the National and Provincial Treasuries;

11. 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 Adjustment budget and supporting documentation.

	F: 15/1/P	BUDGET POLICIES & WATER SERVICES TARIFFS
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## REPORT FROM: FINANCE

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### PURPOSE

Tabling of budget related policies and Water Services Tariffs before Council for approval before implementation in the 2022/23 financial year.

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### 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.

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### ANNEXURE

- Draft Budget Policies

➤ Water Services Tariffs

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**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.

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**FINANCIAL IMPLICATIONS**

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**ORGANIZATIONAL AND HUMAN RESOURCE IMPLICATIONS**

None.

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**COMMUNICATION IMPLICATIONS**

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

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## **COMMENTS BY MANAGEMENT**

Noted.

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## **RECOMMENDATIONS**

1. That Council takes note of the Draft Reviewed Budget Policies and the Water Services Tariffs presented for inputs;
2. That Council approves the Draft Reviewed Budget Policies and Water Services Tariffs 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 and other municipal Tariffs
  - 2.13 Draft Fleet Management policy
  - 2.14 Draft Demand management plan
3. That the Budget Policies, Demand management plan and Water Services and other municipal Tariffs are to be implemented in the 2022/23 financial year.

### **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 has put aside **R 240 000 000** reduce historic debts. The municipality has also signed a repayment agreement with Lepelle Northern water and Department of Water and Sanitation in which it pays **R150 000 000** and **R 90 000 000** per annum towards the historic debt respectively.

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 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 will pilot with Ba-Phalaborwa municipality

### 1.3.2 Public Participation on the tabled 2022/23 budget

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

The below table indicate the scheduled dates of public participation

**Table 1**

DATE	MUNICIPALITY	VENUE	TIME
21/04/2022	PMT and Traditional Leaders	Disaster Management Centre-Tzaneen	10h00
25/04/2022	Greater Tzaneen	Haenetzburg Community Hall	17h00
26/04/2022	Ba-Phalaborwa	Lulekani Community Hall	10h00
		Impala Sports Hall	17h00
04/05/2022	Greater Letaba	Mokwakwaila Community Hall	10h00
05/05/2022	Greater Tzaneen	Relela Community Hall	10h00
		Laerskool Tzaneen	17h00
09/05/2022	Maruleng	Hlohlokwe Community Hall	10h00
		Kampersrus Community Hall	17h00

11/05/2022	Greater Giyani	Giyani Golf Course	17h00
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The draft budget and IDP was also delivered to the local municipalities and the Thusong centres for public viewing .The comments were solicited via electronic-, social- and print media.

#### **1.4 BUDGET PROCESS**

The draft budget process was guided by the council approved budget and IDP preparation timetable. The timetable was effectively adhered to 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 115**

National Treasury issued Annexure to MFMA Circular 115 on 04 March 2022 to provide guidance when finalising the 2020/21 MTREF budget.

The purpose of the annual budget circular is to guide municipalities with their compilation of the 2022/23 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.

Of key on the circular is that the municipalities fund the Depreciation charges from operational funds such as service charges for electricity if assets are utilised for electricity purposes, service charges water for water management purposes, waste and wastewater management in the same manner and property rates for services like roads that is primarily funded from property rates unlike previously where a non-funding segment was used. The municipality has fund its depreciation from Service charges from Water and sanitation.

When deprecation is funded, it will assist the municipalities to accumulate sufficient surpluses that must be transferred to cash backed reserves. Depreciation is the method to provide for the replacement of the assets. If depreciation remains a journal without the funds being ring-fenced, municipalities will not be in a financial position to fund future infrastructure assets

#### **1.4.2 The South African economy and inflation targets**

The following macro-economic forecasts were considered when preparing the 2022/23 MTREF municipal budgets.

#### **Macroeconomic performance and projections**

**Table 2**

	<b>Estimate</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Fiscal year</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
CPI Inflation	4.5%	4.8%	4.4%	4.5%

#### **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 2021/22 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 2022/23 budget process**

##### **1.5.1 Local government conditional grants and additional allocations**

- The National Division of Revenue Bill dated 11 February 2022 are reflected in the draft 2022/23 MTREF Budget;

### **1.5.2 Changes to the structure of local government allocations**

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

### **1.5.3 Addressing unfunded budgets in local government**

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

### **Budget assumptions and bases**

- National Treasury Circular 115 guided the preparation of the draft budget.
- The municipality also prepared the 2022/23 budget using a combination of incremental and zero based budgeting approaches.
- The approaches were informed by the nature of items under budgeting consideration.
- Projects were budgeted using the zero based budgeting approach whilst operational costs were determined using an incremental approach due to historic trends.

- The municipality will enforce cost containment measures to be able to have surplus to service historic debt

## **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
- Inventory Management Policy;
- Asset Management Policy;
- Credit Control and Debt Collection Policy;
- Expenditure Policy
- Indigent Policy;
- Investment Policy;
- Policy on the writing off of irrecoverable debt;
- Supply Chain Management Policy and;
- Fleet Management Policy

## 1.7 Budget Summary

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

**Table 3**

DESCRIPTION	Draft Budget 2022/23
Remuneration of Councillors	12 934 786
Employee related cost-Salaries and wages	460 123 144
Depreciation	219 126 405
Debt impairment	70 004 544
Inventory Consumed-Water	223 749 928
Inventory Consumed-Materials and Supplies	122 763 773
Contracted Services	147 976 952
Finance charge	150 000
General Expenditure	146 243 975
Capital Expenditure( Infrastructure and Other Assets)	560 762 524
Repayment of DWS and LNW historic Debt	240 000 000

<b>Total Budget</b>	<b>2 203 836 032</b>
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### **Total Budget**

The total budget for the 2022/23 financial year is **R2 203 836 032**, of which **R1 403 073 508(64%)** is allocated to the operating budget, **R560 762 524(25%)** to the capital budget and **R 240 000 000(11%)** is budget toward servicing the historic debt of LNW and DWS.

### **1.8. Operating revenue**

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

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

Below is a summary of main sources of revenue:

**Table 4: Summary of revenue classified by main revenue source**

Description	2022/23 Medium Term Revenue & Expenditure Framework		
	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Revenue By Source</b>			
Service charges - water revenue	273 449 741	285 481 531	298 328 196
Service charges - sanitation revenue	36 351 161	37 950 625	39 658 409
Interest earned - external investments	9 000 000	7 308 000	7 636 860
Interest earned - outstanding debtors	71 713 371	74 868 795	78 237 844
Transfers and subsidies	1 759 840 000	1 882 846 000	2 001 617 000
Other revenue	3 172 599	3 056 425	3 193 971
<b>Total Revenue (including capital transfers and contributions)</b>	<b>2 153 526 893</b>	<b>2 291 511 336</b>	<b>2 428 672 276</b>

**Major components for 2022/23 include:**

**Service Charges** – Water Revenue (**R273 million**) and Sanitation Revenue (**R36 million**) The 2022/23 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**

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

<b>Municipality</b>	<b>Budget Year 2022/23</b>	<b>Budget Year +1 2023/24</b>	<b>Budget Year +2 2024/25</b>
Ba-Phalaborwa-Water	236 623 430	250 166 861	261 424 370
Ba-Phalaborwa-Sewerage	32 669 443	34 106 898	35 641 709
Greater Giyani- Water	23 345 946	24 373 168	25 469 960
Greater Giyani- Sewerage	3 943 228	4 116 730	4 301 983
Greater Letaba – Water	10 985 807	11 469 183	11 985 296
Greater Letaba – Sewerage	4 394 932	4 588 309	4 794 783
Greater Tzaneen – Water	55 931 335	58 392 314	61 019 968
Greater Tzaneen – Sewerage	5 851 972	6 109 354	6 384 275
Maruleng – Water and Sewerage	4 610 420	4 813 278	5 029 876
<b>Total</b>	<b>381 356 413</b>	<b>398 136 095</b>	<b>416 052 219</b>

**Table 5b- Interest on outstanding debtors per municipality**

<b>Municipality</b>	<b>Budget Year 2022/23</b>	<b>Budget Year +1 2023/24</b>	<b>Budget Year +2 2024/25</b>
Ba-Phalaborwa-Water	43 863 735	45 993 739	47 854 458
Ba-Phalaborwa-Sewerage	7 328 703	7 651 166	7 995 468
Greater Giyani- Water	9 731 033	10 159 198	10 616 362
Greater Giyani- Sewerage	302 075	315 366	329 558
Greater Letaba – Water	3 823 810	3 992 058	4 171 700
Greater Letaba – Sewerage	1 034 000	1 080 087	1 128 691
Greater Tzaneen – Water	3 374 888	3 523 383	3 681 935
Greater Tzaneen – Sewerage	2 226 288	2 324 245	2 428 836
Maruleng – Water and Sewerage	28 272	29 516	30 844
<b>Total</b>	<b>71 713 371</b>	<b>74 868 795</b>	<b>78 273 844</b>

### **Individual service tariffs**

Each local municipality determines their own water and sewer tariffs. Annexure attached.

