



BUDGET 2024/25 TO 2026/27
MEDIUM TERM REVENUE EXPENDITURE FRAMEWORK

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1. Mayor's Report

Council should note that section 2 of the Municipal Property Rates Act (MPRA), Act No.6 of 2004 gives municipalities the powers to levy property rates, which must be based on the market related values of the properties. Section 32(b)(i) of the MPRA limits the validity period of the valuation roll utilised for the basis of levying property rates to a period of five (5) financial years.

Based on the above requirement of the MPRA, it must be noted that with effect from 1 July 2024 a new General Valuation Roll will be implemented. It can be confirmed that all the required legal processes have been commenced with to comply with the MPRA.

The budget is also informed by the consideration of tariff increases for various services, such as, Electricity, Water, Refuse and Sanitation and Property Rates. The proposed increases for electricity tariffs are entirely dependent on the final outcomes of the Eskom tariff application to NERSA. The proposed electricity tariff increases have been based on the communication from NERSA that has been recently issued. The proposed tariff increases for Water, Sanitation and Refuse are linked to the projected Consumer Price Index (CPI) increases.

It is to be noted that Salary and Wage Bill is a major cost driver. The Collective Agreement dated 15 September 2021, regarding salary increases for municipal employees came in effect from the current financial year (2021/22), covering the period from 1 July 2021 to 30 June 2024. To guide salary increases, the current year increment (5.4%) was used as the new Collective Agreement is not yet in place.

It must be noted that the Tables contained in this report were, developed by our Budget and Treasury Directorate's staff, which is a good start with other gaps to be filled in to ensure that we fully comply with the MSCOA requirements by National Treasury as it relates to the budget preparation. It can also be confirmed that there has been team work undertaken with Financial Recovery team in this exercise and that will be the case in the submission of the required budget "strings" to National Treasury after the noting of this draft budget. Any other further improvements will be made in the period leading up to the final approval of the 2024/24 to 2026/27 budget (i.e. on or before end May 2024).

Lastly, let me take this opportunity to sincerely thank all role players who assisted in ensuring that the draft budget is submitted to Council for noting, leading up to the final approval of the budget on or before the end of May 2024.

I therefore table the draft budget 2024/24 to 2026/27 and the accompanying documents before Council for NOTING.

Honourable Cllr NKASHE
MAYOR DITSOBOTLA LOCAL MUNICIPALITY

1.1 Recommendations to Council

a) That the annual budget and its supporting documents (proposed tariffs, reviewed /draft policies and financial plan) for the MTREF 2024/2025 to 2026/2027 be considered.

b) That the total revenue budget of **R543 720 034** be considered of which **R497 221 034** is operational and **R46 499 000** is capital.

c) That the total expenditure budget of **R715 487 590** should be considered.

d) That the A Schedules (1-10) and supporting schedules should be submitted to Provincial and National treasuries as part of supporting documents.

e) That Council approve the capital expenditure by vote and associated category as well as funding reflected in the budget tables.

f) That Council approve the indicative estimates for the two outer years stipulated in the Schedules.

g) That the draft budget for the financial year 2024/2025 and the multi –year and single year capital appropriations as set out in accordance with Municipal Budget and Reporting Regulations(MBRR) be approved.

h) That the tariffs proposed in the tariff list be approved.

1.2. Executive Summary

The aim of this report is to present a coherent plan to achieve the vision of the municipality. The intention of this report is to link, integrate and co-ordinate development plans for DLM which is aligned with national, provincial and district development plans and planning requirements binding on the municipality in terms of legislation.

The key service delivery priorities, as reflected in the Integrated Development Plan (IDP), informed the development of the Budget, including the need to maintain the Municipality's financial sustainability.

This budget is prepared during a time in which the Collection Rate has been reported to be at its lowest, as illustrated in other structures of Council. Specific revenue collection strategies to improve the collection of outstanding consumer debt are being implemented by the Municipality. The mentioned strategies include participating in the smart meter grant as per circular 128.

Cost containment Regulations and Policy are also being implemented to further curb costs and to improve operational efficiency, in line with the requirements of the Cost Containment Regulations (Number 42514 dated 7 June 2019), as well as the recently approved Cost Containment Policy of Council.

All National Treasury's MFMA Circulars were used to guide the compilation of the 2024/25 MTREF, including the latest MFMA Circulars 126 and 128. MFMA Circular 128 was also tabled to the meeting of the Budget and Treasury Steering Committee for awareness.

The Municipality is faced with the following significant challenges during the compilation of the 2024/25 MTREF:

- the declining collection rate.
- Inability to budget for a surplus on the Operating Budget, due to various factors including prior year commitments with financial implications to the budget.
- Escalating Employee Related Costs, that continue to be greater than 30%, as compared to the total operating budget (after excluding the non-cash items), which is necessitated by various allowances that are paid to municipal employees.
- Ensuring that electricity and water losses are reduced to acceptable levels.
- Allocation of the required operating budget provision for newly created infrastructure and facilities, with a consequential impact on the level of property rates and tariff increases.
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure, more so due to the rampant vandalism of municipal infrastructure that has recently occurred.
- The vandalism to the municipal properties as reported in various structures of Council due to lacking security of the municipal assets.

1.3. Legislative Requirements

This budget has been compiled based on various MFMA Circulars such as the recent, Circular 126 and 128 issued by National treasury on 07 December 2023 and 08 March 2024 respectively.

The Annual Budget will also take into consideration the inputs made by Provincial Treasury through Municipal Budget and benchmarking engagements. The key objective is to assist the municipalities to table a funded budget as the directive from National Treasury over a certain period.

