DITSOBOTLA LOCAL MUNICIPALITY

DRAFT MEDIUM TERM REVENUE EXPENDITURE FRAMEWORK REPORT

2026/27-2028/29

[Municipal Finance Management Act 56 of 2003]

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PART 1- ANNUAL BUDGET

1. Mayor's Report

Despite facing deteriorating infrastructure, inadequate services, and a weakening economy, along with high unemployment, poverty, and inequality, the municipality refuses to give up on its residents. With a fresh commitment to transparent governance, responsible spending, and closer ties with the community, belief is building that it can turn things around and become a vibrant engine of economic growth and social upliftment.

In terms of section 2 of the Municipal Property Rates Act 6 of 2004, municipalities are empowered to impose property rates based on market-related property values, while section 32(b)(i) restricts the validity of a valuation roll used for rating purposes to five financial years. The municipality met these legislative requirements by implementing its new General Valuation Roll on 1 July 2024 after completing all required legal procedures. This has led to a marked increase in property rates revenue, strengthening the municipality's financial position and improving its capacity to deliver services and meet development goals.

This year's budget also introduces an incentive scheme designed to provide relief to customers. The scheme aims to encourage timely payment of municipal accounts, assist struggling households, and reduce outstanding debt by offering rebates or discounts to qualifying ratepayers. Through this intervention, Council seeks to balance revenue collection with social responsibility, ensuring that residents benefit from improved affordability while the municipality maintains a sustainable income base for service delivery.
The budget makes provision for possible tariff adjustments across key services such as electricity, water, refuse removal, sanitation, and property rates. Electricity tariff changes remain subject to the outcome of the application submitted to NERSA for approval. Meanwhile, proposed increases for water, sanitation, and refuse services are linked to projected Consumer Price Index (CPI) movements. It should also be noted that the Salary and Wage Bill remain one of the major cost drivers impacting the budget.

I wish to sincerely thank everyone who contributed to ensuring the budget was finalized and submitted to Council for approval. This keeps us on track for implementation from 1 July 2026.
The budget for the 2026/27 to 2028/29 period, together with all supporting documents, is hereby tabled before Council for final approval.

HONOURABLE CLLR MW MORUTSE

MAYOR DITSOBOTLA LOCAL MUNICIPALITY

1.1. Recommendations

1.1.1. That the tabled 2026/2027 Integrated Development Plan (IDP) be adopted by council.

1.1.2. That the MTREF Budget be adopted as follows:

1.1.3. That the MTREF Budget be adopted as follows:

a) That the annual budget and its supporting documents (tariffs, reviewed policies (both finance and human resource related), procurement plan and financial plan) for the MTREF 2026/2027 to 2028/2029 be approved.

b) That the total revenue budget of **R761 662 000** and **R919 353 000** operational budget be approved.

c) That the **R45 242 000** capital budget constituted of grant funding (MIG) be approved.

d) That Council note the deficits over the MTREF and the implementation of both FRP and Funding Plan be monitored by the mayor and report to Council.

e) That the draft A Schedules (1-10) and supporting schedules should be submitted to provincial and national Treasuries as part of supporting documents.

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

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

h) That the budget for the financial year 2026/2027 and the multi –year and single year capital appropriations as set out in accordance with Municipal Budget and Reporting Regulations (MBRR) be approved.

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

j) That the following budget-related policies be approved:

a. The Budget Policy;
b. Unspent Conditional Grant;
c. Asset Management Policy;
d. Unauthorised, Irregular, Fruitless and Wasteful Expenditure Policy;
e. Supply Chain Management Policy;
f. Cost-containment Policy;
g. Indigent Management Policy;

h. Credit Control and Debt Collection Management Policy (and its by-laws);
i. Cash and Investment Policy;
j. Tarriff Policy (and its by-laws); and
k. Property Rates Policy (and its by-laws).

k) That the following human resources-related policies be approved:

a. Payroll Policy and Procedure Manual;
b. Employment Equity Policy;
c. Leave (Management Policy);
d. Attendance and Punctuality Policy;
e. Occupational Health and Safety Policy;
f. Placement Policy;
g. Recruitment, Selection and Appointment Policy;
h. Promotion, Transfer, Secondment and Acting Appointment Policy;
i. Overtime Allowance Policy and Standard Procedure Manual;
j. Job Evaluation Policy;
k. Skills Development Policy; and
l. Fraud Prevention and Whistle Blowing Policy.

l) That the following planning and development related policies be approved:

a. Land disposal Policy
b. Wayleave Policy
c. Informal Settlement and Land Invasion
d. House Allocation Policy
e. Informal Trade bylaws
f. Township Economic bylaws
g. Building Control bylaws

J) That to give effect to the budget implementation the following be approved:

a. The current debt incentive be extended and reviewed in six months with the mid-term budget report (2026/27).

b. That the funding plan be costed to reflect revenue anticipate per department and at least quarterly implementation progress report tabled to Council, and monthly report to portfolio Committees to monitor.

c. That to rectify the current exorbitant charges received by consumers due to historical meter reading related challenges, a lower tariff methodology be applied on the inclining step tariff to determine the charges as a relief and ramification of accounts prior to application of the incentive scheme.

1.1.4. That the council-adopted 2026/2027 IDP and MTREF Budget be submitted to both the MEC responsible for local government, national and provincial treasuries as required in terms of the Municipal Systems Act and the Municipal Finance Management Act.

1.1.5. That the public be notified of the council decision adopting the IDP and Budget in terms of section 21A of the Local Government: Municipal Systems Act No.32 of 2000.

1.2. Executive Summary

The municipality faces a challenging fiscal outlook as detailed in the Medium-Term Revenue and Expenditure Framework (MTREF). The 2026/27 Original Budget (ORGB) reflects an operating deficit of **R157.6 million,** with revenue of **R761.6 million** unable to fund expenditure of **R919.3 million.** While revenue exceeds the FRP target by **R86.3 million (12.9%)** due to stronger current-year performance in electricity, property rates, water, wastewater and waste revenue, expenditure is **R167.8 million (22.3%)** above the FRP targets. This is driven by employee costs, bulk electricity purchases, debt impairment, contracted services, and a R100 million provision for irrecoverable debts, leaving the **deficit R81.5 million** higher than the FRP target of **R83.0 million**. The FRP did not provide for irrecoverable debt.

The deficit reduces over the MTREF. Despite this positive trend, the budget remains unfunded across the MTREF and does not comply with Section 18 of the MFMA. To achieve a funded budget, Council must adhere to the FRP activities and revenue improvement plans that were developed.

Reasons for decline

The decline in surplus is largely attributed to the escalating operational expenditure, which is driven by rising contracted services, bulk purchases expenses and non-cash items. Furthermore, the municipality should explore innovative revenue enhancement strategies, including improving billing efficiency, expanding its revenue base through Financial Recovery Plan activities. Below is the summary table for revenue and expenditure:

					MTREF		
Item	**Budget Year 2025/26 R**	**YTA Mid-term R**	**Adjusted Amounts R**	**"FRP TARGETS Budget Year 2026/27 R**	**Budget Year 2026/27 R**	**Budget Year 2027/28 R**	**Budget Year 2028/29 R**
Total Revenue	888,110	388,998	719 861	668 598	761 662	789 099	814 559
Total Expenditure	(635,600)	(288,552)	(811 076)	(751 556)	(919 353)	(864 823)	(892 696)
Surplus/(Deficit)	**252,510**	**100,446**	**(91 615)**	**(82 958)**	**(157 691)**	**(75 724)**	**(78 137)**
Total Capital	44 709	32 650	50 209	45 242	45 242	50 009	51 523

Key amendments to the policies.

As part of the 2026/2027-2028/2029 Medium Term Revenue and Expenditure Framework, the municipality is reviewing and refining its budget-related policies to ensure alignment with strategic objectives. This review encompasses existing policies, such as Credit Control, Tariff, UIF&W, Unspent Conditional Grants and Indigent among others.

1.3. ANNUAL BUDGET TABLES

The annual budget tables will be included as a separate annexure to this document for easy reference, as the tables included in the budget narrative may not be sufficiently readable.

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.

NW384 Ditsobotla - Table A1 Budget Summary

Description	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Financial Performance										
Property rates	77 442	83 202	88 630	92 750	161 300	161 300	90 178	166 784	172 288	177 801
Service charges	160 655	126 142	163 844	193 118	334 580	334 580	169 223	355 234	367 139	379 104
Investment revenue	622	891	370	200	500	500	266	783	809	835
Transfer and subsidies - Operational	34 427	183 637	187 589	194 595	185 726	185 726	138 482	200 529	209 265	215 953
Other own revenue	3 339	11 808	11 671	407 446	40 848	40 848	67 165	38 332	39 598	40 865
Total Revenue (excluding capital transfers and contributions)	276 485	405 680	452 104	888 110	722 954	722 954	465 313	761 662	789 099	814 559
Employee costs	285 071	300 537	288 338	300 000	300 000	300 000	163 587	300 000	309 900	319 817
Remuneration of councillors	14 657	17 443	17 053	18 000	18 500	18 500	14 050	18 500	19 111	19 723
Depreciation, amortisation and impairment	(551 082)	74 164	33 818	32 000	32 000	32 000	–	32 000	32 000	33 024
Interest, Dividends and Rent on Land	63 987	54 239	26 087	–	35 100	35 100	35 942	31 163	31 163	32 160
Inventory consumed and bulk purchases	161 927	220 282	215 731	203 000	213 000	213 000	160 388	235 904	243 686	251 484
Transfers and subsidies	–	–	–	–	–	–	–	–	–	–
Other expenditure	43 391	18 392	75 423	82 600	212 476	212 476	28 722	301 786	228 963	236 489
Total Expenditure	17 951	685 057	656 450	635 600	811 076	811 076	402 689	919 353	864 823	892 696
Surplus/(Deficit)	258 533	(279 377)	(204 346)	252 510	(88 122)	(88 122)	62 624	(157 691)	(75 724)	(78 137)
Transfers and subsidies - capital (monetary allocations)	–	35 813	24 949	42 709	42 709	42 709	32 650	45 242	50 090	51 523
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	258 533	(243 564)	(179 397)	295 219	(45 413)	(45 413)	95 274	(112 449)	(25 634)	(26 614)
Share of Surplus/Deficit attributable to Associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	258 533	(243 564)	(179 397)	295 219	(45 413)	(45 413)	95 274	(112 449)	(25 634)	(26 614)
Capital expenditure & funds sources										
Capital expenditure	15 670	23 888	140 528	42 460	5 500	5 500	165 413	37 988	42 508	42 000
Transfers recognised - capital	15 670	28 185	140 927	42 460	–	–	165 811	37 988	42 508	42 000
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	4	–	–	–
Total sources of capital funds	15 670	28 185	140 927	42 460	–	–	165 815	37 988	42 508	42 000
Financial position										
Total current assets	1 518 998	1 209 768	1 301 995	(114 089)	(18 913)	(18 913)	1 509 475	671 081	915 285	967 846
Total non current assets	2 113 556	1 139 601	1 126 769	10 460	(26 500)	(26 500)	1 151 653	1 081 497	1 115 155	1 143 754
Total current liabilities	2 409 940	2 823 004	2 771 900	(398 848)	–	–	2 923 458	2 274 482	2 214 392	1 937 048
Total non current liabilities	40 736	50 582	52 421	–	–	–	52 421	–	–	–
Community wealth/Equity	(2 963 170)	(3 899 861)	(1 764 335)	295 219	(45 413)	(45 413)	(1 869 778)	(521 905)	(183 952)	174 552
Cash flows										
Net cash from (used) operating	2 124 963	3 127 165	3 815 539	(126 113)	(103 528)	(103 528)	4 678 253	42 438	76 763	82 122
Net cash from (used) investing	–	555	550	(48 829)	(6 325)	(6 325)	550	(37 988)	(42 508)	(43 500)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	2 104 258	3 107 016	3 795 384	(174 942)	(109 853)	(109 853)	4 658 098	7 842	42 097	80 719
Cash backing/surplus reconciliation										
Cash and investments available	2 104 258	3 107 016	3 795 384	(174 942)	(109 853)	(109 853)	4 658 098	7 842	42 097	80 719
Application of cash and investments	1 933 068	2 366 913	2 341 577	(447 247)	(74 426)	(74 426)	2 494 426	1 828 470	1 560 328	1 237 780
Balance - surplus (shortfall)	171 189	740 103	1 453 808	272 306	(35 427)	(35 427)	2 163 673	(1 820 628)	(1 518 230)	(1 157 061)
Asset management										
Asset register summary (WDV)	2 039 834	1 070 176	1 063 257	10 460	(26 500)	(26 500)		937 584	966 349	980 517
Depreciation	(551 082)	74 164	33 818	32 000	32 000	32 000		32 000	32 000	33 024
Renewal and Upgrading of Existing Assets	563	555	555	–	–	–		–	–	–
Repairs and Maintenance	1 345	8 000	12 582	7 100	8 600	8 600		9 611	9 966	10 295
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–		–	–	–
Revenue cost of free services provided	–	–	–	–	–	–		–	–	–
Households below minimum service level										
Water:	–	–	–	–	–	–		–	–	–
Sanitation/sewerage:	–	–	–	–	–	–		–	–	–
Energy:	–	–	–	–	–	–		–	–	–
Refuse:	–	–	–	–	–	–		–	–	–

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.