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 (R1.759 billion;** National- and Provincial allocations) for purposes of budget compilation, national allocations are based on the Division of Revenue Bill, Government Gazette No 45903 of 11 February 2022

**Table 6– Grants and Subsidies**

<b>Description</b>	<b>Budget Year 2022/23</b>	<b>Budget Year +1 2023/24</b>	<b>Budget Year +2 2024/25</b>
Equitable Shares	1 170 419 000	1 262 191 000	1 360 105 000
EPWP	10 600 000	-	-
Financial Management Grant	3 000 000	3 000 000	3 000 000
Municipal Infrastructure Grant	523 460 000	548 285 000	574 696 000
Rural Roads Asset Management Grant	2 361 000	2 370 000	2 456 000
Water Services Infrastructure Grant	50 000 000	67 000 000	61 360 000
<b>Total</b>	<b>1 759 840 000</b>	<b>1 882 846 000</b>	<b>2 001 617 000</b>

## **1.9 Operating Expenditure Framework**

The Municipality's expenditure framework for the 2022/2023 budget and MTREF is informed by the following:

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

The below table depicts expenditure by Function

**Table 7: Expenditure by Function**

	2022/2023	2023/2024	2024/2025
<b>Municipal governance and administration</b>	<b>282 801 535</b>	290 392 772	302 370 453
Executive and council	97 008 947	101 277 319	105 834 793
Finance and administration	175 584 760	178 458 469	185 399 117
Internal audit	10 207 828	10 656 984	11 136 543
<b>Community and public safety</b>	<b>153 639 630</b>	160 399 761	167 616 846
Community and social services	30 326 464	31 660 829	33 085 608
Sport and recreation	1 354 632	1 414 248	1 477 884
Public safety	90 663 974	94 653 185	98 911 633
Health	31 294 560	32 671 499	34 141 721
<b>Economic and environmental services</b>	<b>85 510 863</b>	<b>79 396 365</b>	<b>72 530 534</b>
Planning and development	78 325 463	71 894 805	64 691 402
Road transport	7 185 400	7 501 560	7 839 132
<b>Trading services</b>	<b>881 121 480</b>	<b>1 043 251 525</b>	<b>1 089 412 944</b>
Energy sources	2 173 652	2 269 296	2 371 396
Water management	844 546 798	1 005 067 572	1 049 510 732
Waste water management	34 401 030	35 914 657	37 530 816
<b>Total Expenditure - Functional</b>	<b>1 403 073 508</b>	<b>1 573 440 423</b>	<b>1 631 930 777</b>

The following table is a high-level summary of the 2022/2023 draft budget and MTREF (classified per main type of operating expenditure):

**Table 8 - Summary of operating expenditure by standard classification item**

DESCRIPTION	Draft Budget 2022/23	+ 1 Budget Year 2023/24	+2 Budget Year 2024/25
Remuneration of Councillors	12 934 786	13 503 910	14 111 616
Employee related cost-Salaries and wages	460 123 144	480 368 431	500 652 413
Depreciation	219 126 405	228 767 960	239 062 543
Debt impairment	70 004 544	73 084 728	76373532
Inventory Consumed-Water	223 749 928	233 594 925	244 106 696
Inventory Consumed-Materials and Supplies	122 763 773	210 657 362	218 261 977
Contracted Services	147 976 952	152 264 665	159 116 608
Finance charge	150 000	156 600	163 644
General Expenditure	146 243 975	181 041 838	180 081 747
<b>Total Operating Expenditure</b>	<b>1403 073 508</b>	<b>1 573 440 423</b>	<b>1 631 930 777</b>

**Major components for 2022/23 include:**

**Employee related costs** total **R460.1 million**, which equates to **33%** of the total operational budget. The 2022/23 cost of living increase as per the National Treasury MFMA Circular No. 115(**CPI 4%**) was used when calculating the 2022/23 staff budget.

The **Debt Impairment and Depreciation** allocation of **R289.1 million**, which equates to **21%** of the total operational budget is influenced by the budgetary treatment as prescribed in the GRAP1 Accounting Standard.

**Bulk purchases** amount to **R223.1 million**, which is 16% of the OPEX allocated for the purchase of bulk water from suppliers i.e. Lepelle Northern Water and the Department of Water Affairs & Sanitation. This will be used to service the current accounts

**Contracted services** of **R147.9 million**, which equates to **11%** of the operational expenditure. This item includes the payments for security services, Legal Services, Water tankers, consultants (financial and technical) and contactors for the repairs and maintenance of infrastructure. This expenditure is linked to contractual commitments

**Table 9-Contracted Services**

<b>CONTRACTED Services</b>			
<b>Segment Description</b>	<b>2022/2023</b>	<b>2023/2024</b>	<b>2024/2025</b>
Asset Management	3 400 000	3 549 600	3 709 338
Landscaping	-	1 500 000	1 567 500
Repairs and Maintenance: Fire Extinguishers	100 000	104 400	109 098

PMU Special Support Consultants	9 000 000	9 396 000	9 818 820
Food Sampling & Analysis	99 996	104 400	109 104
Supply water (Water Tankers)	4 000 000	4 176 000	4 363 920
Identification Flood lines	1 000 000	1 044 000	1 090 980
AFS Preparation	750 000	783 000	818 235
AFS Preparation	5 750 000	6 003 000	6 273 135
Vat recoveries	6 000 000	-	
Repairs and Maintenance: Infrastructure Water (O&M)	9 305 704	12 255 896	12 807 412
Contracted Services: KWCRS_Water Meter Reading BTO	1 853 856	1 935 420	2 022 516
Repairs and Maintenance: Infrastructure	12 608 136	13 162 896	13 755 228
Water Rights Pusela	6 356 660	6 636 353	6 934 989
Repairs and Maintenance: Infrastructure	115 464	120 540	125 964
Repairs and Maintenance: Sewer Network	3 868 908	4 039 140	4 220 904
Repairs and Maintenance: infrastructure	104 472	109 068	113 976
Repairs and Maintenance: Infrastructure	607 752	634 488	663 048

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Legal Expenses	23 000 000	24 012 000	25 092 540
District IGF	200 000	208 800	218 196
Food Hamper child headed family support	300 000	313 200	327 300
Local House of Traditional Leaders	800 004	835 200	872 784
Council Portfolio committee	9 996	10 440	10 908
Public Participations(imbizo)	200 000	208 800	218 196
Public Participations Forum	50 000	52 200	54 549
District Disability Forum	15 000	15 660	16 368
Land Use and land development Management	999 996	1 044 000	1 090 980
Development of Road Asset Management System	2 361 000	2 464 884	2 575 800
Areal Fire Fighting Support	800 004	835 200	872 784
Fire Awaness Campaigns	120 000	125 280	130 920
Repair and Maintenance: Infrastructure	200 004	208 800	218 196
Outsourced Services: Security Services	50 000 000	52 200 000	54 549 000
Updating of Fin System mSCOA funded	999 996	1 044 000	1 090 980

mSCOA Implementation	3 000 000	3 132 000	3 272 940
<b>TOTAL</b>	<b>147 976 952</b>	<b>152 264 665</b>	<b>159 116 608</b>

**Inventory Consumed (Other materials /Repairs and Maintenance)** constitute **9%** of the overall operating budget at a total budget of **R122.8 million**.

**General expenditure** constitute **10%** of the total operating budget at a total budget of **R146.2 million**. This item includes programmes and projects, which are not of capital nature funded by Equitable Shares. Also included in this is items such as fleet costs (fuel & oil, tyres, admin costs, licences), telephone system rental, licences, and advertising and essential user re-imbursive costs.

The table below shows the detailed items per department

**Table 10-General Expenditure**

Function	Segment Description	2022/2023	2023/2024	2024/2025
Asset Management(024)	Subsistence & Travelling : Officials	219 996	229 680	240 012
Asset Management(024)	Skills Development Levy	31 212	32 580	34 056
Administrative and Corporate Support(090)	Subsistence & Travelling : Officials	60 000	62 640	65 460

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Administrative and Corporate Support(090)	Skills Development Levy	17 892	18 684	19 524
Administrative and Corporate Support(100)	Postage	15 000	15 660	16 368
Administrative and Corporate Support(100)	Pest control Services	-	-	98 079
Administrative and Corporate Support(100)	Telephone Fax Telegraph and Telex	1 500 000	1 566 000	1 636 476
Administrative and Corporate Support(100)	Subsistence & Travelling : Officials	120 000	125 280	130 920
Administrative and Corporate Support(100)	Skills Development Levy	126 156	131 712	137 628
Administrative and Corporate Support(100)	Stores and Materials	300 000	313 200	327 300
Administrative and Corporate Support(100)	Water & Electricity Consumption	900 000	939 600	981 888
Administrative and Corporate Support(100)	Operating Lease - Rental of Copy Machine	2 000 000	2 088 000	2 181 960

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Administrative and Corporate Support(100)	Electricity Backup System	350 004	365 400	381 840
Governance Function: Internal Audit(006)	Membership Fees	15 000	15 660	16 368
Governance Function: Internal Audit(006)	Subsistence & Travelling : Officials	100 000	104 400	109 098
Governance Function: Internal Audit(006)	Audit Committee Allowances	2 499 996	2 610 000	2 727 456
Governance Function: Internal Audit(006)	Skills Development Levy	41 676	43 512	45 468
Project Management Unit (051)	Training Programme	200 004	208 800	218 196
Project Management Unit (051)	Membership	99 996	104 400	109 104
Project Management Unit (051)	Subsistence & Travelling : Officials	999 996	1 133 640	1 184 652
Project Management Unit (051)	Skills Development Levy	139 116	145 236	151 776

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Project Management Unit (051)	District MIG Session-Catering Services	72 000	75 168	78 552
Health Services (060)	Membership fees	65 004	67 860	70 908
Health Services (060)	Subsistence & Travelling : Officials	650 004	678 600	709 140
Health Services (060)	Skills Development Levy	162 912	170 076	177 732
Health Services (060)	Stores and Materials	30 000	31 320	32 724
Water Distribution(055)	Licences : Vehicles	3 500 004	3 654 000	3 818 436
Water Distribution(055)	Fuel	9 000 000	9 396 000	9 818 820
Water Distribution(055)	Subsistence & Travelling : Officials	590 246	616 217	643 947
Water Distribution(055)	Skills Development Levy	314 664	328 512	343 296
Water Distribution(055)	Borehole electrification	40 000 000	80 000 004	83 600 004
Water Distribution(055)	Development of the waste water Risk abetment Plan	1 000 000	1 044 000	1 090 980
Disaster Management(080)	Licences : Vehicles	9 996	10 440	10 908
Disaster Management(080)	Membership fees	2 196	2 292	2 400

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Disaster Management(080)	Upgrading of Emergency communication centre Central communication centre	2 499 996	2 610 000	2 727 456
Disaster Management(080)	Subsistence & Travelling : Officials	125 004	130 500	136 368
Disaster Management(080)	Skills Development Levy	102 204	106 704	111 504
Disaster Management(080)	Installation of new digital radio and network	1 000 000	1 044 000	1 090 980
Disaster Management(080)	Disaster Relief Support	2 000 000	2 088 000	2 181 960
Disaster Management(080)	Emergency light for vehicle	180 000	187 920	196 380
Disaster Management(080)	Solar Light Project	75 000	78 300	81 828
Finance: Office of the CFO(020)	Licences : Vehicles	15 000	15 660	16 368
Finance: Office of the CFO(020)	Subsistence & Travelling : Officials	180 000	187 920	196 380
Finance: Office of the CFO(020)	Auditors Remuneration	6 030 996	6 296 364	6 579 696
Finance: Office of the	Skills Development Levy	28 932	30 204	31 560