The MTREF for 2024/25 to 2026/27 was compiled in accordance with the requirements of the relevant legislation, of which the following are the most important:

- The Constitution of the Republic of South Africa, Act 108 of 1996;
- The Municipal Structures Act, Act 117 of 1998;
- The Municipal Systems Act, Act 32 of 2000;
- The Municipal Finance Management Act, Act 56 of 2003;
- The Municipal Budget and Reporting Regulations promulgated on 17 April 2009; and
- The 2024 Division of Revenue Bill.

1.4 Budget Principle and Guidelines

The following budget principles and guidelines directly informed the compilation of the 2024/25 MTREF:

- The declining Collection Rate, as previously alluded to.

- The priorities and targets, relating to the key strategic focus areas, as determined in the IDP.
- The need to enhance the municipality’s revenue base.
- The level of property rates and tariff increases to ensure the delivery of services on a financially sustainable basis.
- In accordance with Section 19 of the Municipal Finance Management Act (MFMA), the relevant Acting/Directors must submit comprehensive reports in relation to new projects, inter alia, dealing with the total project costs, funding sources, future operating budget implications and associated tariff implications, before Council finally approves the implementation of any new projects.
- It is also a requirement that new projects in the budgeting process, must be accompanied by a Business Plan, Cash Flows, and a Procurement Plan.

1.5 Consolidated Budget Overview

1.5.1 The table below outlines the budget Overview

The following macro-economic forecasts must be considered when preparing the 2024/25 MTREF municipal budgets. *MFMA Circular No. 128*

Table 1: Macroeconomic performance and projections, 2022 – 2027

Fiscal year	2022/23	2023/24	2024/25	2025/26	2026/27
Actual		Estimate		Forecast	
CPI Inflation	6.9%	6.0%	4.9%	4.6%	4.6%

Table 2: Budget Summary

Description	Budget Year 2024/25	Budget Year 2025/26	Budget Year 2026/27
Total Revenue excl. capital transfer	497 221	538 329	556 718
Capital transfer	46 499	48 863	50 871
Total Revenue Budget for the year	543 720	587 192	607 589
Total Revenue	543 720	587 192	607 589
minus Total Expenditure	(715 488)	(735 784)	(768 038)
Total Budget Surplus (Deficit)	(171 768)	(148 592)	(160 449)

To support the 2024/25 Operating Budget, the following increase in service charges were proposed with effect from 1 July 2024:

- Water - 4.9%
- Sanitation - 4.9%
- Refuse - 4.9%
- Electricity (Average) - 18.7% (On average depending on various customer categories, subject to NERSA approval).

It is also important to note that during the new financial year (2024/25), there will be an implementation of the new General Valuation Roll that was postponed from the previous financial year (i.e. 2023/24), through an authority obtained from the MEC: COGTA.

The Capital Budget over the MTREF period will be funded from government grants and subsidies as the municipality is still not in a position to generate enough income to top it up.

1.5.2. Operating Revenue Framework

Description	2019/20	2020/21	2021/22	Current year 2023/24			P r	2023/24 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast
Revenue by source										
Exchange Revenue										
Service charges - Electricity	140,522,771	233,697,376	-	224,795,000	224,795,000	224,795,000	#	135,913,798	142,573,574	149,559,679
Service charges - Water	102,813,050	72,894,366	-	73,102,000	73,102,000	73,102,000	#	39,684,297	41,628,828	43,668,641
Service charges - Waste Water Management	31,808,142	42,371,482	-	46,575,000	46,575,000	46,575,000	#	30,896,934	32,410,884	33,999,017
Service charges - Waste Management	9,247,693	21,010,587	-	24,206,000	24,206,000	24,206,000	#	14,733,398	15,455,335	16,212,646
Sale of Goods and Rendering of Services	155,051	303,545	-	-	-	-	#	-	-	-
Agency services	-	3,125,794	-	3,420,000	3,420,000	3,420,000	#	5,000,000	5,245,000	5,577,005
Interest	-	342	-	-	-	-	#	-	-	-
Interest earned from Receivables	52,665,001	38,212	-	500,000	500,000	500,000	#	500,000	524,500	594,701
Interest earned from Current and Non Current Assets	1,472,919	418,896	-	509,000	509,000	509,000	#	509,000	533,941	604,577
Dividends	-	-	-	-	-	-	#	-	-	-
Rent on Land	252,313	-	-	-	-	-	#	-	-	-
Rental from Fixed Assets	441,037	-	-	100,000	100,000	100,000	#	281,278	295,061	308,675
Licence and permits	-	-	-	9,280,000	9,280,000	9,280,000	#	10,000,000	10,490,000	10,974,010
Operational Revenue	600,773	(210,338)	-	222,000	222,000	222,000	#	-	-	-
Non-Exchange Revenue										
Property rates	76,934,267	68,444,102	-	80,765,000	80,765,000	80,765,000	#	84,453,329	88,591,542	92,932,528
Surcharges and Taxes	-	-	-	-	-	-	#	-	-	-
Fines, penalties and forfeits	8,087,329	3,980,992	-	4,356,000	4,356,000	4,356,000	#	7,000,000	7,343,000	7,681,807
Licences or permits	1,325,783	8,481,990	-	-	-	-	#	-	-	-
Transfer and subsidies - Operational	132,372,154	151,063,420	-	178,308,000	178,308,000	178,308,000	#	168,249,000	193,237,000	194,649,000
Interest	9,408,027	-	-	-	-	-	#	-	-	-
Fuel Levy	-	-	-	-	-	-	#	-	-	-
Operational Revenue	-	-	-	-	-	-	#	-	-	-
Gains on disposal of Assets	10,173,760	-	-	-	-	-	#	-	-	-
Other Gains	-	-	-	-	-	-	#	-	-	-
Discontinued Operations	-	-	-	-	-	-	#	-	-	-
Total Revenue (excluding capital transfers and contributions)	578,280,070	605,620,766	-	646,138,000	646,138,000	646,138,000	#	497,221,034	538,328,664	556,762,286