NW384 Ditsobotla - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue - Functional										
Governance and administration		**79 608**	**249 069**	**275 634**	**288 080**	**346 816**	**346 816**	**372 155**	**389 099**	**401 550**
Executive and council		–	–	1 213	1 467	1 467	1 467	1 301	–	–
Finance and administration		79 608	249 069	274 421	286 613	345 349	345 349	370 854	389 099	401 550
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		**604**	**594**	**588**	**1 576**	**32**	**32**	**323**	**334**	**345**
Community and social services		193	173	179	1 576	–	–	290	300	310
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		410	422	409	–	32	32	33	34	35
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**1 098**	**44 919**	**34 807**	**47 515**	**53 368**	**53 368**	**60 709**	**64 058**	**65 929**
Planning and development		134	35 839	26 309	42 965	45 052	45 052	45 416	50 270	51 709
Road transport		964	9 080	8 498	4 550	8 316	8 316	15 293	13 788	14 221
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**193 109**	**144 833**	**163 844**	**591 148**	**362 947**	**362 947**	**371 424**	**383 330**	**395 813**
Energy sources		92 361	93 166	116 523	532 520	204 899	204 899	208 178	214 513	221 576
Water management		58 036	21 117	7 755	14 043	70 574	70 574	72 798	75 383	77 813
Waste water management		24 629	22 047	20 863	24 049	53 604	53 604	55 427	57 256	59 088
Waste management		18 084	8 504	18 703	20 536	33 870	33 870	35 022	36 177	37 335
Other	4	**2 065**	**2 078**	**2 181**	**2 500**	**2 500**	**2 500**	**2 293**	**2 369**	**2 445**
Total Revenue - Functional	2	**276 485**	**441 493**	**477 053**	**930 819**	**765 663**	**765 663**	**806 904**	**839 189**	**866 082**
Expenditure - Functional										
Governance and administration		**(312 810)**	**337 281**	**419 456**	**193 855**	**350 715**	**350 715**	**456 156**	**385 217**	**397 737**
Executive and council		36 725	35 924	31 790	24 198	40 862	40 862	51 604	53 306	55 013
Finance and administration		(349 534)	301 357	387 666	169 658	309 854	309 854	404 552	331 911	342 724
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		**(80)**	**50**	**(22 164)**	**68 923**	**(649)**	**(649)**	**55 197**	**57 018**	**58 843**
Community and social services		(70)	50	(22 249)	61 578	(1 835)	(1 835)	43 329	44 759	46 191
Sport and recreation		(10)	–	85	7 325	(547)	(547)	9 284	9 591	9 897
Public safety		–	0	–	10	386	386	582	601	620
Housing		–	–	–	10	1 348	1 348	2 002	2 068	2 134
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**12 676**	**9 894**	**5 426**	**38 835**	**41 231**	**41 231**	**74 136**	**78 183**	**80 678**
Planning and development		3 635	3 250	1 162	3 585	5 663	5 663	10 079	10 412	10 745
Road transport		9 021	393	22	28 325	35 568	35 568	62 007	65 653	67 747
Environmental protection		21	6 251	4 242	6 925	1	1	2 051	2 118	2 186
Trading services		**319 714**	**337 832**	**253 732**	**333 986**	**419 778**	**419 778**	**333 864**	**344 405**	**355 438**
Energy sources		220 913	257 041	219 896	258 286	253 727	253 727	276 096	284 204	293 305
Water management		98 801	80 174	33 758	27 000	18 446	18 446	48 920	51 054	52 692
Waste water management		–	617	67	28 600	166 373	166 373	6 911	7 145	7 375
Waste management		–	–	11	20 100	(18 767)	(18 767)	1 938	2 002	2 066
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	**19 500**	**685 057**	**656 450**	**635 600**	**811 076**	**811 076**	**919 353**	**864 823**	**892 696**
Surplus/(Deficit) for the year		**256 984**	**(243 564)**	**(179 397)**	**295 219**	**(45 413)**	**(45 413)**	**(112 449)**	**(25 634)**	**(26 614)**

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.

NW384 Ditsobotla - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue by Vote	1									
Vote 1 - Executive & Council		–	–	1 213	1 467	1 467	1 467	1 301	–	–
Vote 2 - Municipal Manager		–	–	–	–	–	–	–	–	–
Vote 3 - Finance		77 797	249 069	274 421	286 613	345 349	345 349	370 854	389 099	401 550
Vote 4 - Corporate Support Services		1 811	–	–	–	–	–	–	–	–
Vote 5 - Planning and LED		446	422	411	106	348	348	193	200	206
Vote 6 - Community Services		20 343	10 754	21 063	24 612	36 370	36 370	44 391	43 847	45 242
Vote 7 - Technical and Infrastructure Services		176 088	181 249	179 945	618 021	382 129	382 129	390 165	406 044	419 084
Vote 8 - Technical and Infrastructure Services		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**276 485**	**441 493**	**477 053**	**930 819**	**765 663**	**765 663**	**806 904**	**839 189**	**866 082**
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Executive & Council		28 882	28 406	30 063	22 341	33 003	33 003	39 931	41 248	42 569
Vote 2 - Municipal Manager		107 671	101 008	39 914	1 867	56 067	56 067	44 665	46 139	47 616
Vote 3 - Finance		(508 505)	151 615	122 033	133 422	194 228	194 228	298 186	223 682	231 828
Vote 4 - Corporate Support Services		59 141	56 252	227 447	36 226	65 020	65 020	70 554	71 236	72 720
Vote 5 - Planning and LED		2 529	2 293	508	9 467	7 447	7 447	11 435	11 813	12 191
Vote 6 - Community Services		(59)	50	(22 153)	89 013	(21 407)	(21 407)	56 041	57 890	59 742
Vote 7 - Technical and Infrastructure Services		329 840	339 183	254 398	343 264	474 321	474 321	395 721	409 903	423 024
Vote 8 - Technical and Infrastructure Services		–	–	–	–	2 398	2 398	2 820	2 913	3 006
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	**19 500**	**678 806**	**652 208**	**635 600**	**811 075**	**811 075**	**919 353**	**864 822**	**892 695**
Surplus/(Deficit) for the year	2	**256 984**	**(237 313)**	**(175 156)**	**295 219**	**(45 413)**	**(45 413)**	**(112 448)**	**(25 633)**	**(26 613)**

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.

NW384 Ditsobotla - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue											
Exchange Revenue											
Service charges - Electricity	2	92 342	93 170	116 523	134 690	176 524	176 524	102 347	191 988	198 323	204 868
Service charges - Water	2	25 601	2 421	7 755	13 943	70 574	70 574	28 324	72 798	75 383	77 813
Service charges - Waste Water Management	2	24 629	22 047	20 863	23 949	53 612	53 612	22 554	55 427	57 256	59 088
Service charges - Waste Management	2	18 084	8 504	18 703	20 536	33 870	33 870	15 998	35 022	36 177	37 335
Sale of Goods and Rendering of Services	2	429	299	774	1 107	836	836	425	864	893	922
Agency services	2	-	7 968	7 496	2 500	8 099	8 099	-	8 375	8 651	8 928
Interest		-	-	-	-	-	-	138	-	-	-
Interest earned from Receivables	2	-	1	73	1 000	25 875	25 875	54 523	26 755	27 638	28 522
Interest earned from Current and Non Current Assets	2	622	891	370	200	500	500	266	783	809	835
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	411	422	409	4	32	32	222	33	34	35
Licence and permits	2	36	-	2	6	6	6	-	-	-	-
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	-	-	-	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	(508)	-	-	500	500	500	-	-	-	-
Non-Exchange Revenue											
Property rates	2	77 442	83 202	88 630	92 750	161 300	161 300	90 178	166 784	172 288	177 801
Surcharges and Taxes	2	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	906	1 041	714	3 000	3 000	3 000	14	12	13	13
Licences or permits	2	2 065	2 078	2 181	2 500	2 500	2 500	1 400	2 293	2 369	2 445
Transfer and subsidies - Operational	2	34 427	183 637	187 589	194 595	185 726	185 726	138 482	200 529	209 265	215 953
Interest	2	-	-	-	-	-	-	10 445	-	-	-
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	-	22	-	-	-	-	-	-	-
Other Gains	2	-	-	-	396 830	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		**276 485**	**405 680**	**452 104**	**888 110**	**722 954**	**722 954**	**465 313**	**761 682**	**789 099**	**814 659**
Expenditure											
Employee related costs	2	265 071	300 537	288 338	300 000	300 000	300 000	163 587	300 000	309 900	319 817
Remuneration of councillors	2	14 657	17 443	17 053	18 000	18 500	18 500	14 050	18 500	19 111	19 723
Bulk purchases - electricity	2	156 867	215 953	209 894	200 000	210 000	210 000	160 388	229 110	236 671	244 244
Inventory consumed	2,8	5 060	4 328	5 837	3 000	3 000	3 000	-	6 794	7 015	7 239
Debt Impairment	2,3	-	-	-	53 000	53 000	53 000	-	130 000	162 000	167 000
Depreciation, amortisation and impairment	2	(551 082)	74 164	33 818	32 000	32 000	32 000	-	32 000	32 000	33 024
Interest, Dividends and Rent on Land	2	63 987	54 239	26 087	-	35 100	35 100	35 942	31 163	31 163	32 160
Contracted services	2	19 879	5 698	49 395	27 600	44 476	44 476	19 704	53 786	47 943	49 467
Transfers and subsidies	2	-	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off	2	1 349	-	-	-	100 000	100 000	-	100 000	-	-
Operational costs	2	19 793	12 694	26 028	2 000	15 000	15 000	9 018	18 000	19 020	20 021
Disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Losses	2	2 370	-	-	-	-	-	-	-	-	-
Total Expenditure		**17 961**	**685 057**	**656 450**	**635 600**	**811 076**	**811 076**	**402 689**	**919 353**	**864 823**	**892 698**
Surplus/(Deficit)		**258 533**	**(279 377)**	**(204 346)**	**252 510**	**(88 122)**	**(88 122)**	**62 624**	**(157 691)**	**(75 724)**	**(78 137)**
Transfers and subsidies - capital (monetary allocations)	6	-	35 813	24 949	42 709	42 709	42 709	32 650	45 242	50 090	51 523
Transfers and subsidies - capital (in-kind)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		**258 533**	**(243 564)**	**(179 397)**	**295 219**	**(45 413)**	**(45 413)**	**95 274**	**(112 449)**	**(25 634)**	**(26 614)**
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		**258 533**	**(243 564)**	**(179 397)**	**295 219**	**(45 413)**	**(45 413)**	**95 274**	**(112 449)**	**(25 634)**	**(26 614)**
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		**258 533**	**(243 564)**	**(179 397)**	**295 219**	**(45 413)**	**(45 413)**	**95 274**	**(112 449)**	**(25 634)**	**(26 614)**
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	**258 533**	**(243 564)**	**(179 397)**	**295 219**	**(45 413)**	**(45 413)**	**95 274**	**(112 449)**	**(25 634)**	**(26 614)**

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.