CFO(020)				
Finance: Budget and Reporting(021)	Subsistence & Travelling : Officials	50 004	52 200	54 552
Finance: Budget and Reporting(021)	Skills Development Levy	17 160	17 916	18 720
Finance: Budget and Reporting(021)	Stores and Materials	15 000	15 660	16 365
Finance: Expenditure(022)	Bank Charges	249 996	261 000	272 748
Finance: Expenditure(022)	Subsistence & Travelling : Officials	120 000	125 280	130 920
Finance: Expenditure(022)	SALGA Levy	4 235 004	4 421 340	4 620 300
Finance: Expenditure(022)	Insurance Underwriting: Premiums	2 600 000	2 714 400	2 836 548
Finance: Expenditure(022)	Skills Development Levy	37 260	38 904	40 644
Finance: Revenue Management(023)	Subsistence & Travelling : Officials	99 996	104 400	109 104
Finance: Revenue Management(023)	Skills Development Levy	37 140	38 772	40 524

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Human Resources (095)	Training of FMG funded	80 004	83 520	87 276
Human Resources (095)	Training Programmes	500 000	522 000	545 490
Human Resources (095)	Workman Compensation	200 004	208 800	218 196
Human Resources (095)	Subsistence & Travelling : Officials	300 000	313 200	327 300
Human Resources (095)	Skills Development Levy	89 916	93 876	98 100
Human Resources (095)	Accommodation	200 004	208 800	218 196
Human Resources (095)	Employee wellness	80 004	83 520	87 276
Human Resources (095)	Trauma/debriefing counselling	69 996	73 080	76 368
Corporate Wide Strategic Planning (IDPs LEDs (035)	Subsistence & Travelling : Officials	150 000	156 600	163 644
Corporate Wide Strategic Planning (IDPs LEDs (035)	Cell phones	30 000	31 320	32 724
Corporate Wide Strategic Planning (IDPs LEDs (035)	Skills Development Levy	32 724	34 164	35 700
Corporate Wide Strategic Planning (IDPs LEDs (035)	EPWP - Borehole Operators (291)	10 599 996	-	-

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Corporate Wide Strategic Planning (IDPs LEDs (035)	EPWP - Borehole Operators (291)	2 000 000	2 088 000	2 181 960
Corporate Wide Strategic Planning (IDPs LEDs) (040)	Subsistence & Travelling : Officials	120 000	125 280	130 920
Corporate Wide Strategic Planning (IDPs LEDs) (040)	Skills Development Levy	12 060	12 588	13 152
Corporate Wide Strategic Planning (IDPs LEDs) (040)	IDP Review	500 000	522 000	545 490
Supply Chain Management(026)	Subsistence and Travelling	600 000	626 400	654 588
Supply Chain Management(026)	Skills Development Levy	48 828	50 976	53 268
Supply Chain Management(026)	Stores and Materials	800 000	835 200	872 784
Water Treatment: Ba-Phalaborwa(160)	Licenses & Permits-Non Vehicles	22 632	23 616	24 684
Water Treatment: Ba-Phalaborwa(160)	Fuel	325 068	339 372	354 636

Water Treatment: Ba-Phalaborwa(160)	Printing and Stationary	37 212	38 856	40 596
Water Treatment: Ba-Phalaborwa(160)	Travel Reimbursement	19 500	20 352	21 264
Water Treatment: Ba-Phalaborwa(160)	Protective Clothing	42 552	44 424	46 428
Water Treatment: Ba-Phalaborwa(160)	Skills Development Levy	135 924	141 900	148 284
Water Treatment: Ba-Phalaborwa(160)	Purchase of Water DVK	5 524 992	5 768 100	6 027 660
Water Treatment: Ba-Phalaborwa(160)	Indigent Support	88 392	92 280	96 444
Water Treatment: Ba-Phalaborwa(160)	Vehicle	434 028	453 132	473 520
Water Treatment: Greater Giyani- Water(162)	Fuel	996 208	1 040 041	1 086 843
Water Treatment: Greater Giyani- Water(162)	Subsistence & Travelling: officials	7 584	7 920	8 280
Water Treatment: Greater Giyani- Water(162)	Skills Development Levy	450 000	469 800	490 944
Water Treatment: Greater	Repairs and Maintenance: Water	3 828 987	3 997 462	4 177 348

Giyani- Water(162)	Infrastructure			
Water Treatment: Greater Letaba - Water(164)	Fuel	652 272	680 964	711 612
Water Treatment: Greater Letaba - Water(164)	Telephone	8 832	9 228	9 636
Water Treatment: Greater Letaba - Water(164)	Subsistence & Travelling : Councillors	7 824	8 172	8 532
Water Treatment: Greater Letaba - Water(164)	Cell phones	7 428	7 752	8 100
Water Treatment: Greater Letaba - Water(164)	Stores and Materials	15 026	15 687	16 393
Water Treatment: Greater Letaba - Water(164)	Repairs and Maintenance: Vehicles	626 232	653 784	683 208
Water Treatment: Greater Letaba - Water(164)	Repairs and Maintenance: Machines & Equipment	149 988	156 588	163 632
Water Treatment: Greater Letaba - Water(164)	Network	14 424	15 060	15 744
Greater Tzaneen : Water Purification(167)	Licenses & Permits-Non Vehicles	2 304	2 412	2 520

Greater Tzaneen : Water Purification(167)	Subscriptions	337 116	351 948	367 788
Greater Tzaneen : Water Purification(167)	Workman Compensation	235 980	246 360	257 448
Greater Tzaneen : Water Purification(167)	New and Losts Books	3 516	3 672	3 840
Greater Tzaneen : Water Purification(167)	Public Drivers Permits	75 180	78 480	82 020
Greater Tzaneen : Water Purification(167)	Conferences & Congresses	102 132	106 632	111 432
Greater Tzaneen : Water Purification(167)	Telephone	75 984	79 332	82 896
Greater Tzaneen : Water Purification(167)	Advertising and Marketing	80 004	83 520	87 276
Greater Tzaneen : Water Purification(167)	Subsistence & Travelling : Councillors	68 700	71 724	74 952
Greater Tzaneen : Water Purification(167)	Entertainment	2 004	2 088	2 184
Greater Tzaneen : Water Purification(167)	Protective Clothing	87 612	91 476	95 592
Greater Tzaneen : Water Purification(167)	Insurance	200 676	209 508	218 940

Greater Tzaneen : Water Purification(167)	Skills Development Levy	276 408	288 576	301 560
Greater Tzaneen : Water Purification(167)	Stores and Materials	2 364	2 472	2 580
Communication and Marketing(045)	Advertising and Marketing	1 000 000	1 044 000	1 090 980
Communication and Marketing(045)	Subsistence & Travelling : Officials	200 004	208 800	218 196
Communication and Marketing(045)	Skills Development Levy	21 804	22 764	23 784
Communication and Marketing(045)	Stores and Materials	20 004	20 880	21 816
Roads(065)	Licences : Vehicles	9 996	10 440	10 908
Roads: (065)	Subsistence & Travelling : Officials	200 004	208 800	218 196
Roads:(065)	Skills Development Levy	33 276	34 740	36 300
Sewerage: Ba-Phalaborwa(161)	Licences : Vehicles	624	648	684
Sewerage: Ba-Phalaborwa(161)	Fuel	137 340	143 388	149 832

Sewerage: Ba-Phalaborwa(161)	Printing and Stationary	744	780	816
Sewerage: Ba-Phalaborwa(161)	Protective Clothing	55 248	57 684	60 276
Sewerage: Ba-Phalaborwa(161)	Skills Development Levy	28 224	29 472	30 804
Sewerage: Ba-Phalaborwa(161)	Accommodation	57 132	59 652	62 328
Sewerage: Ba-Phalaborwa(161)	Repairs and Maintenance: Infrastructure Water (O&M)	853 170	890 710	930 792
Sewerage: Ba-Phalaborwa(161)	Repairs and Maintenance: Vehicles	41 683	43 517	45 476
Sewerage: Ba-Phalaborwa(161)	Repairs and Maintenance: Machine & Equipment	55 249	57 680	60 276
Greater Letaba : Sewer (165)	Fuel	86 748	90 564	94 644
Greater Letaba : Sewer (165)	Substance and Travelling	19 728	20 604	21 528
Greater Letaba : Sewer (165)	Cell phones	19 068	19 908	20 808
Greater Letaba : Sewer (165)	Stores and Materials	11 781	12 299	12 853
Greater Letaba : Sewer (165)	Repairs and Maintenance: Vehicles	105 900	110 568	115 536

Greater Tzaneen : Sewer Purification (168)	Licences & Permits -Non Vehicle	1 183	1 235	1 291
Greater Tzaneen : Sewer Purification (168)	Subscriptions	47 652	49 752	51 984
Greater Tzaneen : Sewer Purification (168)	Workman Compensation	33 360	34 824	36 396
Greater Tzaneen : Sewer Purification (168)	Public Drivers Permits	119	124	132
Greater Tzaneen : Sewer Purification (168)	Conferences & Congresses	10 056	10 500	10 968
Greater Tzaneen : Sewer Purification (168)	Telephone	996	1 044	1 092
Greater Tzaneen : Sewer Purification (168)	Telephone	20 064	20 952	21 888
Greater Tzaneen : Sewer Purification (168)	Substance and Travelling	9 468	9 876	10 332
Greater Tzaneen : Sewer Purification (168)	Protective Clothing	35 496	37 056	38 724
Greater Tzaneen : Sewer Purification (168)	Insurance	235 680	246 048	257 112

Greater Tzaneen : Sewer Purification (168)	Skills Development Levy	40 716	42 504	44 412
Greater Tzaneen : Sewer Purification (168)	Stores and Materials	4 331	4 522	4 725
Greater Tzaneen : Sewer Purification (168)	Municipal Services	109 848	114 672	119 832
Maruleng : Water & Sewer (170)	Fuel	449 016	468 780	489 864
Maruleng : Water & Sewer (170)	Subsistence & Travelling : Councillors	8 064	8 412	8 796
Maruleng : Water & Sewer (170)	Cell phones	29 616	30 924	32 304
Maruleng : Water & Sewer (170)	Skills Development Levy	23 892	24 936	26 064
Sewerage: Greater Giyani (163)	Subsistence And Travelling	3 144	3 288	3 432
Sewerage: Greater Giyani (163)	Skills Development Levy	11 580	12 096	12 636
Sports and Recreation (117)	Subsistence & Travelling : Officials	69 996	73 080	76 368