1.5.3. Operating Expenditure Framework

Description	2019/20	2020/21	2021/22	Current year 2023/24				2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit	Budget Year 2024/25	Budget Year 2025/26	Budget Year 2027/27
Expenditure by Item										
Employee related costs	182744270	195,566,956	-	217,959,994	217,959,994	217,959,994	-	295,680,319	310,168,655	325,366,919
Remuneration of councillors	16281983	17,127,406	-	18,972,000	18,972,000	18,972,000	-	20,186,685	21,175,833	22,213,449
Bulk purchases - electricity	143712113	146,673,486	-	200,000,000	200,000,000	200,000,000	-	203,754,462	213,738,431	223,596,350
Inventory consumed	-9912284	8,611,681	-	10,000,000	10,000,000	10,000,000	-	9,000,000	9,441,000	9,876,609
Debt impairment	392805250	108,739,214	-	-	-	-	-	122,266,124	115,062,703	119,727,031
Depreciation and amortisation	32649854	32,739,908	-	32,739,434	32,739,434	32,739,434	-	32,000,000	32,000,000	32,000,000
Interest	61235271	19,148,508	-	-	-	-	-	-	-	-
Contracted services	38713052	53,987,163	-	35,599,000	35,599,000	35,599,000	-	27,600,000	37,352,400	39,486,268
Transfers and subsidies	686142	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off	-2085134	-	-	(20,100,000)	(20,100,000)	(20,100,000)	-	-	-	-
Operational costs	38890395	23,225,880	-	9,999,991	9,999,991	9,999,991	-	5,000,000	5,245,000	5,487,005
Losses on disposal of Assets	17579903	2,188,763	-	-	-	-	-	-	-	-
Other Losses	18,024,236	-	-	-	-	-	-	-	-	-
Total Expenditure	931,325,051	608,008,965	-	505,170,419	505,170,419	505,170,419	-	715,487,590	744,184,021	777,753,631

Employee related cost: This component is one of the main contributing costs of the opex. The budgeted allocation for salaries and allowances for the 2024/25 financial year totals R295 million. Salary increases have been factored into this budget at a percentage increase of 5.4% for municipal staff and senior managers. As part of the Municipality's cost reprioritisation and cash management strategy non-critical vacancies have been frozen for the MTREF period.

remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs (COGTA) in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been considered in preparing the budget, with some projections for increases during the 2024/25 MTREF.

The National Energy Regulator of South Africa (NERSA) is responsible for the price determination of the bulk costs of electricity. In January 2023, NERSA approved tariff increases of 18.7 percent in 2024/25.

Contracted services. This line item includes all the services outsourced by the municipality such as consultant fees, security services, etc. It must be noted that all contracts of the municipality has lapsed.

Inventory consumed and other expenditure components had decrease as result of cost containment measures.

A provision of R11 million is made for finance charges to cater for interest charged on overdue creditors of the municipality.

Debt Impairment

The provision for debt impairment was guided by a targeted annual collection rate of below 60% on other services and 70% on property rates for the three financial years (i.e. 2024/25,

2025/26 & 2026/27) respectively. The Collection Rate is based on billed revenue (i.e. Electricity, Water, Sanitation, Property Rates and Refuse).

1.5.4 ALLOCATION OF GRANTS IN TERMS OF THE DIVISION OF REVENUE BILL (2024/2025 to 2026/27)

Description	Budget Year 24/25	Budget Year 25/26	Budget Year 26/27
Equitable Share	184,896,000.00	189,068,000.00	190,426,000.00
FMG	3,000,000.00	3,000,000.00	3,000,000.00
EPWP	1,213,000.00	-	-
Library Grant	1 140 000	1 169 000	1 223 000
Total Operating Grants	189,109,000.00	192,068,000.00	193,426,000.00
MIG	42,499,000.00	44,460,000.00	48,111,000.00
INEP	4,000,000.00	3,300,000.00	2,981,000.00
Total Capital Grants	46,499,000.00	47,760,000.00	51,092,000.00

1.6 ANNUAL CONSOLIDATED BUDGET TABLES

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's 2024/25 Budget and MTREF to be considered for approval by Council. Each table is accompanied by the brief *explanatory notes*.

Explanatory notes to Table A1 - Budget Summary

The aim of the Budget Summary is to provide a concise overview of the proposed budget from all the major financial perspectives (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance). The table provides an overview of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash, and funding compliance.