Vote Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - Executive & 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 - Technical and Infrastructure Services		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
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		–	(4 297)	(402)	–	–	–	(402)	–	–	–
Vote 4 - Corporate Support Services		–	–	–	–	–	–	–	–	–	–
Vote 5 - Planning and LED		–	–	0	–	–	–	0	–	–	–
Vote 6 - Community Services		–	–	–	2 018	–	–	–	3 795	11 500	15 000
Vote 7 - Technical and Infrastructure Services		13 061	28 078	131 180	34 396	5 500	5 500	151 586	30 094	28 008	27 000
Vote 8 - Technical and Infrastructure Services		2 609	109	9 754	6 046	–	–	14 232	4 100	3 000	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		15 670	23 891	140 531	42 460	5 500	5 500	165 415	37 988	42 508	42 000
Total Capital Expenditure - Vote		15 670	23 891	140 531	42 460	5 500	5 500	165 415	37 988	42 508	42 000
Capital Expenditure - Functional											
Governance and administration		–	(4 297)	(402)	–	–	–	(402)	–	–	–
Executive and council		–	–	–	–	–	–	–	–	–	–
Finance and administration		–	(4 297)	(402)	–	–	–	(402)	–	–	–
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		–	(3)	(3)	2 018	–	–	(3)	1 500	9 500	15 000
Community and social services		–	–	–	2 018	–	–	–	1 500	9 500	15 000
Sport and recreation		–	(3)	(3)	–	–	–	(3)	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		13 061	28 078	131 180	34 396	–	–	151 586	30 094	28 008	27 000
Planning and development		12 603	27 463	130 542	31 791	–	–	145 540	23 594	26 508	22 000
Road transport		458	616	638	2 605	–	–	6 046	6 500	1 500	5 000
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		2 609	109	9 754	6 046	5 500	5 500	14 232	6 395	5 000	–
Energy sources		2 609	109	9 754	6 046	–	–	14 232	4 100	3 000	–
Water management		–	–	–	–	5 500	5 500	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	2 295	2 000	–
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	15 670	23 888	140 528	42 460	5 500	5 500	165 413	37 988	42 508	42 000
Funded by:											
National Government		15 670	27 558	130 617	42 460	–	–	155 467	37 988	42 508	42 000
Provincial Government		–	627	10 310	–	–	–	10 344	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	15 670	28 185	140 927	42 460	–	–	165 811	37 988	42 508	42 000
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		–	–	–	–	–	–	4	–	–	–
Total Capital Funding	7	15 670	28 185	140 927	42 460	–	–	165 815	37 988	42 508	42 000

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.

NW384 Ditsobotla - Table A6 Budgeted Financial Position

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
ASSETS											
Current assets											
Cash and cash equivalents	1	(208 324)	8 470	867	(174 592)	(113 276)	(113 276)	33 220	8 639	43 579	51 472
Short term Investments	2	–	–	–	–	–	–	–	–	–	–
Trade and other receivables from exchange transactions	3	746 056	290 426	371 647	(19 003)	(42 311)	(42 311)	427 188	272 740	384 969	404 995
Receivables from non-exchange transactions	3	481 274	401 337	389 455	40 911	95 511	95 511	497 926	343 561	439 790	462 879
Current portion of non-current receivables	4	(26)	(26)	(26)	–	–	–	(26)	–	–	–
Inventory	5	719	719	719	(3 000)	–	–	719	6 794	7 015	7 239
VAT Receivable	6	499 214	508 758	514 177	41 595	41 163	41 163	525 291	39 348	39 932	41 261
Other current assets	7	84	84	25 157	–	–	–	25 157	–	–	–
Total current assets		**1 518 998**	**1 209 768**	**1 301 995**	**(114 089)**	**(18 913)**	**(18 913)**	**1 509 475**	**671 081**	**915 285**	**967 846**
Non current assets											
Investments	8	–	–	–	–	–	–	–	–	–	–
Investment property	9	120 073	251 785	251 785	–	–	–	251 785	251 785	251 785	251 785
Property, plant and equipment	10	1 992 976	887 310	874 477	10 460	(26 500)	(26 500)	899 361	829 205	862 864	891 462
Biological assets	11	–	–	–	–	–	–	–	–	–	–
Living resources	12	–	–	–	–	–	–	–	–	–	–
Heritage assets	13	507	507	507	–	–	–	507	507	507	507
Intangible assets	14	–	–	–	–	–	–	–	–	–	–
Trade and other receivables from exchange transactions	15	–	–	–	–	–	–	–	–	–	–
Non-current receivables from non-exchange transactions	15	–	–	–	–	–	–	–	–	–	–
Other non-current assets	16	–	–	–	–	–	–	–	–	–	–
Total non current assets		**2 113 556**	**1 139 601**	**1 126 769**	**10 460**	**(26 500)**	**(26 500)**	**1 151 653**	**1 081 497**	**1 115 155**	**1 143 754**
TOTAL ASSETS		**3 632 554**	**2 349 369**	**2 428 764**	**(103 629)**	**(45 413)**	**(45 413)**	**2 661 127**	**1 752 577**	**2 030 440**	**2 111 600**
LIABILITIES											
Current liabilities											
Bank overdraft	17	–	–	–	–	–	–	–	–	–	–
Financial liabilities	18	–	–	–	–	–	–	–	–	–	–
Consumer deposits	19	(5 074)	(5 074)	(6 424)	–	–	–	(6 349)	–	–	–
Trade and other payables from exchange transactions	20	1 623 374	1 972 527	1 992 245	(403 647)	–	–	2 139 019	2 104 400	2 106 417	1 829 173
Trade and other payables from non-exchange transactions	21	62 008	62 008	4 521	4 183	–	–	4 521	62 008	–	–
Provision	22	44 925	97 658	79 444	–	–	–	79 444	105 695	105 695	105 695
VAT Payable	23	686 140	693 072	699 596	616	–	–	704 305	–	–	–
Other current liabilities	24	(1 432)	2 813	2 518	–	–	–	2 518	2 380	2 280	2 180
Total current liabilities		**2 409 940**	**2 823 004**	**2 771 900**	**(398 848)**	**–**	**–**	**2 923 458**	**2 274 482**	**2 214 392**	**1 937 048**
Non current liabilities											
Financial liabilities	25	–	–	–	–	–	–	–	–	–	–
Provision	26	40 736	50 582	52 421	–	–	–	52 421	–	–	–
Long term portion of trade payables	27	–	–	–	–	–	–	–	–	–	–
Other non-current liabilities	28	–	–	–	–	–	–	–	–	–	–
Total non current liabilities		**40 736**	**50 582**	**52 421**	**–**	**–**	**–**	**52 421**	**–**	**–**	**–**
TOTAL LIABILITIES		**2 450 676**	**2 873 587**	**2 824 321**	**(398 848)**	**–**	**–**	**2 975 879**	**2 274 482**	**2 214 392**	**1 937 048**
NET ASSETS		**1 181 878**	**(524 218)**	**(395 557)**	**295 219**	**(45 413)**	**(45 413)**	**(314 751)**	**(521 905)**	**(183 952)**	**174 552**
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	29	(2 991 438)	(3 928 129)	(1 792 603)	295 219	(45 413)	(45 413)	(1 898 046)	(521 905)	(183 952)	174 552
Reserves and funds	30	28 268	28 268	28 268	–	–	–	28 268	–	–	–
Other	31	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	32	**(2 963 170)**	**(3 899 861)**	**(1 764 335)**	**295 219**	**(45 413)**	**(45 413)**	**(1 869 778)**	**(521 905)**	**(183 952)**	**174 552**

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.

NW384 Ditsobotla - Table A7 Budgeted Cash Flows

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	–	–	51 939	47 889	47 889	–	137 024	141 546	146 075
Service charges		–	–	–	154 494	267 658	267 658	–	316 340	340 198	354 547
Other revenue		16 951	34 807	35 242	14 178	14 954	14 954	37 642	6 563	11 946	12 328
Transfers and Subsidies - Operational	1	2 175 965	3 160 311	3 848 367	199 641	186 226	186 226	4 611 035	200 529	209 265	215 953
Transfers and Subsidies - Capital	1	(59 390)	(59 390)	(59 390)	42 460	42 709	42 709	(59 390)	45 242	50 090	51 523
Interest		(74)	(74)	(74)	–	–	–	(74)	–	–	–
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(8 490)	(8 489)	(8 606)	(588 826)	(627 864)	(627 864)	89 040	(632 097)	(645 118)	(666 145)
Finance charges		–	–	–	–	(35 100)	(35 100)	–	(31 163)	(31 163)	(32 160)
Transfers and Subsidies	1	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**2 124 963**	**3 127 165**	**3 815 539**	**(126 113)**	**(103 528)**	**(103 528)**	**4 678 253**	**42 438**	**76 763**	**82 122**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Insurance Refund - Capital		–	–	–	–	–	–	–	–	–	–
Interest on Short Term Investment (Greater then 90 days) and Long Term Investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		–	555	550	(48 829)	(6 325)	(6 325)	550	(37 988)	(42 508)	(43 500)
Retention (Capital)		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) INVESTING ACTIVITIES		**–**	**555**	**550**	**(48 829)**	**(6 325)**	**(6 325)**	**550**	**(37 988)**	**(42 508)**	**(43 500)**
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		**2 124 963**	**3 127 720**	**3 816 089**	**(174 942)**	**(109 853)**	**(109 853)**	**4 678 803**	**4 450**	**34 256**	**38 622**
Cash/cash equivalents at the year begin:	2	(20 705)	(20 705)	(20 705)	–	–	–	(20 705)	3 392	7 842	42 097
Cash/cash equivalents at the year end:	2	2 104 258	3 107 016	3 795 384	(174 942)	(109 853)	(109 853)	4 658 098	7 842	42 097	80 719

Explanatory notes to Table A8 – Cash backed reserves/accumulated surplus reconciliation

NW384 Ditsobotla - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Cash and investments available											
Cash/cash equivalents at the year end	1	2 104 258	3 107 016	3 795 384	(174 942)	(109 853)	(109 853)	4 658 098	7 842	42 097	80 719
Other current investments > 90 days		–	–	–	–	–	–	–	–	–	–
Non current investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		2 104 258	3 107 016	3 795 384	(174 942)	(109 853)	(109 853)	4 658 098	7 842	42 097	80 719
Application of cash and investments											
Unspent conditional transfers		62 008	62 008	4 521	4 797	–	–	4 521	62 008	–	–
Unspent borrowing											
Statutory requirements	2	235 231	271 630	302 554	(41 660)	(61 376)	(61 376)	319 860	87 614	86 715	85 002
Other working capital requirements	3	1 590 905	1 935 617	1 955 058	(410 385)	(13 050)	(13 050)	2 090 601	1 573 153	1 367 917	1 047 083
Other provisions		44 925	97 658	79 444	–	–	–	79 444	105 695	105 695	105 695
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		1 933 088	2 368 913	2 341 577	(447 247)	(74 426)	(74 426)	2 494 426	1 828 470	1 560 328	1 237 780
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits		171 169	740 103	1 453 808	272 306	(35 427)	(35 427)	2 163 673	(1 820 628)	(1 518 230)	(1 157 061)
Creditors transferred to Debt Relief - Non-Current portion		–	–	–	–	–	–	–	–	–	–
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits		171 169	740 103	1 453 808	272 306	(35 427)	(35 427)	2 163 673	(1 820 628)	(1 518 230)	(1 157 061)