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Sports and Recreation (117)	Skills Development Levy	3 240	3 384	3 540
Legal Services (105)	Subsistence & Travelling : Officials	150 000	156 600	163 644
Legal Services (105)	Skills Development Levy	15 540	16 224	16 956
Electricity (064)	Subsistence & Travelling : Officials	20 000	20 880	21 820
Electricity (064)	Skills Development Levy	11 364	11 868	12 396
Mayor and Council: Youth Desk(119)	Subsistence & Travelling : Officials	20 004	20 880	21 816
Mayor and Council: Youth Desk(119)	Skills Development Levy	4 524	4 728	4 932
Mayor and Council: General Council(001)	Bursaries	3 000 000	3 132 000	3 272 940
Mayor and Council: OEM(001)	Licences : Vehicles	5 004	5 220	5 460
Mayor and Council: OEM(001)	Subsistence & Travelling : Officials	150 000	156 600	163 644
Mayor and Council: OEM(001)	Skills Development Levy	33 480	34 956	36 528

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Mayor and Council: Office of the Speaker(001)	Subsistence & Travelling : Officials	249 996	261 000	272 748
Mayor and Council: Office of the Speaker(001)	Skills Development Levy	20 004	20 880	21 816
Mayor and Council: Office of the Chief Whip(001)	Subsistence & Travelling : Officials	15 000	15 660	16 368
Mayor and Council: Office of the Chief Whip(001)	Skills Development Levy	3 528	3 684	3 852
Mayor and Council: Gender Desk(118)	Subsistence & Travelling : Officials	30 000	31 320	32 724
Mayor and Council: GENDER DESK(118)	Skills Development Levy	4 524	4 728	4 932
Mayor and Council: Disability Desk(116)	Subsistence & Travelling : Officials	30 000	31 320	32 724
Mayor and Council: Disability Desk(116)	Skills Development Levy	4 524	4 728	4 932
Community Services (070)	Subsistence & Travelling : Officials	120 000	125 280	130 920

Community Services (070)	Skills Development Levy	16 992	17 736	18 540
Regional Planning and Development:(031)	Subsistence and Travelling	60 000	62 640	65 460
Regional Planning and Development:(031)	Skills Development Levy	11 364	11 868	12 396
Regional Planning and Development:(031)	SDF Review	999 996	1 044 000	1 090 980
Economic Development/Planning(030)	Subsistence & Travelling : Officials	30 000	31 320	32 724
Economic Development/Planning(030)	Skills Development Levy	16 728	17 460	18 252
Town Planning Building Regulations and Enforcement and City Engineer:(050)	Subsistence & Travelling : Officials	80 000	83 520	87 278
Town Planning Building Regulations and Enforcement and City	Skills Development Levy	14 952	15 612	16 308

Engineer:(050)				
Fire Fighting and Protection: (Giyani)(076)	Licences : Vehicles	120 000	125 280	130 920
Fire Fighting and Protection: (Giyani)(076)	Subsistence & Travelling : Officials	50 004	52 200	54 552
Fire Fighting and Protection: (Giyani)(076)	Skills Development Levy	79 524	83 028	86 760
Fire Fighting and Protection: (Letaba)(077)	Licences : Vehicles	99 996	104 400	109 104
Fire Fighting and Protection: (Letaba)(077)	Subsistence & Travelling : Officials	50 000	52 200	54 549
Fire Fighting and Protection: (Letaba)(077)	Skills Development Levy	63 996	66 816	69 816
Fire Fighting and Protection: (Maruleng)(079)	Licences : Vehicles	99 996	104 400	109 104
Fire Fighting and Protection: (Maruleng)(079)	Subsistence & Travelling : Officials	60 000	62 640	65 460
Fire Fighting and	Skills Development Levy	60 036	62 676	65 496

Protection:(Maruleng)(079)				
Fire Fighting and Protection: (Tzaneen)(078)	Licences : Vehicles	249 996	261 000	272 748
Fire Fighting and Protection: (Tzaneen)(078)	Fire Protection Association	800 000	835 200	872 784
Fire Fighting and Protection: (Tzaneen)(078)	Subsistence & Travelling : Officials	99 996	104 400	109 104
Fire Fighting and Protection: (Tzaneen)(078)	Skills Development Levy	117 708	122 892	128 412
Fire Fighting and Protection: (Tzaneen)(078)	Stores and Materials	60 000	62 640	65 460
Fire Fighting and Protection: (Ba-Phalaborwa)(075)	Licences : Vehicles	120 000	125 280	130 920
Fire Fighting and Protection: (Ba-Phalaborwa)(075)	Subsistence & Travelling : Officials	50 004	52 200	54 552
Fire Fighting and Protection: (Ba-Phalaborwa)(075)	Skills Development Levy	69 636	72 696	75 972
Development Facilitation:GIS(032)	Infrastructure Management System Application	-	1 200 000	-

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Development Facilitation:GIS(032)	Subsistence and Travelling	60 000	62 640	65 460
Development Facilitation:GIS(032)	Skills Development Levy	12 036	12 564	13 128
Development Facilitation:GIS(032)	Disaster Management Application Development	-	2 950 992	-
Development Facilitation:GIS(032)	IDP_Dashboard Application	-	950 000	-
Development Facilitation:GIS(032)	Project Document Management system Application	-	860 000	-
Development Facilitation:GIS(032)	Corporate GIS Establishment	4 651 560	-	-
Development Facilitation:GIS(032)	Town Planning Application Management System	1 366 200	1 100 004	-
Development Facilitation:GIS(032)	Land Information Management System	1 366 200	1 747 644	-
Municipal Manager Town Secretary(005)	Subsistence & Travelling : Officials	200 000	208 800	218 196

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Municipal Manager Town Secretary(005)	Skills Development Levy	37 932	39 600	41 388
Municipal Manager Town Secretary(005)	Computerised PMS	1 200 000	1 252 800	1 309 176
Municipal Manager Town Secretary(005)	Performance Bonuses Officials	2 000 004	2 088 000	2 181 960
Municipal Manager Town Secretary(005)	Annual report printing	100 000	104 400	109 098
Information Technology(106)	Licenses : Computer Software	5 499 996	5 742 000	6 000 396
Information Technology(106)	Subsistence & Travelling : Officials	69 996	73 080	76 368
Information Technology(106)	IFMS Support Services	2 000 000	2 088 000	2 181 960
Information Technology(106)	Skills Development Levy	16 008	16 716	17 460
<b>TOTAL</b>		<b>146 243 975</b>	<b>181 041 838</b>	<b>180 081 747</b>

## 1.10 Capital Expenditure

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

**Table 11 – Capital budget per Function**

<b>R thousand</b>	<b>Budget Year 2022/23</b>	<b>Budget Year +1 2023/24</b>	<b>Budget Year +2 2024/25</b>
<b>Capital Expenditure – Functional</b>			
Finance	120 000	125 280	130 920
Public safety	8 500 000	8 874 000	9 273 330
Water Services	546 242 532	612 915 596	573 230 952
Administration	2 200 000	6 000 000	1 000 000
Information Technology	3 699 992	7 044 000	7 360 980
<b>Total Capital Expenditure - Functional</b>	<b>560 762 524</b>	<b>634 958 876</b>	<b>590 995 982</b>

### 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 12 – List of capital projects**

<b>No</b>	<b>Project Name</b>	<b>Budget Year 2022/23</b>	<b>Budget Year +1 2023/24</b>	<b>Budget Year + 2 2024/25</b>
1.	Hoedspruit Bulk Water Supply	17 576 314	-	-
2.	Tours Water Reticulation	73 981 403	74 954 326	166 566 146
3.	Sefofotse to Ditshosini Bulk Water Supply	3 558 537	-	-
4.	Thapane Regional Water Scheme	12 722 578	-	-
5.	Thapane Regional Water Scheme-Upgrade and Extension	8 730 783	-	-
6.	Tours Water Scheme-Bulk lines refurbishment and reticulation	6 044 848	-	-
7.	Lulekani Water Scheme Benfarm	60 000 000	77 451 899	-
8.	Ritavi 2 Water Scheme	60 000 000	75 867 851	123 804 756
9.	Thabina to Lenyenye Bulk Water	63 438 314	60 954 225	80 499 848

No	Project Name	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year + 2 2024/25
	Supply			
10.	Sekgosese Water Scheme	60 000 000	90 000 000	150 000 000
11.	Borehole Development	5 000 000	-	-
12.	Makhushane Water Scheme	60 000 000	85 408 839	-
13.	Lephephane Bulk Water	50 000 000	56 233 610	-
14.	Modjadji Regional Bulk Water	-	15 000 000	-
15.	Khujwana Water Reticulation	5 000 000	-	-
16.	Ngove Water Supply and Reticulation	-	10 000 000	11 360 000
17.	Rural Household Sanitation (BPM)	21 234 587	-	-
18.	Rotterdam Ground Water Scheme	15 000 000	19 000 000	-
19.	Eco Park (Xikukwane) Water Reticulation Xikukwane	10 000 000	-	-

No	Project Name	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year + 2 2024/25
20.	Refurbishment , rehabilitation and upgrading of internal network reticulation in Makhwibidung	-	-	10 000 000
21.	Upgrading of internal network reticulation in Mageva village	20 000 000	-	-
22.	Zava_ Water Supply Refurbishment of existing reticulation and additional standpipes	-	12 000 000	20 000 000
23.	Bolobedu/Moshate Water Supply	-	10 000 000	20 000 000
24.	Refurbishment of Sewer Pump Stations in Phalaborwa	-	2 500 000	-
25.	Refurbishment of Namakgale Wastewater works	-	2 000 000	-
26.	Refurbishment of Thabina Water works	-	1 500 000	-
27.	Replacement of Nkambako Filter Sand and Nozzles	-	1 500 000	-

No	Project Name	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year + 2 2024/25
28.	Replacement of Nkambako Standby Generator	-	1 500 000	-
29.	Refurbishment of Kgapane Wastewater works- Recycle the effluent	-	1 500 000	-
30.	Refurbishment of Giyani Wastewater works - Recycle the Effluent	-	1 500 000	-
31.	Completion of Dan Sewer Project	-	3 500 000	-
32.	Construction of water bulk pipeline in ZANSPRUIT -Maruleng	-	1 500 000	-
33.	Replacement of AC Pipes in Phalaborwa	-	3 000 000	-
<b>Total</b>		<b>546 242 532</b>	<b>612 915 596</b>	<b>573 230 752</b>