Choose name from list - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		209,668	143,026	78,224	259,304	259,304	259,304	253,993	283,156	288,992
Executive and council		2,113	-	-	-	-	-	1,213	-	-
Finance and administration		207,555	143,026	78,224	259,304	259,304	259,304	252,780	283,156	288,992
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1,085	757	182	1,100	1,100	1,100	-	-	-
Community and social services		1,085	152	193	1,100	1,100	1,100	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	(16)	(11)	-	-	-	-	-	-
Health		-	621	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		70,053	(17,770)	176	60,189	60,189	60,189	58,499	60,333	64,244
Planning and development		62,934	9,994	99	52,413	52,413	52,413	46,499	47,760	51,092
Road transport		7,119	4,478	78	7,776	7,776	7,776	12,000	12,573	13,152
Environmental protection		-	(32,241)	-	-	-	-	-	-	-
<i>Trading services</i>		369,974	169,736	184,006	368,678	368,678	368,678	221,228	232,069	243,440
Energy sources		233,697	132,036	88,499	224,795	224,795	224,795	135,914	142,574	149,560
Water management		72,894	49,745	53,674	73,102	73,102	73,102	39,684	41,629	43,669
Waste water management		42,371	27,734	24,110	46,575	46,575	46,575	30,897	32,411	33,999
Waste management		21,011	(39,780)	17,722	24,206	24,206	24,206	14,733	15,455	16,213
<i>Other</i>	4	8,482	172	2,065	-	-	-	10,000	10,490	10,974
Total Revenue - Functional	2	659,262	295,921	264,653	689,271	689,271	689,271	543,720	586,047	607,651
Expenditure - Functional										
<i>Governance and administration</i>		353,198	1,087,342	226,949	156,478	155,378	155,378	302,469	312,584	349,294
Executive and council		34,459	45,001	36,721	52,181	51,081	51,081	60,720	61,991	84,450
Finance and administration		318,739	1,042,341	190,229	104,297	104,297	104,297	241,749	250,593	264,844
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1,096	1,644	(80)	74,348	73,498	73,498	62,393	64,797	74,232
Community and social services		662	726	(70)	60,863	60,013	60,013	14,426	17,319	52,308
Sport and recreation		388	516	(10)	3,732	3,732	3,732	38,052	38,298	9,455
Public safety		46	402	-	16	16	16	6,742	6,164	9,297
Housing		-	-	-	9,737	9,737	9,737	3,173	3,017	3,172
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		11,790	6,321	4,982	28,132	24,932	24,932	74,228	56,084	46,837
Planning and development		7,949	4,917	3,635	12,393	9,193	9,193	19,247	31,413	31,500
Road transport		1,816	1,346	1,326	15,623	15,623	15,623	54,872	24,556	15,214
Environmental protection		2,025	58	21	115	115	115	109	116	124
<i>Trading services</i>		243,584	317,745	314,677	266,313	271,814	271,814	266,049	273,535	279,068
Energy sources		174,956	234,751	220,913	232,916	237,216	237,216	214,720	232,254	242,521
Water management		67,844	82,778	93,765	26,579	26,579	26,579	28,315	18,307	20,395
Waste water management		190	186	-	3,945	5,146	5,146	11,014	13,560	6,306
Waste management		595	30	-	2,873	2,873	2,873	12,000	9,414	9,847
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	609,668	1,413,051	546,528	525,270	525,621	525,621	705,138	707,001	749,432
Surplus/(Deficit) for the year		49,593	(1,117,130)	(281,875)	164,001	163,650	163,650	(161,418)	(120,954)	(141,781)

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by functional classification)

The aim of the standard classification approach is to ensure that all municipalities approve a budget in one common format, to facilitate comparison across all municipalities.

Choose name from list - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue by Vote	1									
Vote 1 - Executive & Council		2,113	-	-	-	-	-	1,213	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 3 - Finance		207,207	122,935	76,413	256,204	256,204	256,204	252,780	283,156	288,992
Vote 4 - Corporate Support Services		348	20,091	1,811	3,100	3,100	3,100	-	-	-
Vote 5 - Planning and LED		-	(2)	-	9,280	9,280	9,280	-	-	-
Vote 6 - Community Services		7,963	4,426	-	8,876	8,876	8,876	5,000	5,230	5,471
Vote 7 - Technical and Infrastructure Services		296,643	142,032	88,675	267,928	267,928	267,928	189,413	197,677	208,333
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 111]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 1210]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	514,274	289,482	166,899	545,388	545,388	545,388	448,405	486,062	502,796
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive & Council		30,605	38,719	28,878	42,090	40,990	40,990	43,625	46,781	68,733
Vote 2 - Municipal Manager		65,608	93,153	107,671	11,412	11,412	11,412	17,095	15,211	15,718
Vote 3 - Finance		187,207	882,212	31,271	63,284	63,284	63,284	198,378	203,787	204,371
Vote 4 - Corporate Support Services		69,777	73,258	59,129	37,227	37,227	37,227	35,964	38,918	52,072
Vote 5 - Planning and LED		6,183	3,509	2,529	13,581	10,381	10,381	18,073	27,765	49,359
Vote 6 - Community Services		1,295	1,001	(86)	8,208	8,208	8,208	56,015	26,033	17,369
Vote 7 - Technical and Infrastructure Services		177,706	237,028	223,361	298,765	302,214	302,214	228,107	246,619	255,786
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 111]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 1210]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	538,382	1,328,880	452,753	474,567	473,716	473,716	597,256	605,114	663,407
Surplus/(Deficit) for the year	2	(24,108)	(1,039,397)	(285,855)	70,821	71,672	71,672	(148,851)	(119,052)	(160,611)

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

The purpose of the format in which the budget is presented, is to enable the Council to enforce a vote in accordance with the municipality’s organisational structure, to assign responsibility for the revenue and expenditure recorded against these votes to the Directors concerned. Operating revenue and expenditure is thus presented by ‘vote’. A ‘vote’ is defined in terms of section 1 of the MFMA as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