Explanatory notes to Table A9 - Asset Management

NW384 Ditsobotla - Table A9 Asset Management

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
CAPITAL EXPENDITURE										
Total New Assets	1	94 090	122 283	140 419	42 460	5 500	5 500	37 989	42 508	42 000
Roads Infrastructure		39 830	52 993	67 139	20 342	–	–	21 094	26 508	27 000
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		5 807	5 916	9 871	6 046	–	–	4 100	3 000	–
Water Supply Infrastructure		1 921	1 921	1 921	–	5 500	5 500	–	–	–
Sanitation Infrastructure		7 761	8 388	8 388	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	2 500	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		55 320	69 219	87 319	26 388	5 500	5 500	27 694	29 508	27 000
Community Facilities		34 968	44 217	44 217	11 021	–	–	8 000	11 000	15 000
Sport and Recreation Facilities		3 875	8 696	8 696	2 940	–	–	–	–	–
Community Assets		38 843	52 913	52 913	13 961	–	–	8 000	11 000	15 000
Heritage Assets		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		(77)	147	182	2 111	–	–	–	–	–
Furniture and Office Equipment		0	0	0	–	–	–	–	–	–
Machinery and Equipment		4	4	4	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	2 295	2 000	–
Land		–	–	–	–	–	–	–	–	–
Total Upgrading of Existing Assets	6	563	555	555	–	–	–	–	–	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		42	42	42	–	–	–	–	–	–
Infrastructure		42	42	42	–	–	–	–	–	–
Community Facilities		520	512	512	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		520	512	512	–	–	–	–	–	–
Total Capital Expenditure	4	94 653	122 838	140 973	42 460	5 500	5 500	37 988	42 508	42 000
Roads Infrastructure		39 830	52 993	67 139	20 342	–	–	21 094	26 508	27 000
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		5 807	5 916	9 871	6 046	–	–	4 100	3 000	–
Water Supply Infrastructure		1 921	1 921	1 921	–	5 500	5 500	–	–	–
Sanitation Infrastructure		7 761	8 388	8 388	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	2 500	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		42	42	42	–	–	–	–	–	–
Infrastructure		55 362	69 261	87 361	26 388	5 500	5 500	27 694	29 508	27 000
Community Facilities		35 488	44 729	44 729	11 021	–	–	8 000	11 000	15 000
Sport and Recreation Facilities		3 875	8 696	8 696	2 940	–	–	–	–	–
Community Assets		39 363	53 425	53 425	13 961	–	–	8 000	11 000	15 000
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		(77)	147	182	2 111	–	–	–	–	–
Furniture and Office Equipment		0	0	0	–	–	–	–	–	–
Machinery and Equipment		4	4	4	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	2 295	2 000	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Mature		–	–	–	–	–	–	–	–	–
Immature		–	–	–	–	–	–	–	–	–
Living Resources		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		94 653	122 838	140 973	42 460	5 500	5 500	37 988	42 508	42 000
ASSET REGISTER SUMMARY - PPE (WDV)	5	2 039 834	1 070 176	1 083 257	10 460	(26 500)	(26 500)	937 584	966 349	980 517
Roads Infrastructure		460 328	411 997	406 611	10 342	(2 000)	(2 000)	496 384	518 916	536 083
Storm water Infrastructure		17 485	16 303	16 462	(2 000)	–	–	–	–	–
Electrical Infrastructure		87 195	81 876	80 197	2 546	(7 500)	(7 500)	(3 400)	(4 500)	(7 500)
Water Supply Infrastructure		0	0	0	–	5 500	5 500	–	–	–
Sanitation Infrastructure		7 761	8 388	8 388	(2 000)	–	–	–	–	–
Solid Waste Infrastructure		34 042	37 472	37 586	(500)	(500)	(500)	2 000	(500)	(500)
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		606 811	556 036	549 243	8 388	(4 500)	(4 500)	494 984	513 915	528 083
Community Assets		78 998	96 683	99 898	13 611	(3 850)	(3 850)	60 496	65 590	65 590
Heritage Assets		507	507	507	–	–	–	507	507	507
Investment properties		120 073	251 785	251 785	–	–	–	251 785	251 785	251 785
Other Assets		16 476	(1 064)	(2 271)	(5 500)	(2 000)	(2 000)	130 383	134 953	134 953
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		735	643	568	2 111	(450)	(450)	(1)	19	19
Furniture and Office Equipment		898	593	707	(450)	(5 500)	(5 500)	(4 546)	(4 514)	(4 514)
Machinery and Equipment		(27 299)	278	293	(7 500)	(10 000)	(10 000)	2 068	2 480	2 480
Transport Assets		1 086 102	4 684	4 054	(200)	(200)	(200)	1 909	1 615	1 615
Land		159 533	159 533	159 533	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Living Resources		–	–	–	–	–	–	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	2 039 834	1 070 176	1 083 257	10 460	(26 500)	(26 500)	937 584	966 349	980 517
EXPENDITURE OTHER ITEMS		(549 737)	82 163	46 399	39 100	40 600	40 600	41 611	41 966	43 319
Depreciation	7	(551 082)	74 164	33 818	32 000	32 000	32 000	32 000	32 000	33 024
Repairs and Maintenance by Asset Class	3	1 345	8 000	12 582	7 100	8 600	8 600	9 611	9 966	10 295
Roads Infrastructure		1 297	–	–	1 000	–	–	1 800	1 867	1 928
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		59	7 382	12 408	5 000	8 000	8 000	6 300	6 533	6 749
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		1 356	7 382	12 408	6 000	8 000	8 000	8 100	8 400	8 677
Community Facilities		(0)	–	85	150	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		(0)	–	85	150	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		(10)	–	–	250	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		(10)	–	–	250	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	617	67	600	600	600	1 511	1 567	1 618
Transport Assets		–	–	22	100	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Mature		–	–	–	–	–	–	–	–	–
Immature		–	–	–	–	–	–	–	–	–
Living Resources		–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS		(549 737)	82 163	46 399	39 100	40 600	40 600	41 611	41 966	43 319
Renewal and upgrading of Existing Assets as % of total capex		0.6%	0.5%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal and upgrading of Existing Assets as % of deprecn		-0.1%	0.7%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE & Investment Property		0.1%	0.7%	1.2%	67.9%	-32.5%	-32.5%	1.0%	1.0%	1.1%
Renewal and upgrading and R&M as a % of PPE and Investment Property		0.1%	0.8%	1.2%	67.9%	-32.5%	-32.5%	1.0%	1.0%	1.1%

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.

NW384 Ditsobotla - Table A10 Basic service delivery measurement

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
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	–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
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)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Energy:										
Electricity (at least min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Refuse:										
Removed at least once a week		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Removed less frequently than once a week		–	–	–	–	–	–	–	–	–
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
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)		–	–	–	–	–	–	–	–	–
Informal Settlements		–	–	–	–	–	–	–	–	–
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) (impermissable values per section 17 of MPRA)		–	–	–	–	–	–	–	–	–
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		–	–	–	–	–	–	–	–	–
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		–	–	–	–	–	–	–	–	–

PART 2 – SUPPORTING DOCUMENTATION

2.1. Overview of annual budget process

Section 53 of the MFMA requires the mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act. The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor. The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of the municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

In terms of section 21 of the MFMA, the Mayor is required to table the time schedule in Council ten months before the start of the financial year, which outlines how the process of IDP and budget will unfold and the preparation thereof.

2.2. Overview of the annual budget with IDP Review Process

The Integrated Development Plan (IDP) review process aims to align the municipality's development agenda with key council priorities, informing municipal budgeting and achieving strategic objectives outlined in the Municipal Finance Recovery Plan. This process involves reviewing and updating sector plans, such as the Spatial Development Framework, Housing Sector Plan, and Integrated Waste Management Plan, to address the developmental needs of Ditsobotla Local Municipality.

The IDP review process also entails updating the status quo analysis report with new statistical data, reviewing objectives and strategies to align with national performance targets, and developing a priority list of capital and operational projects. Additionally, stakeholder engagements will be facilitated to incorporate community needs and concerns, ensuring the municipality's development agenda aligns with the District Development Model (DDM) – One Plan.

Below is the budget time table or schedule of key deadlines that was approved by Council:

2.2.1. The schedule of key deadlines

IDP/BUDGET PROCESS TIME-LINES					
Legislative Requirements	**Deliverables/Outputs**	**Activities**	**Responsibility**	**Time-frames**	**Quarter**
Preparatory Phase					
Section 28, 29 & 34 of the MSA[1] Section 21(b) of the MFMA	IDP/PMS/Budget Process Plan	• Tabling of the Process Plan to Executive Committee & Council	Mayor	27 August 2025 Amended: 20/10/25	Quarter 1
		• Public notification of the IDP/PMS and Budget Process Plan	Municipal Manager (IDP Manager)	28 August 2025 Amended: 23/10/25	
		• Submit adopted Process Plan to the Department of Local Government & Human Settlements	Municipal Manger	30 August 2025 Amended: 23/10/25	
Analysis Phase					
Section 26*(b)* and *(c)* of the MSA	Situational Analysis	Technical Working Session of the IDP Steering Committee: • Socio-economic assessment undertaken per municipal function or KPA to determine existing levels of development, priority issues, root-causes of issues, and available resource frames	Municipal Manager Senior Managers Unit Managers	01 – 30 September 2025 Amended: To be completed by 5/11/25	Quarter 2

[1] Local Government: Municipal Systems Act 32 of 2000

Legislative Requirements	Deliverables/Outputs	Activities	Responsibility	Time-frames	
Analysis Phase					
Section 16(1)*(a)* of the MSA Section 29(1)(b) Section 26 of the MSA	Situational Analysis …	Public Consultations and Engagements (Performance Feedback & Priority Needs Identification)	Offices of the Mayor & Speaker Management	10 October – 10 November 2025 Amended: 6 – 21/11/25	Quarter 2
		Consolidation of Public Inputs & compilation of the Public Participation Outcome Report	Municipal Manager	22 November 2025	
		Consolidation and submission of the **Socio-economic Analysis / Status Quo Report** (Chapter) to the Steering Committee and Executive Committee	Municipal Manager	30 November 2025	
Section 28 of the MFMA	Adjustment Budget Guidelines	Issue Adjustment Budget guidelines to management	Chief Finance Officer	November 2025	
	Budget Adjustment	Capturing and submission of the Adjustment Budget	Chief Finance Officer All Managers	November – December 2025	
Strategies Phase					
Section 26 of the MSA	Strategic Planning	Management Strategic Planning *Formulating short to medium interventions for inclusion in the 2025/26 IDP review and Budget proposals – Discussion of strategic focus areas*	Municipal Manager	September – December 2025	Quarter 2
		Council Strategic Planning Session *Priority and Agenda Setting for the MTREF 2025 – 2028/2029*	Municipal Manager Mayor Executive Committee	September – December 2025	
s74 & 75 of the MSA & Budget Circular	Tariffs setting and Policies	Finalize tariffs (rates and service charges) setting and policies	Chief Finance Officer	December 2025	