## **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 2022/23 budget and MTREF as adopted by the Council.

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

## Mopani District Municipality 2022/2023 Draft Budget and MTREF May 2022

DC33 Mopani - Table A1 Budget Summary

Description	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges	–	234 586	309 534	198 711	198 711	198 711	104 403	309 801	323 432	337 987
Investment revenue	–	19 298	6 479	13 702	6 324	6 324	3 080	9 000	7 308	7 637
Transfers recognised - operational	–	928 151	1 134 912	1 057 469	1 057 469	1 057 469	706 704	1 184 019	1 265 191	1 363 105
Other own revenue	–	54 595	232 023	282 364	182 914	182 914	3 573	74 886	77 925	81 432
<b>Total Revenue (excluding capital transfers and contributions)</b>	–	1 236 631	1 682 948	1 552 247	1 445 419	1 445 419	817 760	1 577 706	1 673 856	1 790 160
Employee costs	–	426 811	464 330	492 773	410 419	410 419	355 477	460 123	480 368	500 652
Remuneration of councillors	–	33 624	23 550	13 478	18 465	18 465	17 854	12 935	13 504	14 112
Depreciation & asset impairment	–	183 231	202 187	210 525	210 525	210 525	–	219 126	228 768	239 063
Finance charges	–	66 798	38 145	358	358	358	37	150	157	164
Inventory consumed and bulk purchases	–	53 395	187 659	540 071	530 813	530 813	–	346 514	444 252	462 369
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	–	528 392	386 882	455 271	393 224	393 224	256 949	364 225	406 391	415 572
<b>Total Expenditure</b>	–	1 292 250	1 302 753	1 712 476	1 563 804	1 563 804	630 317	1 403 074	1 573 440	1 631 931
<b>Surplus/(Deficit)</b>	–	(55 620)	380 196	(160 229)	(118 385)	(118 385)	187 443	174 632	100 416	158 229
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	–	348 212	616 639	526 487	555 892	555 892	196 806	575 821	617 655	638 512
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)	–	–	3 798	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	–	292 592	–	366 258	437 506	437 506	384 249	750 453	718 071	796 741
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	–	292 592	–	366 258	437 506	437 506	384 249	750 453	718 071	796 741

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<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	-	295 225	765 177	523 194	600 364	600 364	250 098	560 763	634 959	590 996
Transfers recognised - capital	-	270 527	646 685	461 022	543 871	543 871	200 800	541 243	592 916	573 231
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	5 211	96 540	62 172	56 494	56 494	49 298	19 520	42 043	17 765
<b>Total sources of capital funds</b>	-	275 738	743 225	523 194	600 364	600 364	250 098	560 763	634 959	590 996
<b>Financial position</b>										
Total current assets	29 284	1 780 269	1 775 365	2 260 449	2 263 385	2 263 385	2 053 241	1 677 403	1 730 959	1 896 276
Total non current assets	(1 180)	5 771 971	6 306 253	2 468 176	2 545 346	23 776 472	6 556 351	6 538 939	7 030 554	7 334 325
Total current liabilities	50 772	2 752 423	2 615 020	(4 161 360)	(4 152 102)	(2 925 287)	2 805 032	1 463 807	2 382 500	2 977 758
Total non current liabilities	19 900	181 257	43 646	(4 861 145)	(4 861 145)	4 861 145	(8 231)	-	-	-
Community wealth/Equity	(42 589)	4 533 284	5 453 415	13 751 130	13 821 979	13 821 979	5 812 790	6 752 535	6 379 013	6 252 844
<b>Cash flows</b>										
Net cash from (used) operating	-	(55 053)	1 881 416	541 240	604 710	604 710	702 293	604 603	591 465	657 433
Net cash from (used) investing	-	-	(692 152)	(523 194)	(600 364)	(600 364)	(366 955)	(560 763)	(634 959)	(590 996)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	-	(55 053)	1 409 199	37 974	24 274	24 274	325 490	65 223	21 728	88 166
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	-	217 669	30 153	37 974	31 652	31 652	331 275	65 223	21 728	88 166
Application of cash and investments	131 273	1 441 537	1 245 165	1 269 337	1 393 591	2 257 733	240 354	883 682	1 783 893	2 349 343
<b>Balance - surplus (shortfall)</b>	(131 273)	(1 223 868)	(1 215 013)	(1 231 363)	(1 361 939)	(2 226 081)	90 921	(818 460)	(1 762 164)	(2 261 177)
<b>Asset management</b>										
Asset register summary (WDV)	(1 180)	4 397 606	4 414 224	44 308	(311 468)	(311 468)	(311 468)	2 113 795	2 090 493	2 034 600
Depreciation	-	183 231	202 187	210 525	210 525	210 525	219 126	228 768	229 063	239 063
Renewal and Upgrading of Existing Assets	-	51 600	13 859	38 699	86 651	86 651	86 651	32 731	22 221	25 364
Repairs and Maintenance	-	115 328	107 257	120 899	98 911	98 911	98 911	81 616	136 867	142 241
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	(543)	(543)	(543)	(565)	(565)	(590)	(616)
Revenue cost of free services provided	-	-	-	(55)	(55)	(55)	(55)	(55)	(58)	(60)
<b>Households below minimum service level</b>										
Water:	-	44	44	44	44	44	44	44	44	44
Sanitation/sewerage:	98	98	98	98	98	98	98	98	98	98
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

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

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

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

Functional Classification Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		-	1 297 702	1 924 367	1 838 959	1 207 899	1 207 899	1 198 710	1 278 090	1 376 564
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	1 297 702	1 924 367	1 838 959	1 207 899	1 207 899	1 198 710	1 278 090	1 376 564
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>		-	-	-	-	10 865	10 865	26 173	27 414	27 414
Planning and development		-	-	-	-	10 865	10 865	26 173	27 414	27 414
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	287 141	379 018	239 774	782 546	782 546	928 643	986 007	1 024 694
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	241 896	329 033	196 049	738 821	738 821	877 174	932 272	968 541
Waste water management		-	45 245	49 986	43 725	43 725	43 725	51 470	53 735	56 153
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	-	1 584 843	2 303 386	2 078 734	2 001 310	2 001 310	2 153 527	2 291 511	2 428 672

<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		-	332 432	323 584	400 642	301 994	301 994	282 802	290 393	302 370
Executive and council		-	99 317	97 510	94 389	94 682	94 682	97 009	101 277	105 835
Finance and administration		-	225 682	215 950	295 219	196 278	196 278	175 585	178 458	185 399
Internal audit		-	7 433	10 123	11 034	11 034	11 034	10 208	10 657	11 137
<i>Community and public safety</i>		-	137 559	151 590	153 957	157 235	157 235	153 640	160 400	167 617
Community and social services		-	25 123	40 843	34 063	31 964	31 964	30 326	31 661	33 086
Sport and recreation		-	1 748	1 360	2 086	1 411	1 411	1 355	1 414	1 478
Public safety		-	83 494	81 041	83 837	89 017	89 017	90 664	94 653	98 912
Housing		-	-	-	-	-	-	-	-	-
Health		-	27 193	28 347	33 972	34 843	34 843	31 295	32 671	34 142
<i>Economic and environmental services</i>		-	54 699	73 461	78 679	64 088	64 088	85 511	79 396	72 531
Planning and development		-	48 338	68 730	70 017	55 876	55 876	78 325	71 895	64 691
Road transport		-	6 361	4 732	8 662	8 212	8 212	7 185	7 502	7 839
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	956 316	938 286	1 079 197	1 040 887	1 040 887	881 121	1 043 252	1 089 413
Energy sources		-	3 551	577	2 544	2 407	2 407	2 174	2 269	2 371
Water management		-	920 905	913 212	1 035 231	998 630	998 630	844 547	1 005 068	1 049 511
Waste water management		-	31 860	24 497	41 422	39 850	39 850	34 401	35 915	37 531
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	-	<b>1 481 006</b>	<b>1 486 922</b>	<b>1 712 476</b>	<b>1 564 204</b>	<b>1 564 204</b>	<b>1 403 074</b>	<b>1 573 440</b>	<b>1 631 931</b>
<b>Surplus/(Deficit) for the year</b>		-	<b>103 837</b>	<b>816 464</b>	<b>366 258</b>	<b>437 106</b>	<b>437 106</b>	<b>750 453</b>	<b>718 071</b>	<b>796 741</b>

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas.

**Table 13 Expenditure - Functional**

	<b>2022/2023</b>	<b>2023/2024</b>	<b>2024/2025</b>
Municipal governance and administration	282 801 535	290 392 772	302 370 453
Community and public safety	153 639 630	160 399 761	167 616 846

Economic and environmental services	85 510 863	79 396 365	72 530 534
Trading services	881 121 480	1 043 251 525	1 089 412 944
<b>Total Expenditure - Functional</b>	<b>1 403 073 508</b>	<b>1 573 440 423</b>	<b>1 631 930 777</b>

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

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.