Choose name from list - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
		R thousand									
Revenue											
Exchange Revenue											
Service charges - Electricity	2	233,697	132,036	88,501	224,795	224,795	224,795	32,314	135,914	142,574	149,560
Service charges - Water	2	72,894	33,593	21,239	73,102	73,102	73,102	4,145	39,684	41,629	43,669
Service charges - Waste Water Management	2	42,371	27,734	24,110	46,575	46,575	46,575	18,618	30,897	32,411	33,999
Service charges - Waste Management	2	21,011	(39,780)	17,722	24,206	24,206	24,206	5,305	14,733	15,455	16,213
Sale of Goods and Rendering of Services		303	(31,861)	381	-	-	-	226	-	-	-
Agency services		3,126	2,647	-	3,420	3,420	3,420	8	5,000	5,230	5,471
Interest		0	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		38	16	36	500	500	500	(10,486)	1,009	1,032	1,102
Interest earned from Current and Non Current As		419	548	622	509	509	509	34	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		-	160	(10)	100	100	100	-	281	295	309
Licence and permits		-	(43)	-	9,280	9,280	9,280	-	-	-	-
Operational Revenue		(210)	436	(508)	222	222	222	-	-	-	-
Non-Exchange Revenue											
Property rates	2	68,444	73,137	76,047	80,765	80,765	80,765	69,980	84,453	88,592	92,933
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		3,981	1,831	19	4,356	4,356	4,356	-	7,000	7,343	7,682
Licences or permits		8,482	172	2,065	-	-	-	1,614	10,000	10,490	10,974
Transfer and subsidies - Operational		151,063	97,694	34,427	178,308	178,308	178,308	19,429	168,249	193,237	194,649
Interest		-	-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and		605,620	298,320	264,653	646,138	646,138	646,138	141,187	497,221	538,287	556,559
Expenditure											
Employee related costs	2	195,567	222,807	285,071	217,960	217,960	217,960	243,861	295,680	289,282	323,615
Remuneration of councillors		17,127	15,695	14,657	18,972	18,972	18,972	13,722	20,187	22,087	14,315
Bulk purchases - electricity	2	146,673	188,318	156,867	200,000	200,000	200,000	33,365	203,754	213,127	222,927
Inventory consumed	8	8,612	4,506	24	10,000	10,000	10,000	30	9,000	9,414	9,847
Debt impairment	3	108,739	642,206	-	-	-	-	-	-	-	-
Depreciation and amortisation		32,740	591,188	-	32,739	32,739	32,739	-	32,000	32,000	32,000
Interest		19,149	38,461	63,987	-	-	-	-	-	-	-
Contracted services		53,987	68,849	19,875	35,599	36,800	36,800	11,556	27,600	31,656	32,888
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		-	-	-	-	-	-	-	122,266	115,063	119,727
Operational costs		24,885	11,224	4,698	10,000	9,150	9,150	3,513	5,000	5,230	5,471
Losses on disposal of Assets		2,189	(370,311)	-	-	-	-	-	-	-	-
Other Losses		-	53	-	-	-	-	-	-	-	-
Total Expenditure		609,668	1,412,998	545,179	525,270	525,621	525,621	306,048	715,488	717,858	760,790
Surplus/(Deficit)		(4,048)	(1,114,677)	(280,526)	120,868	120,517	120,517	(164,861)	(218,267)	(179,571)	(204,231)
Transfers and subsidies - capital (monetary)	6	53,641	(2,399)	-	43,133	43,133	43,133	-	46,499	47,760	51,092
Transfers and subsidies - capital (in-kind)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		49,593	(1,117,076)	(280,526)	164,001	163,650	163,650	(164,861)	(171,768)	(131,811)	(153,139)
Income Tax		-	-	-	-	-	-	17	-	-	-
Surplus/(Deficit) after income tax		49,593	(1,117,076)	(280,526)	164,001	163,650	163,650	(164,878)	(171,768)	(131,811)	(153,139)
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		49,593	(1,117,076)	(280,526)	164,001	163,650	163,650	(164,878)	(171,768)	(131,811)	(153,139)
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	49,593	(1,117,076)	(280,526)	164,001	163,650	163,650	(164,878)	(171,768)	(131,811)	(153,139)

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

The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the annual results and the original budget, to assess performance.

Vote Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance		-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Support Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning and LED		-	-	-	-	-	-	-	-	-	-
Vote 6 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Technical and Infrastructure Services		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 111]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 1210]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance		20,982	(33,588)	-	-	-	-	-	-	-	-
Vote 4 - Corporate Support Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning and LED		-	0	-	-	-	-	-	-	-	-
Vote 6 - Community Services		4	-	-	32,346	-	-	-	-	-	-
Vote 7 - Technical and Infrastructure Services		36,706	33,100	15,185	97,053	28,600	28,600	28,600	5,428	5,721	6,036
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 111]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 1210]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		57,692	(488)	15,185	129,399	28,600	28,600	28,600	5,428	5,721	6,036
Total Capital Expenditure - Vote		57,692	(488)	15,185	129,399	28,600	28,600	28,600	5,428	5,721	6,036
Capital Expenditure - Functional											
Governance and administration		20,982	(33,588)	-	-	-	-	12,357	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		20,982	(33,588)	-	-	-	-	12,357	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	(1)	-	6,284	6,284	(4)	5,428	5,721	6,036
Community and social services		-	-	(1)	-	727	727	(1)	5,428	5,721	6,036
Sport and recreation		-	-	-	-	5,557	5,557	(3)	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		35,723	31,006	12,663	90,903	25,455	25,455	110,332	-	-	-
Planning and development		36,158	31,006	12,120	58,557	25,455	25,455	109,434	-	-	-
Road transport		(435)	-	458	32,346	-	-	638	-	-	-
Environmental protection		-	-	85	-	-	-	260	-	-	-
Trading services		987	2,094	2,609	38,496	3,146	3,146	5,690	-	-	-
Energy sources		987	2,094	2,609	38,496	3,146	3,146	5,690	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	57,692	(488)	15,270	129,399	34,884	34,884	128,375	5,428	5,721	6,036
Funded by:											
National Government		36,706	23,417	15,185	97,053	34,884	34,884	106,071	5,428	5,721	6,036
Provincial Government		-	9,683	-	-	-	-	9,683	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	36,706	33,100	15,185	97,053	34,884	34,884	115,754	5,428	5,721	6,036
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		4	-	85	32,346	-	-	264	-	-	-
Total Capital Funding	7	36,710	33,100	15,270	129,399	34,884	34,884	116,018	5,428	5,721	6,036

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

Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; 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.