Project Phase					
Internal process	Indicative capital expenditure allocations	Issuing of indicative capital expenditure allocations	Chief Finance Officer	November 2025	Quarter 3
Sections 16 & 19 of the MFMA	Draft capital projects and expenditure projections	Submission of capital budget to the Budget and Treasury Office	Project Management Unit	December 2025 – January 2026	
Regulation 2*(b)*, *(c)* & *(d)* Planning & Performance Management 2001	Capital and Operational Programmes	Incorporate capital projects implemented by other spheres of government into the IDP	Municipal Manager	January 2026	
Section 72(1) of the MFMA	Midterm Performance Assessment Report	Submission of the Mid-year Performance Assessment Report to the executive committee and council for consideration and approval – will inform a need for adjustment budget and SDBIP adjustment	Chief Finance Officer Mayor	25 January 2026	
Section 54(1)*(c)*	Adjustment to the 2025/26 Service Delivery and Budget Implementation Plan	Consideration by council of the proposed adjustments to the 2024/25 SDBIP	Manager: PMS	February 2026	

Legislative Requirements	Deliverables/Outputs	Activities	Responsibility	Time-frames	Quarter
Integration/Alignment Phase					
Section 52*(c)* of the MFMA	IDP and Budget Planning Sessions	Executive Committee Workshop: Confirmation of capital expenditure priorities and alignment to the IDP	Municipal Manager	10 February 2026	Quarter 3 - 4 Quarter 4
		Councillors Workshop: Draft Integrated Development Plan, Budget and SDBIP	Municipal Manager Mayor	15 March 2026	
Section 16 & 17 of the MFMA	Tabling of the 2026/27 draft IDP, Budget and SDBIP	Council Meeting: Tabling of the draft Integrated Development Plan and Budget for noting by council	Mayor Executive Committee	28 March 2026	
Section 22 & 23 of the MFMA Section 21A of the Systems Act	Public Participation	Publicise the draft IDP and Budget for public comments and participation on the newspapers and municipal website	IDP Manager, CFO, Communications Manager	04 – 30 April 2026	
Sections 31 & 32 of the MSA	Provincial monitoring	Submission of the draft IDP and Budget *to the Department of Local Government & Human Settlements as well as National and Provincial Treasuries for assessment*	IDP Manager Accounts Officer: Budget	04 April 2026	
Section 23 of the MFMA read together with Regulation 15 of the Municipal Budget and Reporting Regulations	Provincial monitoring and support	Provincial Treasury Engagement on the 2025/2026 draft integrated development plan and MTREF Budget	Provincial Treasury Executive Committee Senior Management	April – May 2026	

Legislative Requirements	Deliverables/Outputs	Activities	Responsibility	Time-frames	Quarter
Section 29*(b)* of the MSA	Incorporation of inputs of the local community	Consideration and incorporation of the community inputs into the draft IDP and Budget (final document)	IDP Manager	02 – 20 May 2026	Quarter 4
Sections 16, 19, 24 and 53 of the MFMA	Adoption of final IDP and Budget	Council Meeting: Final IDP and Budget adopted by Council	Mayor Executive Committee	30 May 2026	
Section 69(3(a) of the MFMA	Approval of the final 2026/2027 Service Delivery and Budget Implementation Plan	Mayor approves the 2026/2027 Service Delivery and Budget Implementation Plan	Municipal Manager	28 June 2026	

2.3. Measurable performance objectives and indicators

The SDBIP is separately attached to this document to highlight the measurable performance objectives and indicators.

2.4. Overview of budget related policies

As part of the Medium-Term Revenue and Expenditure Framework (MTREF) for the 2026/2027–2028/2029 period, the municipality is undertaking a comprehensive review of its budget-related policies. This review is a requirement of the Municipal Budget and Reporting regulations and will ensure that the municipality's financial management framework is aligned with its strategic objectives.

The review will encompass existing policies such as Tariff, Credit Control and Debt Collection, UIF&W and Indigent. A policy workshop will be convened with stakeholders to discuss amendments and new policies, ensuring transparency and collaboration in the decision-making process. Thereafter, the policies will be placed in the municipal website.

2.5. Overview of the budget assumptions

The following macro-economic forecasts must be considered when preparing the 2026/27 MTREF municipal budgets. **MFMA Circular No. 134**

Table 1: Macroeconomic performance and projections, 2024 – 2028

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

Source: National Treasury Budget Review 2026

The municipality's budget for the 2026/27financial year is anticipated to be R753.9million. Capital transfers from the National Treasury are expected to amount to R45.2 million, comprising Municipal Infrastructure Grant (MIG).

The municipality is currently operating under a Financial Recovery Plan (rescue phase), which has been in place for two years. There is a slow implementation of the plan. Furthermore, the municipality has supplemented the Financial Recovery Plan with a funding plan, which is expected to yield positive results and ultimately lead to a more stable financial position.

To support the 2026/27 Operating Budget, the following increase in service charges were proposed with effect from 1 July 2026:

Water 3.4. %

Sanitation 3.3%

Refuse 3.2%

Electricity (Average) 8.7% (On average depending on various customer categories, subject to NERSA approval and cost of supply).

The Capital Budget for the Medium-Term Revenue and Expenditure Framework (MTREF) period will be funded through government grants and subsidies as well as own revenue.

Budget Principle Guidelines and Challenges

The following budget principles and guidelines were considered

- Headline inflation predictions in some of the revenue
- National Electricity Regulator of South Africa (NERSA) guidelines;
- The priorities and targets in relation to the key strategic focus areas as determined in the IDP;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

The main persisting challenges experienced during the compilation of the 2026/2027 budget can be summarised as follows:

- Weak credit control and debt collection which lead to a decline in revenue;
- The increased of bulk electricity above the CPIx;
- Aging infrastructure for water, roads and electricity;
- High % of electricity and water losses due to illegal connections.
- Implementation of the Financial Recovery Plan (FRP) and funding plan is proceeding at a slower pace than anticipated

2.6. Overview of budget funding

Service charge revenue is outperforming FRP targets due to stronger current-year performance, driven by improved billing, that have enhanced billing across major trading services. Property rates remain a key revenue driver, supported by the new valuation roll, MPRA-compliant annual tariff increases. Ongoing revenue enhancement initiatives and improved collection efforts are expected to further grow own-source revenue over the MTREF, strengthening the foundation for long-term financial sustainability, though sustained focus on collection rates and debtor management remains critical.

2.6.1. Operating Revenue Framework

Description		2025/26 MTREF				2026/27 Medium Term Revenue & Expenditure Framework			
R thousand	Pre-audit outcome	Budget Year 2025/26	YTA as per Mid term	Adjusted Amounts	FRP TARGETS : 2025/26 MTREF BUDGET R'000	FRP TARGETS Budget Year + 2026/27 4,2% plus 0.5%	Budget Year 2026/27 3.4% increase	Budget Year +1 2027/28 3.3% increase	Budget Year +2 2028/29 3.2% increase
Revenue **Exchange Revenue**									
Service charges -Electricity	116 523	134 690	88 262	176 524	133 995	158 121	191 988	116 522	198 323
Service charges - Water	10 680	13 943	35 287	70 574	92 702	104 807	72 974	75 382	77 794
Service charges - Waste Water Management	20 863	23 949	26 802	53 604	22 133	25 023	55 427	57 256	59 088
Service charges - Waste Management	18 703	20 536	16 935	33 870	19 745	21 294	35 022	36 177	37 335
Sale of Goods and Rendering of Services		1 107	418	836	-	-	864	893	922
Agency services	7 496	2 500		8 099	7 500	7 500	8 375	8 651	8 928
Interest	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	73	1 000	1 461	25 875	25 875	26 962	26 755	27 638	28 522
Interest earned from Current and Non- Current Assets	401	200	11	22	500	600	783	809	835
Rent on Land		-	-	-	-	-	-	-	-
Rental from Fixed Assets	409	4	16	32	964	1 928	33	34	35
Licence and permits	2	6	-	-	-	4 000	-	-	-
Special rating levies	-	-	-	-	-	-	-	-	-
Operational Revenue	774	500	-	-	22 770	26 174	-	-	-
Non-Exchange Revenue			–			-	-	-	-
Property rates	88 630	92 750	80 650	161 300	92 750	98 363	166 784	172 288	177 801
Surcharges and Taxes		-	-		-	-	-	-	-
Fines, penalties and forfeits		3 000	6	12	200	400	12	13	13
Licences or permits		2 500	1 109	2 218	3 000		2 293	2 369	2 445
Transfer and subsidies - Operational	213 209	194 595	138 042	186 895	194 595	193 426	200 529	209 265	215 953
Interest		-	-	-	-	-	-	-	-
Operational Revenue	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets	-	-	-	-	-	-	-	-	-

Other Gains	22	396 830	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	**477 786**	**888 110**	**388 998**	**719 861**	**616 729**	**668 598**	**761 662**	**789 099**	**814 559**

***Exchange Revenue*: Service Charges**

Service charges - Electricity: R191,988 million

- **Contribution: 25.46%**

  Electricity charges are a crucial self-generated revenue stream, reflecting significant income from residents and businesses. This source of revenue will be reviewed pending the finalisation of the DAA.

Service charges - Water: R72,973 million

- **Contribution: 9.68%**

  Water charges contribute a substantial portion, reflecting the cost recovery and revenue generation from providing essential water services. The municipality will be embarking on a comprehensive water meter replacement programme during the 2026/27 financial year. This initiative is expected to improve the accuracy of water consumption readings, reduce unaccounted-for water and enhance billing.

Service charges - Waste Water Management: R55,427 million

- **Contribution: 7.35%**

  This service charge is also a notable contributor.

Service charges - Waste Management: R35,022 million

- **Contribution: 4.65%**

  Waste management services provide a steady revenue stream to the municipality. This is attributed to the procurement of specialised refuse collection vehicles during the new financial year. The acquisition of these vehicles will improve service delivery by enabling refuse collection services to be extended to areas that were previously inaccessible or underserved. This is expected to broaden the municipality's customer base, improve billing opportunities, and generate additional refuse removal revenue over the MTREF period.

Non-Exchange Revenue: Property Rates

Property rates: R166,784million

- **Contribution: 22.12%**

  Property rates form the third largest pillar of revenue, providing a stable and significant income source derived from the municipal tax base. The implementation of the new valuation roll and supplementary roll contributes to the positive performance in this regard. Furthermore, the implementation of tariffs in line with the MPRA.