## Mopani District Municipality 2022/2023 Draft Budget and MTREF May 2022

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

Vote Description		Ref	2018/19	2019/20	2020/21	Current Year 2021/22			2022/23 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>Revenue by Vote</b>		1									
Vote 1 - Executive and Council/Mayor & council			-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager			-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance			-	1 297 702	1 924 367	1 838 959	1 206 399	1 206 399	1 197 510	1 276 890	1 375 364
Vote 4 - Corporate Services/HR			-	-	-	-	-	-	-	-	-
Vote 5 -			-	-	-	-	10 865	10 865	26 173	27 414	27 414
Vote 6 - Planning & Development/Economic			-	-	-	-	750	750	700	700	700
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			-	241 896	329 033	196 049	738 821	738 821	877 174	932 272	968 541
Vote 13 - Electricity/ElectricityDistribution			-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology			-	-	-	-	750	750	500	500	500
Vote 15 - Waste Water Management/Sewerage			-	45 245	49 986	43 725	43 725	43 725	51 470	53 735	56 153
<b>Total Revenue by Vote</b>		2	-	1 584 843	2 303 386	2 078 734	2 001 310	2 001 310	2 153 527	2 291 511	2 428 672
<b>Expenditure by Vote to be appropriated</b>		1									
Vote 1 - Executive and Council/Mayor & council			-	66 092	62 040	83 138	72 168	72 168	61 703	65 830	67 703
Vote 2 - Executive & Council/Municipal Manager			-	53 993	62 724	56 915	56 915	56 915	72 042	75 212	78 597
Vote 3 - Finance & Admin/Finance			-	168 122	139 206	181 269	87 656	87 656	88 107	85 720	89 578
Vote 4 - Corporate Services/HR			-	15 925	19 134	33 923	29 596	29 596	18 513	19 328	20 198
Vote 5 -			-	47 825	60 893	44 413	28 617	28 617	55 659	58 197	59 583
Vote 6 - Planning & Development/Economic			-	15 976	22 415	49 927	48 529	48 529	48 918	41 104	33 748
Vote 7 - Health/Other			-	27 193	28 347	33 972	34 843	34 843	31 295	32 671	34 142
Vote 8 - Community Services/Other Community			-	7 420	6 999	4 515	5 116	5 116	4 308	4 498	4 700
Vote 9 - Public Services/Fire			-	83 494	81 041	83 837	89 017	89 017	90 664	94 653	98 912
Vote 10 - Public Safety/Other			-	19 452	35 203	31 634	28 258	28 258	27 373	28 577	29 863
Vote 11 - Roads Transport/Roads			-	6 361	4 732	8 662	8 212	8 212	7 185	7 502	7 839
Vote 12 - Water/Water Distribution			-	920 905	913 212	1 035 231	998 630	998 630	844 547	1 005 068	1 049 511
Vote 13 - Electricity/ElectricityDistribution			-	3 551	577	2 544	2 407	2 407	2 174	2 269	2 371
Vote 14 - Corporate Services/Information Technology			-	12 837	25 900	21 073	34 390	34 390	16 184	16 896	17 656
Vote 15 - Waste Water Management/Sewerage			-	31 860	24 497	41 422	39 850	39 850	34 401	35 915	37 531
<b>Total Expenditure by Vote</b>		2	-	1 481 006	1 486 922	1 712 476	1 564 204	1 564 204	1 403 074	1 573 440	1 631 931
<b>Surplus/(Deficit) for the year</b>		2	-	103 837	816 464	366 258	437 106	437 106	750 453	718 071	796 741

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

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

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand	1										
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	200 836	274 193	166 105	166 105	166 105	90 854	273 450	285 482	298 328
Service charges - sanitation revenue	2	-	33 750	35 341	32 605	32 605	32 605	13 549	36 351	37 951	39 658
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-	-	-	-
Interest earned - external investments		-	19 298	6 479	13 702	6 324	6 324	3 080	9 000	7 308	7 637
Interest earned - outstanding debtors		-	52 555	69 485	41 215	41 215	41 215	1 990	71 713	74 869	78 238
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		-	928 151	1 134 912	1 057 469	1 057 469	1 057 469	706 704	1 184 019	1 265 191	1 363 105
Other revenue	2	-	2 040	162 538	241 149	141 699	141 699	1 583	3 173	3 056	3 194
Gains		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	1 236 631	1 682 948	1 552 247	1 445 419	1 445 419	817 760	1 577 706	1 673 856	1 790 160
Expenditure By Type											
Employee related costs	2	-	426 811	464 330	492 773	410 419	410 419	355 477	460 123	480 368	500 652
Remuneration of councillors		-	33 624	23 550	13 478	18 465	18 465	17 854	12 935	13 504	14 112
Debt impairment	3	-	162 531	56 133	65 174	65 174	65 174	-	70 005	73 085	76 374
Depreciation & asset impairment	2	-	183 231	202 187	210 525	210 525	210 525	-	219 126	228 768	239 063
Finance charges		-	66 798	38 145	358	358	358	37	150	157	164
Bulk purchases - electricity	2	-	124	-	-	-	-	-	-	-	-
Inventory consumed	8	-	53 271	187 659	540 071	530 813	530 813	-	346 514	444 252	462 369
Contracted services		-	188 321	150 618	205 846	121 239	121 239	139 646	147 977	152 265	159 117
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	-	177 540	180 131	184 251	206 811	206 811	117 303	146 244	181 042	180 082
Losses		-	-	-	-	-	-	-	-	-	-
Total Expenditure		-	1 292 250	1 302 753	1 712 476	1 563 804	1 563 804	630 317	1 403 074	1 573 440	1 631 931

Total revenue excluding capital transfers is **R1 577 705 872** in 2022/2023 and escalates to **R1 673 856 372** and **R1 790 160 276** by 2023/2024 and 2024/2025 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 184 019 000; R1 265 191 000** and **R1 363 105 000** for the financial years 2022/2023, 2023/2024 and 2024/2025 respectively. The other revenue component is Service charges for water & sanitation amount to **R381 356 413; R398 136 095** and **R416 052 219** for the financial years 2022/2023, 2023/2024 and 2024/2025 respectively.

The total operating expenditure is projected to be **R1 403 073 508** in 2022/2023, **R1 573 440 423** and **R1 631 930 777** in the 2023/2024 and 2024/2025 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
- d. Debt Impairment
- e. Finance charges
- f. Inventory Consumed(Bulk Purchases and Repairs and Maintenance)

## g. General Expenditure

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

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

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>R thousand</b>	<b>1</b>										
<b>Revenue By Source</b>											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	200 836	274 193	166 105	166 105	166 105	90 854	273 450	285 482	298 328
Service charges - sanitation revenue	2	-	33 750	35 341	32 605	32 605	32 605	13 549	36 351	37 951	39 658
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-	-	-	-
Interest earned - external investments		-	19 298	6 479	13 702	6 324	6 324	3 080	9 000	7 308	7 637
Interest earned - outstanding debtors		-	52 555	69 485	41 215	41 215	41 215	1 990	71 713	74 869	78 238
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		-	928 151	1 134 912	1 057 469	1 057 469	1 057 469	706 704	1 184 019	1 265 191	1 363 105
Other revenue	2	-	2 040	162 538	241 149	141 699	141 699	1 583	3 173	3 056	3 194
Gains		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		-	1 236 631	1 682 948	1 552 247	1 445 419	1 445 419	817 760	1 577 706	1 673 856	1 790 160
<b>Expenditure By Type</b>											
Employee related costs	2	-	426 811	464 330	492 773	410 419	410 419	355 477	460 123	480 368	500 652
Remuneration of councillors		-	33 624	23 550	13 478	18 465	18 465	17 854	12 935	13 504	14 112
Debt impairment	3	-	162 531	56 133	65 174	65 174	65 174	-	70 005	73 085	76 374
Depreciation & asset impairment	2	-	183 231	202 187	210 525	210 525	210 525	-	219 126	228 768	239 063
Finance charges		-	66 798	38 145	358	358	358	37	150	157	164
Bulk purchases - electricity	2	-	124	-	-	-	-	-	-	-	-
Inventory consumed	8	-	53 271	187 659	540 071	530 813	530 813	-	346 514	444 252	462 369
Contracted services		-	188 321	150 618	205 846	121 239	121 239	139 646	147 977	152 265	159 117
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	-	177 540	180 131	184 251	206 811	206 811	117 303	146 244	181 042	180 082
Losses		-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		-	1 292 250	1 302 753	1 712 476	1 563 804	1 563 804	630 317	1 403 074	1 573 440	1 631 931

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 2022/2023 **R 560 762 524** has been allocated, 2023/2024 and 2024/2025 **R 634 958 876** and **R 590 995 982** has been allocated

#### **1.11.6 Explanatory notes to Table A6 - Budgeted Financial Position**

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

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

Table SA2 provides a detailed analysis of the major components of budgeted financial position items, including:

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

## Mopani District Municipality 2022/2023 Draft Budget and MTREF May 2022

DC33 Mopani - Table A6 Budgeted Financial Position											
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		–	8 748	8 770	37 974	31 652	31 652	115 687	65 223	21 728	88 166
Call investment deposits	1	–	208 921	21 383	–	–	–	215 588	–	–	–
Consumer debtors	1	1 475	1 383 763	1 509 760	2 037 108	2 037 108	2 037 108	1 506 825	1 567 968	1 660 931	1 755 544
Other debtors		27 809	178 838	235 452	70 676	70 676	70 676	184 693	14 212	14 212	14 212
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	–	–	–	114 691	123 950	123 950	30 448	30 000	34 087	38 354
<b>Total current assets</b>		<b>29 284</b>	<b>1 780 269</b>	<b>1 775 365</b>	<b>2 260 449</b>	<b>2 263 385</b>	<b>2 263 385</b>	<b>2 053 241</b>	<b>1 677 403</b>	<b>1 730 959</b>	<b>1 896 276</b>
<b>Non current assets</b>											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		–	–	–	–	–	–	–	–	–	–
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	(1 180)	5 763 540	6 297 795	733 338	810 757	22 041 883	6 547 893	6 530 453	7 021 568	7 325 339
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		–	7 998	8 026	1 734 173	1 733 924	1 733 924	8 026	8 054	8 554	8 554
Other non-current assets		–	432	432	665	665	665	432	432	432	432
<b>Total non current assets</b>		<b>(1 180)</b>	<b>5 771 971</b>	<b>6 306 253</b>	<b>2 468 176</b>	<b>2 545 346</b>	<b>23 776 472</b>	<b>6 556 351</b>	<b>6 538 939</b>	<b>7 030 554</b>	<b>7 334 325</b>
<b>TOTAL ASSETS</b>		<b>28 104</b>	<b>7 552 240</b>	<b>8 081 617</b>	<b>4 728 625</b>	<b>4 808 732</b>	<b>26 039 858</b>	<b>8 609 592</b>	<b>8 216 343</b>	<b>8 761 512</b>	<b>9 230 602</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	(39 818)	29 373	25 588	(188 302)	(188 302)	188 302	25 588	–	–	–
Consumer deposits		–	4 567	3 608	(212 439)	(212 439)	(212 439)	3 608	3 608	3 608	3 608
Trade and other payables	4	136 017	1 440 430	1 246 693	(434 364)	(425 106)	425 106	1 436 705	1 460 199	2 378 892	2 974 150
Provisions		(45 426)	1 278 052	1 339 131	(3 326 256)	(3 326 256)	(3 326 256)	1 339 131	–	–	–
<b>Total current liabilities</b>		<b>50 772</b>	<b>2 752 423</b>	<b>2 615 020</b>	<b>(4 161 360)</b>	<b>(4 152 102)</b>	<b>(2 925 287)</b>	<b>2 805 032</b>	<b>1 463 807</b>	<b>2 382 500</b>	<b>2 977 758</b>
<b>Non current liabilities</b>											
Borrowing		27 850	107 383	(44 623)	(4 489 795)	(4 489 795)	4 489 795	(96 500)	–	–	–
Provisions		(7 949)	73 873	88 269	(371 350)	(371 350)	371 350	88 269	–	–	–
<b>Total non current liabilities</b>		<b>19 900</b>	<b>181 257</b>	<b>43 646</b>	<b>(4 861 145)</b>	<b>(4 861 145)</b>	<b>4 861 145</b>	<b>(8 231)</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>TOTAL LIABILITIES</b>		<b>70 672</b>	<b>2 933 680</b>	<b>2 658 666</b>	<b>(9 022 505)</b>	<b>(9 013 247)</b>	<b>1 935 858</b>	<b>2 796 802</b>	<b>1 463 807</b>	<b>2 382 500</b>	<b>2 977 758</b>
<b>NET ASSETS</b>	5	<b>(42 569)</b>	<b>4 618 560</b>	<b>5 422 951</b>	<b>13 751 130</b>	<b>13 821 979</b>	<b>24 104 000</b>	<b>5 812 790</b>	<b>6 752 535</b>	<b>6 379 013</b>	<b>6 252 844</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		(42 569)	4 533 284	5 453 415	13 751 130	13 821 979	13 821 979	5 812 790	6 752 535	6 379 013	6 252 844
Reserves	4	–	–	–	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>(42 569)</b>	<b>4 533 284</b>	<b>5 453 415</b>	<b>13 751 130</b>	<b>13 821 979</b>	<b>13 821 979</b>	<b>5 812 790</b>	<b>6 752 535</b>	<b>6 379 013</b>	<b>6 252 844</b>