Choose name from list - Table A6 Budgeted Financial Position

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
ASSETS											
Current assets											
Cash and cash equivalents		(58,908)	(36,999)	(228,748)	(22,735)	101,579	101,579	(407,625)	(82,904)	18,108	1,650
Trade and other receivables from exchange transactions	1	265,637	228,655	294,112	84,796	27,541	27,541	293,165	(122,691)	(166,929)	(173,967)
Receivables from non-exchange transactions	1	227,420	295,891	373,204	16,653	500	500	440,625	28,793	12,486	13,062
Current portion of non-current receivables		(26)	(26)	(26)	-	-	-	(26)	-	-	-
Inventory	2	3,023	3,089	3,089	(10,000)	(10,000)	(10,000)	3,089	(9,000)	(9,414)	(9,847)
VAT		142,278	738,764	743,579	55,882	41,885	41,885	731,874	52,509	53,484	55,827
Other current assets		84	84	84	-	-	-	84	(1,500)	(1,574)	(1,646)
Total current assets		579,508	1,229,458	1,185,294	124,596	161,505	161,505	1,061,185	(134,793)	(93,839)	(114,921)
Non current assets											
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		122,852	124,782	124,782,412.00	-	-	-	124,782	-	-	-
Property, plant and equipment	3	911,572	1,984,384	1,999,654	96,660	2,145	2,145	2,021,461	(26,572)	(26,279)	(25,964)
Biological assets		-	-	-	-	-	-	-	-	-	-
Living and non-living resources		-	-	-	-	-	-	-	-	-	-
Heritage assets		507	507	507	-	-	-	507	-	-	-
Intangible assets		-	-	-	-	-	-	-	-	-	-
Trade and other receivables from exchange transactions		-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-
Other non-current assets		-	-	-	-	-	-	-	-	-	-
Total non current assets		1,034,931	2,109,673	2,124,943	96,660	2,145	2,145	2,146,750	(26,572)	(26,279)	(25,964)
TOTAL ASSETS		1,614,439	3,339,131	3,310,237	221,256	163,650	163,650	3,207,935	(161,365)	(120,118)	(140,885)
LIABILITIES											
Current liabilities											
Bank overdraft		-	-	-	-	-	-	-	-	-	-
Financial liabilities		-	-	-	-	-	-	-	-	-	-
Consumer deposits		3,587	(4,317)	(5,254)	-	-	-	(8,131)	-	-	-
Trade and other payables from exchange transactions	4	991,365	1,297,662	1,567,246	-	0	0	1,633,011	-	-	-
Trade and other payables from non-exchange transactions	5	4,901	61,737	62,008	-	-	-	62,008	-	-	-
Provision		41,194	43,493	43,493	-	-	-	43,493	53	836	896
VAT		67,043	679,849	684,971	57,255	-	-	687,343	-	-	-
Other current liabilities		-	-	-	-	-	-	-	-	-	-
Total current liabilities		1,108,090	2,078,424	2,352,464	57,255	0	0	2,417,723	53	836	896
Non current liabilities											
Financial liabilities	6	-	-	-	-	-	-	-	-	-	-
Provision	7	12,416	12,416	12,416	-	-	-	12,416	-	-	-
Long term portion of trade payables		-	-	-	-	-	-	-	-	-	-
Other non-current liabilities		-	-	-	-	-	-	-	-	-	-
Total non current liabilities		12,416	12,416	12,416	-	-	-	12,416	-	-	-
TOTAL LIABILITIES		1,120,506	2,090,840	2,364,880	57,255	0	0	2,430,139	53	836	896
NET ASSETS		493,933	1,248,291	945,358	164,001	163,650	163,650	777,797	(161,418)	(120,954)	(141,781)
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	373,198	1,154,258	852,621	164,001	163,650	163,650	683,710	(171,768)	(131,811)	(153,139)
Reserves and funds	9	28,268	28,268	28,268	-	-	-	(28,268)	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	10	401,467	1,182,527	880,889	164,001	163,650	163,650	655,442	(171,768)	(131,811)	(153,139)

Explanatory notes to Table A6 - Budgeted Financial Position

The table presents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to show items in order of liquidity, i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.

Any movement on the Budgeted Financial Performance or the Capital Budget will impact on the Budgeted Financial Position. For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end.

Similarly, the collection rate assumption informs the budget provision for debt impairment, which in turn impacts on the provision for bad debts.

Choose name from list - Table A7 Budgeted Cash Flows

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	-	64,612	80,765	80,765	-	67,563	88,592	92,933
Service charges		-	-	-	339,184	339,184	339,184	-	203,530	266,879	279,956
Other revenue		16,970	16,897	16,952	19,331	19,331	19,331	33,081	24,573	25,760	26,948
Transfers and Subsidies - Operational	1	954,867	1,544,179	2,176,499	178,817	178,817	178,817	2,894,585	168,249	193,237	194,649
Transfers and Subsidies - Capital	1	(5,790)	(26,715)	(59,390)	43,133	43,133	43,133	(83,871)	46,499	47,760	51,092
Interest		(74)	(74)	(74)	-	-	-	(74)	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		11,838	13,325	13,325	(667,812)	(559,651)	(559,651)	(13,325)	(587,076)	(597,541)	(636,986)
Interest		-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		977,811	1,547,612	2,147,312	(22,735)	101,579	101,579	2,830,397	(76,662)	24,687	8,591
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		-	-	-	148,809	40,117	40,117	10	(6,242)	(6,579)	(6,941)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	148,809	40,117	40,117	10	(6,242)	(6,579)	(6,941)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		977,811	1,547,612	2,147,312	126,074	141,696	141,696	2,830,407	(82,904)	18,108	1,650
Cash/cash equivalents at the year begin:	2	-	-	-	-	-	-	-	-	(82,904)	(64,796)
Cash/cash equivalents at the year end:	2	977,811	1,547,612	2,147,312	126,074	141,696	141,696	2,830,407	(82,904)	(64,796)	(63,146)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

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

It reflects the expected cash in-flows versus cash outflows that is likely to result from the implementation of the budget.