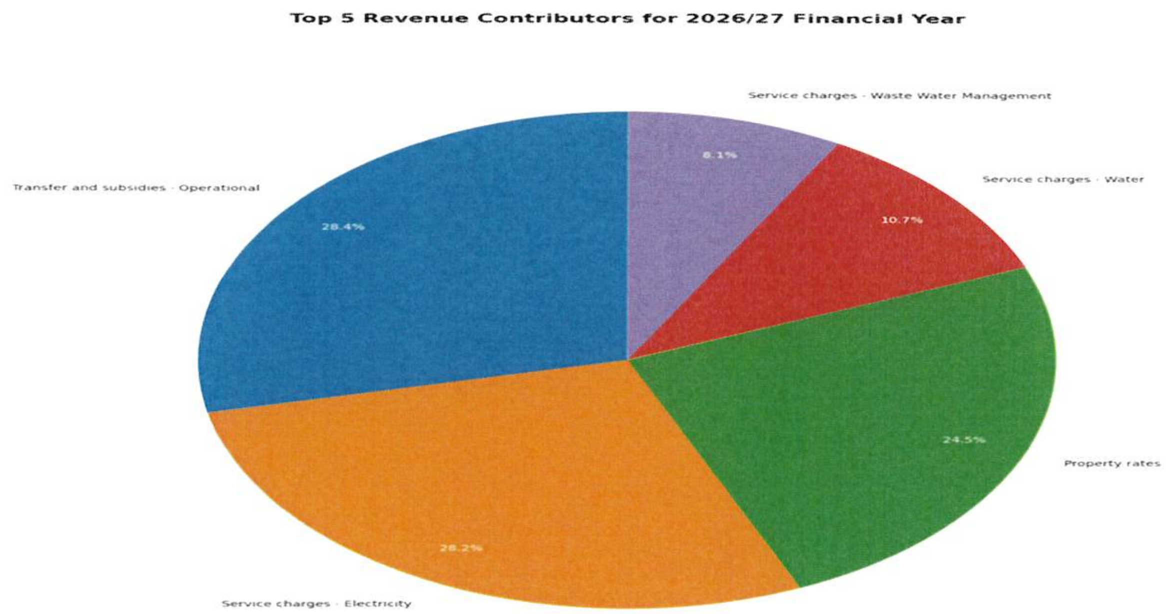
Transfer and subsidies - Operational: R200,529million

- **Contribution: 26.30%**

  This line item is the largest single contributor, indicating the municipality's strong reliance on grants and subsidies from government to fund its operations.

Other Revenue (2.3%):

Other revenue sources, including sales of goods and services, agency services, interest earned, fines, and licenses, contribute a modest 2.3% to the municipality's total budget, totalling. These revenue streams provide a supplementary source of income supporting the municipality's operational expenditures.



Summary average collection rate 60%

	Proposed	Collection %	Cashflow Amounts
Exchange Revenue			
Service charges - Electricity	191 987 502	0.7	115 192 501.44
Service charges - Water	73 185 238	0.6	43 911 142.80
Service charges - Waste Water Management	55 587 348	0.6	33 352 408.80
Service charges - Waste management	35 123 190	0.6	21 073 914.00
	355 883 278		**213 529 967.04**
Non-Exchange Revenue			
Property rates	167 268 100.00	0.7	117 087 670.00
Total budget	**523 151 378.40**		**364 071 257.04**

Through targeted interventions outlined in the funding plan, the municipality aims to enhance its revenue collection to an average rate of 60%. This projected improvement is expected to yield an anticipated revenue of R364 071 257 on service charges. Notably, each service charge has been assessed individually as their collection rates vary, ensuring a tailored approach to optimizing revenue collection.

2.6.2. Operating Expenditure Framework

NW384 Ditsobotla - Table A4 Budgeted Financial Performance (expenditure)

Description		2025/26 MTREF				2026/27 Medium Term Revenue & Expenditure Framework DRAFT PROPOSAL			
R thousand	Pre-audit outcome	Budget Year 2025/26	YTA as per Mid term	Adjusted Amounts	FRP TARGETS: 2025/26 MTREF BUDGET R'000	FRP TARGETS Budget Year + 2026/27 4,2% plus 0.5%	Budget Year 2026/27 3.4% increase	Budget Year +1 2027/28 3.3% increase	Budget Year +2 2028/29 3.2% increase
Expenditure									
Employee related costs	328 662	300 000	135 077	300 000	303 191	282 422	300 000	309 900	319 817
Remuneration of councillors	17 053	18 000	6 184	18 000	17 650	18 391	18 500	19 111	19 723
Bulk purchases - electricity	212 808	200 000	105 146	210 800	215 928	223 101	229 110	236 671	244 244
Inventory consumed	-	3 000	4	3 000	-		6 794	7 015	7 239
Debt impairment	-	53 000	-	53 000	145 009	122 282	130 000	162 000	167 184
Depreciation and amortisation	33 818	32 000	-	32 000	35 000	32 000	32 000	32 000	33 024
Interest	29 907	-	17 521	35 100	29 907	31 163	31 163	31 163	32 160
Contracted services	46 355	27 600	17 174	38 576	24 288	24 045	53 786	47 943	49 467
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off	-	-	-	-	-		100 000	-	-
Operational costs	20 406	2 000	7 445	15 000	19 900	18 152	18 000	19 020	20 021
Losses on disposal of Assets	-	-	-	-	-	-		-	-
Other Losses	-	-	-	-	-	-	-	-	-
Total Expenditure	**689 009**	**635 600**	**288 552**	**705 476**	**790 873**	**751 556**	**919 353**	**864 823**	**892 696**

Employee related costs: 32.63%

This is the largest single expenditure, indicating that a significant portion of the municipal budget is allocated to salaries, wages, and other employee benefits. Employee related costs for the 2024/25, 2025/26 and 2026/27 financial years have remained consistent at approximately **R300 million**. The audited outcome for employee related costs in the prior year was **R328 million**, compared to an FRP target of **R282 million**. To align with the FRP target, existing FRP interventions must be maintained. Measures implemented in the current financial year include reducing overtime from 40 hours to 20 hours per month. Further initiatives involve reducing the number of acting positions and implementing additional cost containment measures to curb employee related expenditure and strengthen fiscal discipline. The inputs of other stakeholders have been taken into consideration.

Bulk purchases - electricity: 24.92%

As the second-largest expenditure, the cost of purchasing electricity in bulk highlights the substantial operational expense associated with providing electricity services to the community. The DAA will also assist the municipality in reducing and or writing off the arrear debt and further service the current Eskom account.

Debt impairment: 14.14%

This represents a considerable portion of the budget set aside for potential losses from uncollectible debts, reflecting challenges in revenue collection or proactive provisioning for bad debt.

Irrecoverable debts written off: 10.88%

This significant expenditure indicates actual losses from debts that have been deemed impossible to recover, directly impacting the municipality's financial health and highlighting collection issues. The municipality is planning a debt incentive outreach to attract and encourage customers to settle outstanding accounts through this programme. Proactive outreach demonstrates willingness to assist residents in financial distress, which builds trust and supports a culture of payment over time.

Contracted services: 5.85%

This expenditure covers the costs of outsourcing various services, from maintenance (includes roads, refurbishment of halls, traffic and municipal offices) security services, which is a notable part of the operational budget. **It must be noted that 12% of the contracted services will be funded by MIG through its R&M and fixed asset management programmes.**

Depreciation and amortisation: 3.48%

This accounts for the wear and tear or obsolescence of municipal assets over time, representing the non-cash expense of utilizing infrastructure and equipment.

Interest: 3.39%

This indicates the cost of servicing interest accrued due to non-payment to creditors. The main contributor is the interest paid to Eskom.

Operational costs: 1.96 %

This category covers various day-to-day running costs, essential for the general functioning and administration of the municipality.

Remuneration of councillors: 2.01%

This represents the costs associated with compensating councillors, a relatively small but necessary part of governance expenses.

Inventory consumed: 0.74%

This modest expense covers the cost of goods and materials used up in the daily operations of the municipality, which includes water inventory among others.

2.6.3. Key Considerations

The municipality generates its operational revenue through the provision of essential services, including water, electricity, sanitation, and solid waste removal. Additional revenue streams come from property rates, operating and capital grants from government institutions, and minor charges such as building plan fees, licenses, and permits.

However, it's worth noting that the municipality has been under a Financial Recovery Plan (rescue phase) for two and a half years, facing challenges in improving revenue collection.

Consequently, the Council has been approving unfunded budgets, and the municipality lacks reserves. This budget aims to reduce the deficit.

On a positive note, the municipality anticipates a 60% collection rate, which will help alleviate some financial pressures. To further address funding challenges, the municipality is participating in a debt relief scheme introduced by National Treasury, specifically designed for Eskom. To move forward, the municipality could focus on:

- **Improving Revenue Collection**: Enhancing revenue collection systems and implementing effective credit control and debt collection policies.
- **Budget Reprioritization**: Re-evaluating budget allocations to ensure alignment with critical service delivery needs and financial sustainability.

- **Reserve Building:** Reserve building is a key priority, with strategies to be implemented to build reserves, providing a vital financial safety net for future challenges. This initiative is anticipated to kick-start in the second quarter of the new financial year, following a review of revenue performance in the first quarter. By initiating reserve building, the municipality aims to gradually move away from approving unfunded budgets and towards achieving financial sustainability.

2.6.4. Key Expenditure Reductions After Stakeholder Consultation.

This section outlines targeted amendments across our main expenditure categories, delivering a total reduction of **R50.7 million**. The largest saving comes from bulk purchases, reduced by R32.7 million, followed by contracted services for repairs and maintenance at R10.7 million. Employee related costs were cut by R5 million, and operational costs decreased by R2.1 million. Together, these adjustments reflect our commitment to fiscal discipline while maintaining essential service delivery.

2.7. Expenditure on allocations and grant programmes

			MTREF		
Description	Budget Year 25/26 (current) R	Adjustment Budget 25/26 R	Budget Year 26/27 R	Budget Year 27/28 R	Budget Year 28/29 R
Equitable Share	184 896 000	177 196 000	189 842 000	192 153 000	201 702 000
FMG	3 000 000	3 000 000	2 600 000	2 600 000	2 700 000
EPWP	1 213 000	1 301 000	1 301 000	-	
Library	1 140 000	-			
Total Operating Grants	**4 213 000**	**181 497 000**	**193 743 000**	**194 753 000**	**204 402 000**
MIG	44 709 000	44 709 000	45 242 000	50 090 000	51 523 000
Total Capital Grants	**44 709 000**	**44 709 000**	**45 242 000**	**50 090 000**	**51 523 000**
Total Grants	**48 922 000**	**226 206 000**	**238 985 000**	**244 843 000**	**255 925 000**

The municipality's reliance on grants is evident, as transfers and subsidies comprise 25% of its revenue budget. The table below outlines the capital and operational grants allocated to the municipality for the 2026/27 to 2028/29 financial years, as derived from the 2025 Division of Revenue Act (DORA). Total Grants are projected to increase by 5.65%, from R226.21 million to R238.99 million.

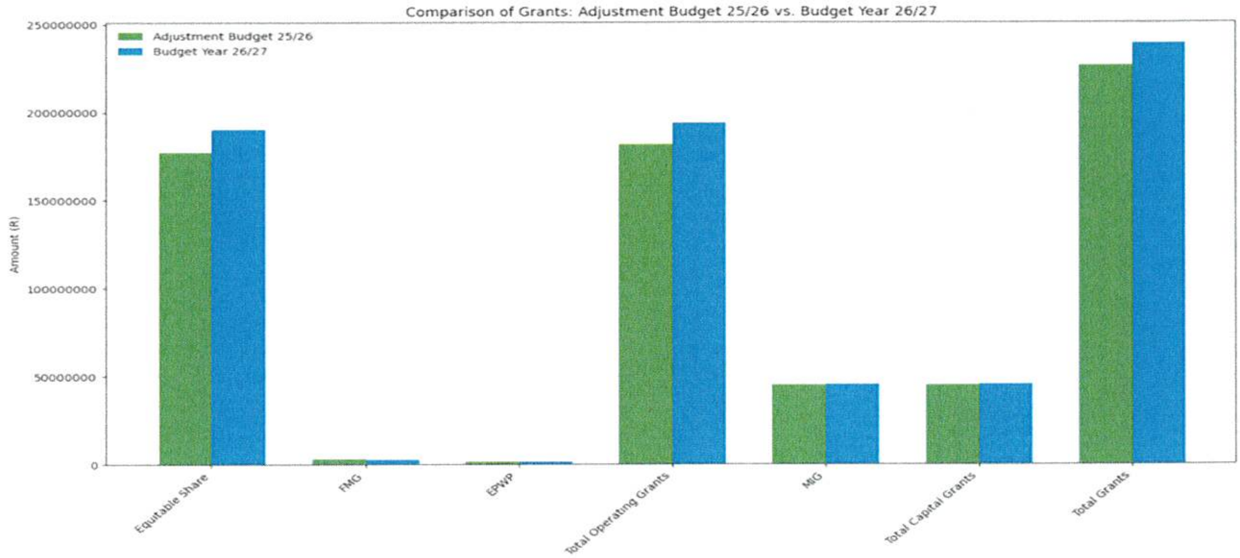
Operating Grants receipts

Total Operating Grants are set to increase by 6.75%, from R181.50 million to R193.74 million. The Equitable Share, a significant component, increase of 7.14%, moving from R177.20 million to

R189.84 million. However, FMG funding is projected to decrease by 13.33%, from R3 million to R2.6 million. EPWP funding remains constant at R1.30 million.