The municipality has a community wealth of R6 752 535 233 for the 2022/2023 financial year

### 1.11.7 Explanatory notes to Table A7 – Budgeted Cash Flow Statement

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.

**Table 14**

Description R thousands	2022/2023 Financial Period		
	Budget 2022/23	Budget 2023/24	Budget 2024/25
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>	<b>1 909 012 595.00</b>	<b>2 032 713 207.00</b>	<b>2 157 333 970.00</b>
Other revenue	140 172 599	142 559 211	148 074 382
Government - operating	1 184 019 000	1 265 190 996	1 363 104 996
Government - capital	575 820 996	617 655 000	638 517 732
Interest	9 000 000	7 308 000	7 636 860
<b>Payments</b>	<b>(1 304 409 811)</b>	<b>(1 441 248 541)</b>	<b>(1 499 900 706)</b>
Suppliers and employees	(1 304 259 811)	(1 441 091 941)	(1 499 737 062)
Finance charges	(150 000)	(156 600)	(163 644)
Transfers and Grants	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>604 602 784</b>	<b>591 464 666</b>	<b>657 433 264</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease (increase) other non-current receivables			

	-	-	-
Decrease (increase) in non-current investments	-	-	-
<b>Payments</b>	<b>(560 762 524)</b>	<b>(634 958 876)</b>	<b>(590 995 982)</b>
Capital assets	(560 762 524)	(634 958 876)	(590 995 982)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(560 762 524)</b>	<b>(634 958 876)</b>	<b>(590 995 982)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>	-	-	-
<b>Payments</b>	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	-	-	-
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>43 840 260.00</b>	<b>(43 494 210)</b>	<b>66 437 282</b>
Cash/cash equivalents at the year begin:	21 382 282	65 222 542	21 728 332
<b>Cash/cash equivalents at the year end:</b>	<b>65 222 542</b>	<b>21 728 332</b>	<b>88 165 614</b>

Cash and cash equivalents totals for 2022/2023 is estimated at **R 65 222 542**

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

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

2023/24 Budget - Table A6 Cash backed Reserves/accumulated surplus reconciliation

Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	-	(55 053)	1 409 199	37 974	24 274	24 274	325 490	65 223	21 728	88 166
Other current investments > 90 days		-	272 722	(1 379 046)	-	7 378	7 378	5 785	0	(0)	(0)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		-	217 669	30 153	37 974	31 652	31 652	331 275	65 223	21 728	88 166
<b>Application of cash and investments</b>											
Unspent conditional transfers		(11 749)	176 373	83 627	151 748	151 748	(151 748)	698 534	77 381	77 381	83 968
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	50 916	50 916	50 916	168 564	-	-	-
Other working capital requirements	3	143 022	1 265 164	1 161 539	(2 259 583)	(2 135 329)	(967 691)	712 388	806 301	1 706 511	2 265 375
Other provisions		-	-	-	3 326 256	3 326 256	3 326 256	(1 339 131)	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		131 273	1 441 537	1 245 165	1 269 337	1 393 591	2 257 733	240 354	883 682	1 783 893	2 349 343
Surplus(shortfall)		(131 273)	(1 223 868)	(1 215 013)	(1 231 363)	(1 361 939)	(2 226 081)	90 921	(818 460)	(1 762 164)	(2 261 177)
<b>References</b>											
1. Must reconcile with Budgeted Cash Flows											
2. For example: VAT, taxation											
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)											
4. For example: sinking fund requirements for borrowing											
5. Council approval required for each reserve created and basis of cash backing of reserves											
<b>Other working capital requirements</b>											
Debtors		-	3 520	4 739	1 666 506	1 551 510	1 551 510	28 754	576 517	594 999	624 807
Creditors due		143 022	1 268 684	1 166 278	(593 077)	(583 819)	583 819	741 142	1 382 818	2 301 510	2 890 182
Total		(143 022)	(1 265 164)	(1 161 539)	2 259 583	2 135 329	967 691	(712 388)	(806 301)	(1 706 511)	(2 265 375)
<b>Debtors collection assumptions</b>											
Balance outstanding - debtors		29 284	1 562 600	1 745 212	2 107 784	2 107 784	2 107 784	1 691 518	1 582 181	1 675 143	1 769 756
Estimate of debtors collection rate		0.0%	0.2%	0.3%	79.1%	73.6%	73.6%	1.7%	36.4%	35.5%	35.3%

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

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

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

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

The municipality has entered into repayment agreement with Lepelle Northern Water and Department of Water and Sanitation to pay R15 000 000 monthly and pay R50 000 000 upon receiving the Equitable share

#### **1.11.9 Explanatory notes to Table A9 - Asset Management**

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

Table 10: Cash Budgeted 2021/22 - Reconciling with Budgeted Cash Flows											
Description	Ref	2018/19	2019/20	2020/21	Current Year 2021/22				2022/23 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousand											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	-	(55 053)	1 409 199	37 974	24 274	24 274	325 490	65 223	21 728	88 166
Other current investments > 90 days		-	272 722	(1 379 046)	-	7 378	7 378	5 785	0	(0)	(0)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		-	217 669	30 153	37 974	31 652	31 652	331 275	65 223	21 728	88 166
<b>Application of cash and investments</b>											
Unspent conditional transfers		(11 749)	176 373	83 627	151 748	151 748	(151 748)	698 534	77 381	77 381	83 968
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	50 916	50 916	50 916	168 564	-	-	-
Other working capital requirements	3	143 022	1 265 164	1 161 539	(2 259 583)	(2 135 329)	(967 691)	712 388	806 301	1 706 511	2 265 375
Other provisions		-	-	-	3 326 256	3 326 256	3 326 256	(1 339 131)	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		131 273	1 441 537	1 245 165	1 269 337	1 393 591	2 257 733	240 354	883 682	1 783 893	2 349 343
<b>Surplus(shortfall)</b>		(131 273)	(1 223 868)	(1 215 013)	(1 231 363)	(1 361 939)	(2 226 081)	90 921	(818 460)	(1 762 164)	(2 261 177)
<b>References</b>											
1. Must reconcile with Budgeted Cash Flows											
2. For example: VAT, taxation											
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)											
4. For example: sinking fund requirements for borrowing											
5. Council approval required for each reserve created and basis of cash backing of reserves											
<b>Other working capital requirements</b>											
Debtors		-	3 520	4 739	1 666 506	1 551 510	1 551 510	28 754	576 517	594 999	624 807
Creditors due		143 022	1 268 684	1 166 278	(593 077)	(583 819)	583 819	741 142	1 382 818	2 301 510	2 890 182
<b>Total</b>		(143 022)	(1 265 164)	(1 161 539)	2 259 583	2 135 329	967 691	(712 388)	(806 301)	(1 706 511)	(2 265 375)
<b>Debtors collection assumptions</b>											
Balance outstanding - debtors		29 284	1 562 600	1 745 212	2 107 784	2 107 784	2 107 784	1 691 518	1 582 181	1 675 143	1 769 756
Estimate of debtors collection rate		0.0%	0.2%	0.3%	79.1%	73.6%	73.6%	1.7%	36.4%	35.5%	35.3%

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 **R528 031 744** will

be spend on new assets in the 2022/2023 financial year while an amount of **R8 730 078** and R **24 000 000** will be spend on renewal of existing assets and upgrading of asset respectively.

Of the total capital budget R **546 242 532** is for infrastructure, **R 500 000** is for intangible asset, **R 3 199 996** is for computer equipment, R 320 000 for Furniture and Office equipment, **R6 500 000** for machinery and equipment and **R3 999 996** for Transport asset

## **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.

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

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

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

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

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

For the measurable performance and indicators, the 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 Budget assumptions and bases**

The municipality prepared the 2022/23 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

## **2.5.2 Collection rate for revenue services**

- The debt impairment as indicated in the budget seeks to indicate that more efforts need to be put in the collection process.
- Revenue from local municipalities is never transferred to the district
- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity.
- The Municipality s tariff policy provide a broad framework within which council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The revenue tariff has been revised from those of the previous financial years to reflect increases in inflation and cost of providing

water and sanitation. The municipality has ensured that the tariffs are economic yet affordable by consumers. The tariffs for water and sanitation were set in consultation with the local municipalities.