Choose name from list - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Cash and investments available											
Cash/cash equivalents at the year end	1	977,811	1,547,612	2,147,312	126,074	141,696	141,696	2,830,407	(82,904)	(64,796)	(63,146)
Other current investments > 90 days		(1,036,718)	(1,584,611)	(2,376,060)	(148,809)	(40,117)	(40,117)	(3,238,032)	-	82,904	64,796
Non current investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		(58,908)	(36,999)	(228,748)	(22,735)	101,579	101,579	(407,625)	(82,904)	18,108	1,650
Application of cash and investments											
Unspent conditional transfers		4,901	61,737	62,008	-	-	-	62,008	-	-	-
Unspent borrowing											
Statutory requirements	2										
Other working capital requirements	3	984,384	1,285,234	1,553,560	(3,187)	4,724	4,724	1,594,645	(17,859)	(3,407)	(3,566)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		989,285	1,346,970	1,615,568	(3,187)	4,724	4,724	1,656,652	(17,859)	(3,407)	(3,566)
Surplus(shortfall) - Excluding Non-Current Creditors		(1,048,192)	(1,383,969)	(1,844,316)	(19,548)	96,855	96,855	(2,064,277)	(65,045)	21,515	5,216
Creditors transferred to Debt Relief - Non-Current Creditors		-	-	-	-	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Creditors		(1,048,192)	(1,383,969)	(1,844,316)	(19,548)	96,855	96,855	(2,064,277)	(65,045)	21,515	5,216

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

1. Table A8 shows the cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

2. The table assesses 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.

3. As part of the budgeting and planning guidelines that informed the compilation of the 2022/23 MTREF, the end objective of the medium-term framework was to ensure the budget is funded as required in accordance with section 18 of the Local Government: Municipal Finance Management Act (56 of 2003).

Our table shows everything in brackets which means our budget is not funded and we are actually budgeting for money we don't have. It means we have to work very hard to make sure we stick to the budget funding plan otherwise we will not reach what we have budgeted for.

Explanatory notes to Table A9 - Asset Management

The table provides a summarised version of the capital programme divided into new assets and renewal of existing assets; and reflects the relevant asset categories. The associated repairs and maintenance and depreciation is also reflected.

It also provides an indication of the resources deployed for maintaining and renewing existing assets, as well as the extent of asset expansion.

National Treasury has suggested that municipalities should allocate at least 40% of their capital budget to the renewal/rehabilitation of existing assets, and allocations to repairs and maintenance should be 8% of PPE.

Choose name from list - Table A10 Basic service delivery measurement

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<i>Informal Settlements</i>		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)										
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided	8	-	-	-	-	-	-	-	-	-
Highest level of free service provided per household										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		(14,556)	(18,145)	(18,804)	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	6	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided		(14,556)	(18,145)	(18,804)	-	-	-	-	-	-

Explanatory notes to Table A10 - Basic Service Delivery Measurement

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

We do not have a lot of information because the municipality is unable to budget effectively for service delivery because of the low collection rate. We handle situations as they appear, we have actually doing crisis management.

2. Overview of Budget Process

2.1 Alignment of Annual Budget with Integrated Development Plan

The Integrated Development Plan (IDP) determines and prioritises the needs of the community.

The review of the IDP, in accordance with the Municipal Systems Act (32 of 2000), was guided and informed by the following principles:

- Achievement of the five strategic priorities of the municipality.
- Focusing on service delivery backlogs and the maintenance of infrastructure.
- Addressing community priorities (needs) as identified.

The review of the IDP focused on establishing measurable performance indicators and targets. These targets informed the preparation of the multi-year budget, as well as the Service Delivery and Budget Implementation Plan (SDBIP).

The 2024/25 to 2026/27 Operating and Capital Budgets were prepared in accordance with the IDP.

2.2 Basic social services package for indigent households

The Constitution of the Republic of South Act (1996) stipulates that a municipality must structure and manage its administration, budgeting and planning to give priority to the basic needs of the community and to promote their social and economic development.

The basic social package is an affirmation of the Municipality's commitment to push back the frontiers of poverty by providing social welfare to those residents who cannot afford to pay, because of adverse social and economic conditions.

Equitable Share allocation is utilised towards assisting the poor. The National Treasury has allocated the following amounts towards the Equitable Share in terms of the Division of Revenue Act (DORA) for this purpose: -

2024/25 = R 184,896,000,
2025/26 = R 189,068,000, and
2026/27 = R 190,426,000.

2.3. Overview of the Budget Related Policies

The Budget Related Policies may be reviewed as part of the compilation of the Medium Term Revenue and Expenditure Framework for the 2024/2025– 2026/2027 period.

The Budget related policies will be considered by Council in May 2023. The policies are reviewed as part of the budget compilation as required by the Municipal Budget and Reporting regulations, most changes are on the Supply Chain Management Policy.

The policies are:

- Budget Management
- Virement
- Rate Policy
- Tariff
- Credit Control and Debt collection
- Asset Management
- Cost Containment
- Supply Chain Management
- Indigent Policy

2.4 Annual Budgets and Service Delivery and Budget Implementation

In terms of section 53 (1)(c)(ii) of the MFMA, the Service Delivery and Budget Implementation Plan (SDBIP) constitutes a detailed plan for implementing the Municipality's delivery of services and its annual budget, which must include the following:

(a) Monthly projections of

- Revenue to be collected, and
- Operational and capital expenditure.