Capital Grants:

- **Total Capital Grants** show a slight increase of **1.19%**, going from R44.71 million to R45.24 million. This is attributed entirely to the **MIG**.



Operating grant expenditure

The municipality's operating grant expenditure includes EPWP, which targets unemployment reduction by deploying contract workers across Ditsobotla wards to support service delivery. The FMG will help build capacity in the BTO by placing young graduates and supporting unit activities, in line with National Treasury's standard plan. The Equitable Share allocation will subsidise services for indigent households to ensure access to basic services despite affordability constraints.

NW384 Ditsobotla - Supporting Table SA19 Expenditure on transfers and grant programme

Description	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
EXPENDITURE									
National Government									
Monetary Allocations									
EPWP Incentive	1 102	1 102	1 102	–	–	–	–	–	–
Finance Management	–	–	–	3 000	3 000	3 000	2 600	2 600	2 700
Local Government Equitable Share	–	161 108	181 796	188 959	179 259	179 259	189 842	201 664	208 101
Municipal Infrastructure Grant	7 521	7 521	7 521	2 000	2 000	2 000	–	–	–
Total Monetary Allocations	8 623	169 731	190 419	193 959	184 259	184 259	192 442	204 264	210 801
Total Operating/National Government	8 623	169 731	190 419	193 959	184 259	184 259	192 442	204 264	210 801
National Departmental Agencies-Local Government, Water and Related Service SETA-Transferred to Revenue/Capital Expenditure	834 300	834 300	834 300	-	-	-	-	-	-
Other transfers/grants [insert description]									
Total Allocations In-kind	-	-	-	-	-	-	-	-	-
Total Operating/Other Grant Providers	-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants	8 623	169 731	190 419	193 959	184 259	184 259	192 442	204 264	210 801
Total Monetary Allocations	-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant	-	-	-	1 467	1 467	1 467	1 301	-	-
Municipal Infrastructure Grant	49 832	49 832	(7 655)	42 709	42 709	42 709	45 242	50 090	51 523
Total Allocations In-kind	-	-	-	-	-	-	-	-	-
Total Capital/Other Grant Providers	-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	8 623	169 731	190 419	193 959	184 259	184 259	192 442	204 264	210 801

2.8. Allocations and grants made by the municipality

The municipality does not make any allocations nor transfer grants to any organ of state.

2.9. Councillor and board member allowances and employee benefits

The employee related costs and remuneration for councillors contributes **34.64% of the operational budget which is 32.63% and 2.01% respectively**. Employee related costs for the 2024/25, 2025/26 and 2026/27 financial years have remained consistent at approximately R300 million. Through the draft budget process, it was advised that R5million be cut to be in line with the FRP target. The audited outcome for employee related costs in the prior year was R328 million, compared to an FRP target of R282 million. To align with the FRP target, existing FRP interventions must be maintained. Measures implemented in the current financial year include reducing overtime from 40 hours to 20 hours per month. Further initiatives involve reducing the number of acting positions and implementing additional cost containment measures to curb employee related expenditure and strengthen fiscal discipline.

Achieving this target is critical for enhancing the municipality's fiscal stability, particularly by addressing and mitigating current high expenditures associated with overtime and standby costs. This strategic reduction in employee-related outlays is expected to improve cost control and contribute positively to the municipality's long-term financial sustainability. Below is the table disclosing the allowances and benefits of councillors and employees;

NW384 Ditsobotla - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
R thousand	Audited	Audited	Audited	Original Budget	Adjusted Budget	Full Year	Budget Year	Budget Year +1	Budget Year +2
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Allowances and Service Related Benefits									
Basic Salary	11 073	11 542	8 909	13 254	12 838	12 838	12 838	13 249	13 673
Cell phone Allowance	1 207	2 987	6 027	35	1 727	1 727	1 727	1 782	1 840
Housing Allowance	–	–	–	–	–	–	–	–	–
In-kind Benefits	–	–	–	–	–	–	–	–	–
Market Related Non-pensionable Allowance	–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	2 123	2 726	1 977	–	3 186	3 186	3 186	3 288	3 394
Office-bearer Allowance	79	143	104	–	139	139	139	144	148
Out of pocket Expenses	–	–	–	–	–	–	–	–	–
Travelling Allowance	–	–	–	–	536	536	536	553	571
Use of Personal Facilities	–	–	–	–	–	–	–	–	–
Total Allowances and Service Related Benefits	14 482	17 397	17 017	13 288	18 427	18 427	18 427	19 017	19 625
Social Contributions									
Medical Aid Benefits	14	(3)	14	–	18	18	18	37	39
Pension Fund Contributions	161	49	22	4 712	55	55	55	57	58
Total Social Contributions	174	46	36	4 712	73	73	73	94	97
Total Councillors	14 657	17 443	17 053	18 000	18 500	18 500	18 500	19 111	19 723
% increase		19.0%	(2.2%)	5.6%	2.8%	–	–	3.3%	3.2%
Senior Managers of the Municipality									
Salaries and Allowances									
Basic Salary	5 723	5 573	1 331	8 600	4 719	4 719	4 417	4 562	4 708
Bonuses	351	431	–	–	–	–	–	–	–
Allowance									
Accommodation, Travel and Incidental	–	–	–	–	–	–	–	–	–
Cellular and Telephone	6	4	–	–	–	–	–	–	–
Housing Benefits	12	12	–	12	–	–	–	–	–
Non-pensionable	–	–	–	–	–	–	–	–	–
Travel or Motor Vehicle	442	446	18	126	–	–	–	–	–
Voluntary Work	–	–	–	–	–	–	–	–	–
Total Allowance	460	461	18	138	-	-	-	-	-
Service Related Benefits									
Acting	–	17	36	–	–	–	–	–	–
Bonus	–	–	–	–	–	–	–	–	–
Danger Allowance	–	–	–	–	–	–	–	–	–
Total Service Related Benefits	-	17	36	-	-	-	-	-	-
Total Salaries and Allowances	6 533	6 483	1 386	8 738	4 719	4 719	4 417	4 562	4 708
Social Contributions									
Bargaining Council	47	51	84	–	23	23	18	19	19
Group Life Insurance	–	–	–	–	–	–	–	–	–
Medical	–	–	–	–	–	–	–	–	–
Pension	1 053	896	48	6 925	61	61	47	49	51
Unemployment Insurance	21	21	3	60	338	338	276	285	294
Total Social Contributions	1 121	968	136	6 985	422	422	341	352	364
Post-retirement Benefit									
Medical	–	–	–	–	–	–	–	–	–
Other Benefits	–	–	–	–	–	–	–	–	–
Pension	–	–	–	–	–	–	–	–	–
Total Post-retirement Benefit	-	-	-	-	-	-	-	-	-
Costs Capitalised to PPE	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality	7 654	7 451	1 522	15 723	5 141	5 141	4 758	4 915	5 072
% increase		(2.7%)	(79.6%)	933.3%	(67.3%)	–	(7.5%)	3.3%	3.2%
Other Municipal Staff									
Salaries and Allowances									
Basic Salary	210 348	181 190	178 078	230 000	224 190	224 190	188 520	194 741	200 973
Bonuses	6 386	6 748	10 991	–	11 076	11 076	12 704	13 123	13 543
Allowance									
Accommodation, Travel and Incidental	–	–	165	–	–	–	–	–	–
Cellular and Telephone	6	–	–	–	82	82	86	89	92
Housing Benefits	604	509	658	36	407	407	540	558	576
Non-pensionable	–	–	–	–	–	–	–	–	–
Travel or Motor Vehicle	7 296	7 546	7 623	756	5 214	5 214	6 958	7 187	7 417
Voluntary Work	–	–	–	–	–	–	–	–	–
Total Allowance	8 106	8 055	8 447	792	5 702	5 702	7 584	7 834	8 085
Service Related Benefits									
Acting	345	1 435	2 237	550	852	852	2 026	2 093	2 160
Bonus	6 850	7 724	3 909	10 250	7 275	7 275	675	697	720
Danger Allowance	–	–	–	–	–	–	–	–	–
Entertainment	–	–	(3)	–	113	113	(121)	(125)	(129)
Fire Brigade	–	–	–	–	–	–	–	–	–
In-kind Benefits	–	–	–	–	–	–	–	–	–
Leave Pay	289	2 953	(17 239)	–	17 350	17 350	13 690	14 142	14 594
Lifeguard/Duty Squads	–	–	–	–	–	–	–	–	–
Long Service Award	84	395	1 123	–	–	–	3 580	3 698	3 816
Overtime	2 038	22 771	43 608	–	8 214	8 214	11 794	12 183	12 573
Scarcity	–	–	–	–	–	–	–	–	–
Standby Allowance	–	8 211	8 178	150	2 187	2 187	3 645	3 765	3 886
Tools Allowance	–	–	–	–	–	–	–	–	–
Uniform/Special/Protective Clothing	–	–	–	–	–	–	–	–	–
Leave gratuity	–	–	–	–	–	–	–	–	–
Long Term Service Award	–	–	–	–	–	–	–	–	–
Total Service Related Benefits	9 618	43 500	41 814	10 950	35 992	35 992	35 288	36 453	37 620
Total Salaries and Allowances	234 456	239 493	239 330	241 742	276 961	276 961	244 097	252 152	260 221
Social Contributions									
Bargaining Council	49	50	17	–	71	71	84	87	90
Group Life Insurance	139	397	485	–	281	281	393	406	419
Medical	11 041	11 875	192	795	9 571	9 571	11 744	12 132	12 520
Pension	30 192	31 722	33 007	41 550	7 022	7 022	37 679	38 922	40 168
Unemployment Insurance	1 539	1 535	1 459	190	953	953	1 245	1 286	1 327
Total Social Contributions	42 961	45 579	35 159	42 535	17 898	17 898	51 145	52 833	54 524
Post-retirement Benefit									
Medical	–	8 014	12 327	–	–	–	–	–	–
Other Benefits	–	–	–	–	–	–	–	–	–
Pension	–	–	–	–	–	–	–	–	–
Total Post-retirement Benefit	-	8 014	12 327	-	-	-	-	-	-
Costs Capitalised to PPE	–	–	–	–	–	–	–	–	–
Sub Total - Other Municipal Staff	277 417	293 086	286 816	284 277	294 859	294 859	295 242	304 985	314 745
% increase		5.6%	(2.1%)	(0.9%)	3.7%	–	0.1%	3.3%	3.2%
Total Parent Municipality	299 728	317 981	305 391	318 000	318 500	318 500	318 500	329 011	339 540
TOTAL SALARY, ALLOWANCES & BENEFITS	299 728	317 981	305 391	318 000	318 500	318 500	318 500	329 011	339 540
% increase		6.1%	(4.0%)	4.1%	0.2%	–	(0.0%)	3.3%	3.2%
TOTAL MANAGERS AND STAFF	285 071	300 537	288 338	300 000	300 000	300 000	300 000	309 900	319 817