## 2.6 Grants

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

**Table 15**

Description	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
Equitable Shares	1 170 419 000	1 262 191 000	1 360 105 000
EPWP	10 600 000	-	-
Financial Management Grant	3 000 000	3 000 000	3 000 000
Municipal Infrastructure Grant	523 460 000	548 285 000	574 696 000
Rural Roads Asset Management Grant	2 361 000	2 370 000	2 456 000
Water Services Infrastructure Grant	50 000 000	67 000 000	61 360 000
<b>Total</b>	<b>1 759 840 000</b>	<b>1 882 846 000</b>	<b>2 001 617 000</b>

## 2.7 Employee related costs and Remuneration of councillors

Employee related cost constitute 33% of the overall operating budget. The Salaries and Wages & social contribution item has a budget of **R460 123 144**. 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. The total remuneration of councillors budget is **R 12 934 786** for the 2022/2023 financial year.

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

SA30															
MONTHLY CASH FLOWS													Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	2022/2023	2023/2024	2024/2025
<b>Cash Receipts By Source</b>															
Interest earned - external investments	262 106	1 898 114	856 889	35 888	195 550	365 888	2 544 400	108 279	263 773	1 548 877	750 000	170 236	9 000 000	7 308 000	7 636 860
Transfers and Subsidies - Operational	435 169 000				4 550 000	328 056 000		3 038 000	413 206 000				1 184 019 000	1 265 190 996	1 363 104 996
Other revenue		-	23 589 545			31 388 146	259 131	20 549 730	29 826 553	-	22 878 444	11 681 049	140 172 599	142 559 211	148 074 382
<b>Cash Receipts by Source</b>	<b>435 431 106</b>	<b>1 898 114</b>	<b>24 446 434</b>	<b>35 888</b>	<b>4 745 550</b>	<b>359 810 034</b>	<b>2 803 531</b>	<b>23 696 009</b>	<b>443 296 326</b>	<b>1 548 877</b>	<b>23 628 444</b>	<b>11 851 285</b>	<b>1 333 191 599</b>	<b>1 415 058 207</b>	<b>1 518 816 238</b>
<b>Other Cash Flows by Source</b>															
Transfers and subsidies - capital (National	149 221 000	2 550 000		40 000 000	-	196 716 000		676 000	186 657 996				575 820 996	617 655 000	638 517 732
<b>Total Cash Receipts by Source</b>	<b>584 652 106</b>	<b>4 448 114</b>	<b>24 446 434</b>	<b>40 035 888</b>	<b>4 745 550</b>	<b>556 526 034</b>	<b>2 803 531</b>	<b>24 372 009</b>	<b>629 954 322</b>	<b>1 548 877</b>	<b>23 628 444</b>	<b>11 851 285</b>	<b>1 909 012 595</b>	<b>2 032 713 207</b>	<b>2 157 333 970</b>
<b>Cash Payments by Type</b>															
Employee related costs	31 485 092	32 271 740	33 890 256	35 884 384	39 009 746	52 262 383	32 434 370	32 449 811	39 270 833	34 926 168	69 751 651	39 421 496	473 057 930	493 872 341	514 764 029
Finance charges	12 500	12 500	12 500	12 500	12 500	12 500	12 500	12 500	12 500	12 500	12 500	12 500	150 000	156 600	163 644
Acquisitions - water & other inventory	74 855 666	30 656 888	26 500 000	25 000 000	25 000 000	80 689 700	25 000 000	61 490 447	65 000 000	60 878 000	60 555 000	50 888 000	586 513 701	694 812 287	724 203 873
Contracted services	12 331 450	9 000 000	35 856 222	1 544 000	-	12 331 450	12 331 450	6 500 000	12 589 777	1 500 000	31 661 601	12 331 446	147 977 396	152 265 081	159 116 836
Other expenditure	8 059 232	8 059 232	8 059 232	8 059 232	6 500 000	8 059 232	8 059 232	13 568 999	22 589 888	256 666	2 485 566	2 954 273	96 710 784	100 142 232	101 652 324
<b>Cash Payments by Type</b>	<b>126 743 940</b>	<b>80 000 360</b>	<b>104 318 210</b>	<b>70 500 116</b>	<b>70 522 246</b>	<b>153 355 265</b>	<b>77 837 552</b>	<b>114 021 757</b>	<b>139 462 998</b>	<b>97 573 334</b>	<b>164 466 318</b>	<b>105 607 715</b>	<b>1 304 409 811</b>	<b>1 441 248 541</b>	<b>1 499 900 706</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	25 554 444	46 730 210	69 888 788	25 000 000	38 788 000	46 730 210	98 555 888	25 888 666	98 787 555	15 000 000	36 589 888	33 248 875	560 762 524	634 958 876	590 995 982
<b>Total Cash Payments by Type</b>	<b>152 298 384</b>	<b>126 730 570</b>	<b>174 206 998</b>	<b>95 500 116</b>	<b>109 310 246</b>	<b>200 085 475</b>	<b>176 393 440</b>	<b>139 910 423</b>	<b>238 250 553</b>	<b>112 573 334</b>	<b>201 056 206</b>	<b>138 856 590</b>	<b>1 865 172 335</b>	<b>2 076 207 417</b>	<b>2 090 896 688</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>432 353 722</b>	<b>(122 282 456)</b>	<b>(149 760 564)</b>	<b>(55 464 228)</b>	<b>(104 564 696)</b>	<b>356 440 559</b>	<b>(173 589 909)</b>	<b>(115 538 414)</b>	<b>391 703 769</b>	<b>(111 024 457)</b>	<b>(177 427 762)</b>	<b>(127 005 305)</b>	<b>43 840 260</b>	<b>(43 494 210)</b>	<b>66 437 282</b>
<b>Cash/cash equivalents at the month/year begin:</b>	<b>21 382 282</b>	<b>453 736 004</b>	<b>331 453 548</b>	<b>181 692 984</b>	<b>126 228 756</b>	<b>21 664 060</b>	<b>378 104 619</b>	<b>204 514 710</b>	<b>88 976 296</b>	<b>480 680 066</b>	<b>369 655 609</b>	<b>192 227 847</b>	<b>65 222 542</b>	<b>65 222 542</b>	<b>21 728 332</b>
<b>Cash/cash equivalents at the month/year end:</b>	<b>453 736 004</b>	<b>331 453 548</b>	<b>181 692 984</b>	<b>126 228 756</b>	<b>21 664 060</b>	<b>378 104 619</b>	<b>204 514 710</b>	<b>88 976 296</b>	<b>480 680 066</b>	<b>369 655 609</b>	<b>192 227 847</b>	<b>65 222 542</b>	<b>65 222 542</b>	<b>21 728 332</b>	<b>88 165 614</b>

The total Cash Receipts by source of the municipality is mainly derive from the grant. The total grant anticipated to be received in the 2022/23 financial year is amounting to R1 759 840 000.

## **2.9 Contract having future budgetary implications**

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

## **2.10 Capital expenditure details**

**Table 17**

<b>R thousand</b>	<b>Budget Year 2022/23</b>	<b>Budget Year +1 2023/24</b>	<b>Budget Year +2 2024/25</b>
<b>Capital Expenditure – Functional</b>			
Finance	120 000	125 280	130 920
Public safety	8 500 000	8 874 000	9 273 330
Water Services	546 242 532	612 915 596	573 230 952
Administration	2 200 000	6 000 000	1 000 000
Information Technology	3 699 992	7 044 000	7 360 980
<b>Total Capital Expenditure - Functional</b>	<b>560 762 524</b>	<b>634 958 876</b>	<b>590 995 982</b>

## **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 2020\_2021 financial year:

<b>Category</b>	<b>Description of non-compliance</b>
PPE	Completed projects incorrectly classified as work in progress- GRAP 17
PPE	Infrastructure recognised at fair value in the absence of actual cost
VAT	Reconciliation of VAT receivable
Services Charges	GRAP 9, revenue from exchange transaction
Inventories	
Current liabilities	Misstatement of current liabilities
Material loss	Water loss
Commitment	No system in place for accounting for capital commitment
Procurement and contract management	SCM regulation 17(1)(a) and (c) MFMA 112(j) and SCM regulation 44 Section 21 of PPP framework
Revenue Management	Section 64(2)(b) of the MFMA
Expenditure Management	Section 65(2)(e) of the MFMA Section 65(2)(a) of the MFMA Section 62(1)(d) of the MFMA

Strategic planning and performance management	Municipal planning and performance management regulation 7(1)
Asset Management	Section 63(2)© of the MFMA

### **Municipal Systems Act**

The municipality is compliance in this regard

### **Municipal Structures Act**

The municipality is compliance in this regard

### **Treasury Regulations**

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

- Municipal investment Regulations  
The municipality is complying with the regulation
- Municipal Public –Private Partnership Regulations  
The municipality does not enter into Public-Private Partnership agreements
- Municipal Supply Chain Management Regulations  
The municipality does not fully comply with the regulations
- Municipal Regulations on Debt Disclosure

- Municipal Regulations on Minimum Competency Level

STATUS OF THE MINIMUM COMPETENCY LEVELS FOR MOPANI								
		as at May 2022						
Name	Surname	Position	Highest Education Qualification	Work Related Experience	Performance Agreement Signed (where required)	Completed Required Unit Standards	Requirements Met	Compliant ( )
Tshepo	Mogano	Acting Municipal Manager	✓	✓	✓	✓	4	✓
Jimmy	Mojela (acting)	Supply Chain Management Manager	✓	✓	No	✓	4	✓
Nthabiseng	Kgabi	Middle Manager: Finance	✓	✓	No	✓	4	✓
Ruth	Pootona	Middle Manager: Finance	✓	✓	No	✓	4	✓
Lethabo	Nkoane	Acting Chief Financial Officer	✓	✓	No	✓	4	✓
Andries	Makgoba	Middle Manager:	✓	✓	No	✓	4	✓

	(acting)	Finance						
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- 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																	
			2021	2021		2022														
			SUBMISSIONCODE																	
			RAUD	PAU D	AUD A	ORGB	PR OR	ADJ B	PRA D	M0 1	M0 2	M0 3	M0 4	M0 5	M0 6	M0 7	M0 8	M0 9	M1 0	
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 SA 1 – Supporting detail to budgeted financial performance
- MBRR SA 2 – Matrix financial Performance budget (revenue source/expenditure type and department)
- MBRR SA 3 – Supporting detail to statement of financial position

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

### **Conclusion**

The 2022/23 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 **Tshepo Jack Mogano**, acting Municipal Manager of Mopani District Municipality (DC 33), hereby certify that the draft budget and supporting documentation have been prepared in accordance with the Municipal Finance

Management Act and the regulations made under the Act, and that the final budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

**Mogano TJ**

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

**Signature:** \_\_\_\_\_