(b) Service delivery targets and performance indicators for each quarter.

In accordance with Section 53 of the MFMA, the Mayor is required to approve the SDBIP within 28 days after the final approval of the budget. Furthermore, the Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators, as set out in the SDBIP, are made public within 14 days after the approval of the SDBIP.

The SDBIP gives effect to the IDP and Budget of the Municipality. It includes the service delivery targets and performance indicators for each quarter, which forms the basis for the performance agreements of the Directors. It therefore facilitates oversight over the financial and non-financial performance of the Municipality and allows the Municipal Manager to monitor the performance of the Directors, the Mayor/Council to monitor the performance of the Municipal Manager, and the Community to monitor the performance of the Municipality.

The SDBIP relating to the 2024/25 financial year must be approved by the Mayor, following the approval of the Budget, on or before end May 2024.

2.5. Overview of the Budget Funding

The Municipality derives its operational revenue from the provision of services such as water, electricity, sanitation and solid waste removal. Property rates, operating and

capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.).

It is expected that the capital revenue will increase over the MTREF period as government grants will increase.

2.8 COUNCILLORS AND BOARD MEMBERS ALLOWANCES AND EMPLOYEE BENEFITS

The remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs (COGTA) in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been considered in preparing the budget, with some projections for increases during the 2024/25 MTREF.

	2024/25 MTREF		
Councillors (Political Office Bearers)	2024/25	2025/26	2026/27
Basic salaries	R 17,007,879.00	R 17,007,879.00	R 17,007,879.00
Pension and UIF	R -	R -	R -
Skills development	R 151,705.00	R 151,705.00	R 151,705.00
Cellphone allowance	R 140,400.00	R 140,400.00	R 140,400.00
Other benefits and Allowances	R -	R -	R -
Motor Vehicle allowance	R 2,886,701.00	R 2,886,701.00	R 2,886,701.00
		R -	R -
Total salary budget	R 20,186,685.00	R 20,186,685.00	R 20,186,685.00
	2024/25 MTREF		
Senior Managers and Staff	2024/25	2025/26	2026/27
Basic salaries	R 214,244,138.58	R 226,241,810.34	R 238,911,351.72
Pension and UIF	R 36,005,830.24	R 38,022,156.73	R 40,151,397.51
Skills development	R 2,242,587.47	R 2,368,172.36	R 2,500,790.02
Bargaining council	R 110,973.30	R 117,187.80	R 123,750.32
Medical aid	R 12,756,150.77	R 13,470,495.21	R 14,224,842.95
Gratuity for MM and Senior Managers	R 128,630.16	R 135,833.45	R 143,440.12
Overtime	R 12,940,864.14	R 13,665,552.53	R 14,430,823.47
Standby allowance	R 4,249,886.69	R 4,487,880.34	R 4,739,201.64
Other benefits and Allowances	R 527,024.96	R 556,538.36	R 587,704.50
Motor Vehicle allowance	R 8,240,786.70	R 8,702,270.75	R 9,189,597.91
Housing Allowance	R 620,445.87	R 655,190.84	R 691,881.52
EPWP	R 1,213,000.00	R 1,280,928.00	R 1,352,659.97
Ward committee (out of pocket refund)	R 2,400,000.00	R 2,534,400.00	R 2,676,326.40
Total salary budget	R 295,680,318.86	R 312,238,416.72	R 329,723,768.06
Total Salary bill	R 315,867,003.86	R 332,425,101.72	R 349,910,453.06

2.7. Legislation Compliance Status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

2.7.1. Budget

The annual budget document has been developed taking the MFMA and National Treasury (NT) requirements as guided by the National Treasury Circulars (i.e. Circulars 126 and 128) into account. All attempts are always being made to ensure that Budgets as well as any other compliance related documents are being tabled and approved within the required legislated timeframes except where there are system challenges.

The institution must conclude the delay in finalising the sourcing of a new system vendor or upgrading the system that is currently in use, to meet the MSCOA demands as the failure thereto places the credibility of the financial information at risk.

2.7.2 In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 MFMA reporting to the Treasuries (within 10 working days) has progressively improved.

2.7.3 Supply Chain Management Policy (SCM)

In terms of section 168(1) of MFMA, amendments were made to the Regulations published under General Notice No. 868 of 30 May 2005, as amended by a Government Notice No. 31 of 20 January 2017 regarding Supply Chain Management as set out in the Schedule.

The following regulations should be amended,

Regulation 12

Regulation 14

Regulation 16 has been deleted

Regulation 18

Regulation 19, and

Regulation 35

This policy will be amended and tabled before council with other policies under review during the 2024/2025– 2026/2027 Budget approval in May 2023.

2.7.4. Audit Committee

Audit Committee period has lapsed. New members must be elected.

2.7.5 Internal Audit Function

The Municipality has an Internal Audit unit reporting to the Acting Municipal Manager.

2.8 CAPITAL EXPENDITURE DETAILS

A detailed capital budget per funding source is attached as an Annexure to this Budget Report for more information. Also attached as a separate Annexure to this is the National Treasury Circulars (126 and 128). There will be some more work that will have to be undertaken immediately after the budget is tabled to Council relating to the listed projects and to further unpack any projects appearing requiring more attention.

3. QUALITY CERTIFICATE

I,..... Acting Municipal Manager of Ditsobotla Local Municipality, hereby certify that the draft Medium Term Revenue and Expenditure Framework (MTREF 2024/25 to 2026/27) has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, No. 56 Of 2003.

Signature:

Date:

Mr. R.C Mooketsi

Acting Municipal Manager