2.10. Monthly targets for revenue, expenditure and cashflow

NW384 Ditsobotla - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2026/27												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year	Budget Year +1	Budget Year +2 2028/29
Revenue																
Exchange Revenue																
Service charges - Electricity		15 999	15 999	15 999	15 999	15 999	15 999	15 999	15 999	15 999	15 999	15 999	15 999	191 988	198 323	204 868
Service charges - Water		6 066	6 066	6 066	6 066	6 066	6 066	6 066	6 066	6 066	6 066	6 066	6 066	72 798	75 383	77 813
Service charges - Waste Water Management		4 619	4 619	4 619	4 619	4 619	4 619	4 619	4 619	4 619	4 619	4 619	4 619	55 427	57 256	59 088
Service charges - Waste Management		2 919	2 919	2 919	2 919	2 919	2 919	2 919	2 919	2 919	2 919	2 919	2 919	35 022	36 177	37 335
Sale of Goods and Rendering of Services		72	72	72	72	72	72	72	72	72	72	72	72	864	893	922
Agency services		698	698	698	698	698	698	698	698	698	698	698	698	8 375	8 651	8 928
Interest		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest earned from Receivables		2 230	2 230	2 230	2 230	2 230	2 230	2 230	2 230	2 230	2 230	2 230	2 230	26 755	27 638	28 522
Interest earned from Current and Non Current Assets		65	65	65	65	65	65	65	65	65	65	65	65	783	809	835
Dividends		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rent on Land		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental from Fixed Assets		3	3	3	3	3	3	3	3	3	3	3	3	33	34	35
Licence and permits		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Special rating levies		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Construction Contract Revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Development Charges		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Operational Revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Non-Exchange Revenue																
Property rates		13 899	13 899	13 899	13 899	13 899	13 899	13 899	13 899	13 899	13 899	13 899	13 899	166 784	172 288	177 801
Surcharges and Taxes		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		1	1	1	1	1	1	1	1	1	1	1	1	12	13	13
Licences or permits		191	191	191	191	191	191	191	191	191	191	191	191	2 293	2 369	2 445
Transfer and subsidies - Operational		16 711	16 711	16 711	16 711	16 711	16 711	16 711	16 711	16 711	16 711	16 711	16 711	200 529	209 265	215 953
Interest		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fuel Levy		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Operational Revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Gains on disposal of Fixed and Intangible Assets		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Gains		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Discontinued Operations		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		**63 472**	**63 472**	**63 472**	**63 472**	**63 472**	**63 472**	**63 472**	**63 472**	**63 472**	**63 472**	**63 472**	**63 472**	**761 662**	**789 099**	**814 559**
Expenditure																
Employee related costs		25 000	25 000	25 000	25 000	25 000	25 000	25 000	25 000	25 000	25 000	25 000	26 000	300 000	309 900	319 817
Remuneration of councillors		1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	18 500	19 111	19 723
Bulk purchases - electricity		19 093	19 093	19 093	19 093	19 093	19 093	19 093	19 093	19 093	19 093	19 093	19 093	229 110	236 671	244 244
Inventory consumed		566	566	566	566	566	566	566	566	566	566	566	566	6 794	7 016	7 239
Debt impairment		10 833	10 833	10 833	10 833	10 833	10 833	10 833	10 833	10 833	10 833	10 833	10 833	130 000	162 000	167 000
Depreciation, amortisation and impairment		2 667	2 667	2 667	2 667	2 667	2 667	2 667	2 667	2 667	2 667	2 667	2 667	32 000	32 000	33 024
Interest, Dividends and Rent on Land		2 597	2 597	2 597	2 597	2 597	2 597	2 597	2 597	2 597	2 597	2 597	2 697	31 163	31 163	32 160
Contracted services		4 482	4 482	4 482	4 482	4 482	4 482	4 482	4 482	4 482	4 482	4 482	4 482	53 786	47 943	49 467
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Irrecoverable debts written off		8 333	8 333	8 333	8 333	8 333	8 333	8 333	8 333	8 333	8 333	8 333	8 333	100 000	–	–
Operational costs		1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	1 500	18 000	19 020	20 021
Disposal of Fixed and Intangible Assets		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Losses		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		**76 613**	**76 613**	**76 613**	**76 613**	**76 613**	**76 613**	**76 613**	**76 613**	**76 613**	**76 613**	**76 613**	**76 613**	**919 353**	**864 823**	**892 696**
Surplus/(Deficit)		**(13 141)**	**(13 141)**	**(13 141)**	**(13 141)**	**(13 141)**	**(13 141)**	**(13 141)**	**(13 141)**	**(13 141)**	**(13 141)**	**(13 141)**	**(13 141)**	**(157 691)**	**(75 724)**	**(78 137)**
Transfers and subsidies - capital (monetary allocations)		3 770	3 770	3 770	3 770	3 770	3 770	3 770	3 770	3 770	3 770	3 770	3 770	45 242	50 090	51 523
Transfers and subsidies - capital (in-kind)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(112 449)**	**(25 634)**	**(26 614)**
Income Tax		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after income tax		**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(112 449)**	**(25 634)**	**(26 614)**
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(112 449)**	**(25 634)**	**(26 614)**
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	1	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(9 371)**	**(112 449)**	**(25 634)**	**(26 614)**

2.6.5. Key Observations: targets for revenue, expenditure and cashflow

For the 2026/27 budget year, Ditsobotla Municipality total operating revenue of R761.6 million against total expenditure of R919.3 million, resulting in an operating deficit of R157.6 million. Key revenue drivers are electricity service charges R191.99m, property rates R166.7m, and operational transfers and subsidies R200m. Major expenditure items include employee related costs R300.0m, bulk electricity purchases R221.1m, debt impairment R130.00m, and irrecoverable debts written off R100.00m. After accounting for capital transfers of R45.2m, the deficit reduces to R75m for 2026/27.

2.11. Annual budgets and service delivery and implementation internal departments

In terms of section 53 (1)(c)(ii) of the MFMA, the Service Delivery and Budget Implementation Plan (SDBIP) constitute 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 2026/27financial year will be approved by the Mayor, following the approval of the budget, on or before end May 2026.

2.12. Annual budgets and service agreements -municipal entities and other external mechanism

Not applicable to Ditsobotla Local Municipality

2.13. Contracts having future budgetary implications

The municipality has budgeted for contractual services, including security, financial systems, and electricity vendors. However, it is noteworthy that none of these services have contracts exceeding three years in duration, and some have yet to be formalized with the municipality. As a result, these contracts do not meet the criteria for having significant budgetary implications for future years.

2.14. Capital expenditure details (MIG FUNDED)

The municipality has approved a capital budget totalling R45 242 000. This budget is primarily funded through grant funding.

These funds are designated for the procurement of essential vehicles for enhancing service delivery and maintaining municipal operations. The provision of R9 million is made for repairs& maintaining of internal roads in Lichtenburg, professional fees for asset management and operations of Project Management Unit (PMU). The table below outlines the MIG funded projects:

NO	PROJECT DESCRIPTION	2026/2027	2027/2028	2028/2029
1	CONSTRUCTION OF COMMUNITY HALL IN ITEKENG	R 6 000 000.00	1 500 000.00	
2	UPGRADING OF BOIKHUTSO STORM WATER NETWORK	R 5 262 100.00	5 000 000.00	2 000 000.00
3	UPGRADING OF ROADS AND STORMWATER IN ITSOSENG PHASE-3	R 4 831 500.00	13 507 650.00	10 000 000.00
4	BLYDEVILLE ROADS NETWORK	R 5 000 000.00	3 000 000.00	
5	CONSTRUCTION OF ROADS AND STORMWATER IN TLHABOLOGANG PHASE 2	R 500 000.00		
6	CONSTRUCTION OF SPRINGBOKPAN COMMUNITY HALL PHASE 2	R 500 000.00		
7	CONSTRUCTION OF MATILE HALL	R 500 000.00	3 000 000.00	10 000 000.00
8	PURCHASING OF SPECIALISED VEHICLES	R 500 000.00	2 000 000.00	1 794 550.00
9	BOIKHUTSO HIGH MAST LIGHTS EXT 1,2 & 3	R 2 000 000.00	3 000 000.00	
10	BOIKHUTSO ROADS NETWORK WARD 3	R 4 500 000.00		
11	BODIBE HIGH MAST LIGHTS	R 1 200 000.00		
12	CONSTRUCTION OF DITSOBOTLA LANDFILL SITE	R 2 500 000.00		
13	PUTFONTEIN HIGH MAST LIGHTS	R 900 000.00		
14	CONSTRUCTION OF ROADS AND STORM WATER IN VERDWAAL PHASE 2	R 500 000.00	5 000 000.00	10 000 000.00
15	CONSTRUCTION OF BLYDEVILLE HALL	R 500 000.00	5 000 000.00	5 000 000.00
16	FENCING OF GA-MALOKA CEMETRY	R 500 000.00		
17	FENCING OF BODIBE INTERNAL ROADS	R 500 000.00		5 000 000.00
18	FENCING OF SHIELA CEMETRY	R 0.00	500 000.00	
19	FENCING OF VERDWAAL CEMETRY	R 0.00	500 000.00	
20	FENCING OF TLHABOLOGANG CEMETRY	R 0.00	500 000.00	
21	FIXED ASSET REGISTER (5%)	R 2 262 100.00		
22	OPERATIONS AND MAINTENANCE (10%)	R 4 524 200.00	5 000 900.00	5 152 300.00
23	PMU Administration (5%)	R 2 262 100.00	2 500 450.00	2 576 150.00
	Total (MIG Allocation)	**R 45 242 000.00**	**R 50 009 000.00**	**R 51 523 000.00**

2.15. Legislation compliance status

This budget has been compiled based on various MFMA Circulars such as the recent, Circular 132 and 134 issued by National treasury in December 2025 and March 2026 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 2026/27 to 2028/29 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 2026 Division of Revenue Bill.

Budget Principle and Guidelines

The following budget principles and guidelines directly informed the compilation of the 2026/27MTREF:

- 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 improve the municipality's revenue base.
- Implementation of Financial Recovery Plan and Municipal Funding Plan.
- The level of property rates and tariff increases to ensure the delivery of services on a financially sustainable basis.
- 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.

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.

National Intervention: Section 139(7)

The municipality was placed under national intervention effective 1 September 2025 for a two-year period due to persistent financial and service delivery failures. A Financial Recovery Plan is being implemented to restore fiscal stability, with the core objective of achieving a funded budget that aligns expenditure with realistically collectable revenue. Key measures include enforcing cost containment, improving revenue collection, reducing the deficit, and ensuring compliance with the MFMA to rebuild financial credibility and sustainable service delivery.

Audit Committee

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

Internal Audit Function

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

2.16. Other supporting documents

The following documents are supporting this budget document;

- ✓ Funding Plan

- ✓ Procurement Plan
- ✓ Tariff listing
- ✓ IDP
- ✓ FRP
- ✓ A-Schedule

2.17. Annual budgets of municipal entities attached to the municipalities annual budget

Not applicable to Ditsobotla Local Municipality

Ditsobotla Plaaslike Munisipaliteit Local Municipality

ENTRUST AND CONQUER

018-633 3800 – 633 3999
Faks/Fax: 018-632 5247

7
Burgersentrum/Civic Centre
Dr Nelson Mandela Rylaan/Drive
Lichtenburg 2740

Quality Certificate

I Olaotse Bojosinyane Municipal Manager of **Ditsobotla Local Municipality**, hereby certify that the Medium-Term Revenue and Expenditure Framework (MTREF 2026/27 to 2028/29) and supporting documentation has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, No. 56 0f 2003, and the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: Signature: **Mr. Olaotse Bojosinyane**

Municipal Manager of **Ditsobotla Local Municipality NW384**

Signature:

Date: 12/06/2026