

**ANNUAL BUDGET OF
MP306 DIPALESENG LOCAL MUNICIPALITY**



**2024/25 TO 2026/27
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS**

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Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	City Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kl	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

Part 1 – Annual Budget

1.1 Mayor's Report

Albert Einstein once said something to the effect: “We cannot expect to do the same old things and expect different results”. South Africa has experienced over a decade of weak economic growth, GDP has averaged only 0.8 per cent annually since 2012, entrenching high levels of unemployment and poverty. Power cuts and operational problems in freight rail and ports continue to disrupt economic activity and limit the country's export potential. Comprehensive reforms are underway in these sectors, although it will take time to see recovery in growth. Household consumption is under pressure from high living costs, and investment remains low due to weak confidence and challenging business conditions linked to structural constraints. Over the next three years, South Africa's economy is forecast to grow at an average of 1.6 per cent, a moderate improvement on the 1.4 per cent average expected at the time of the 2023 MTBPS. The outlook is supported by an expected recovery in household spending as inflation declines, and an increase in energy-related fixed investments.

Signals are that the recovery is still fragile and many commentators caution that current positive economic trends may be short-lived and that the world economy may yet experience another recessionary wave. Dipaleseng was in no way immune to the harsh economic realities associated with the recession. Among the impacts are the serious cash flow challenges currently being experienced by the municipality due to among other things declining collection rates; historic expenditure patterns and a general lack of “doing business smarter”.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within Dipaleseng. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of Dipaleseng's financial plan is essential and critical to ensure that Dipaleseng Local Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

1.2 RECOMMENDATIONS THAT COUNCIL

1. The Council of Dipaleseng Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - a. The annual budget of the municipality for the financial year 2024/25 and the multi-year and single-year capital appropriations as set out in the following tables:
 - i. Budgeted Financial Performance (revenue and expenditure by standard classification)

- ii. Budgeted Financial Performance (revenue and expenditure by municipal vote)
 - iii. Budgeted Financial Performance (revenue by source and expenditure by type)
 - iv. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source
 - b. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - i. Budgeted Financial Position
 - ii. Budgeted Cash Flows
 - iii. Cash backed reserves and accumulated surplus reconciliation
 - iv. Asset management
 - v. Basic service delivery measurement
2. The Council of Dipaleseng Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2010:
 - a. the tariffs for property rates – as set out in Annexure B,
 - b. the tariffs for electricity – as set out in Annexure B
 - c. the tariffs for the supply of water – as set out in Annexure B
 - d. the tariffs for sanitation services – as set out in Annexure B
 - e. the tariffs for solid waste services – as set out in Annexure B
 - f. the tariff tool assessment outcomes- as set out in Annexure C
3. Council approves the following revenue increases for the main five revenue sources with effect from 1 July 2024:

For the 2024/25 budget year:

 - increase in property rates by 4.9%
 - increase in the sewerage tariffs of 4.9%
 - increase in the refuse tariffs of 4.9%
 - increase in the water tariffs of 4.9%
 - increase in the electricity tariffs of 12.7% pending NERSA approval
4. Registered Indigents BE provided a subsidy of R220.00 per month on their accounts.
5. The Council approves and adopts the Budget Related Policies for the 2024/25 financial year:
 - Borrowing Policy
 - Cash collection and banking
 - Credit control & debt collection policy
 - Asset Management Policy
 - Budget Policy
 - Provision for bad debts Policy
 - Indigent Policy
 - Write Off Policy
 - Funding and reserves Policy
 - Infrastructure and capital investments Policy
 - Inventory Management

- Long Term Financial Plan Policy
 - Proposed Rates Policy
 - SCM Policy
 - Tariff Policy
 - UIFW Policy
 - Unclaimed Deposits
6. The Council of Dipaleseng Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2024
7. The council of Dipaleseng Local Municipality, acting in line with Municipal Budget Reporting Regulations consider and approved the Comments of the Stakeholders and well as the Remedial actions taken. **Refer to Annexure E**

1.3 Executive Summary

The key service delivery priorities, as reflected in the Integrated Development Plan (IDP), informed the development of the Budget, including the need to maintain the Municipality's financial sustainability. All National Treasury's MFMA Circulars were used to guide the compilation of the 2024/25 MTREF, including the latest MFMA Circulars 126 and 128.

The other fundamental principles underlying the preparation of this draft budget is the application of sound Financial Management to ensure Financial Viability, and that municipal services provide sustainable, economically and equitable to all communities.

Dipaleseng has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers

The main challenges experienced during the compilation of the 2024/25 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

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

- The 2023/24 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2025/26 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- 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;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2024/25 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2024/25 MTREF

Description	Adjustments Budget 2023/24	Budget 2024/2025	Budget 2025/2026	Budget 2026/2027
Total Operating Revenue	354,211	379,895	406,112	435,483
Total Operating Expenditure	349,012	374,007	402,655	433,210
Surplus /(Deficit) for the year before capital grants	5,199	5,888	3,457	2,273
Grants revenue - Capital	36,705	35,721	32,874	33,409
Surplus /(Deficit)for the year	41,904	41,609	36,331	35,682

Total operating revenue has grown by 7.25 per cent or R 25.6 million for the 2024/25 financial year when compared to the 2023/24 Adjustments Budget. For the two outer years, operational revenue will increase by 6.9 and 7.2 per cent respectively, equating to a total revenue growth of R 81.2 million over the MTREF when compared to the 2023/24 financial year.

Total operating expenditure for the 2024/25 financial year has been appropriated at R 374 million and translates into a budgeted surplus of R 5.8 million. When compared to the 2023/24 Adjustments Budget, operational expenditure has grown by 7.36 per cent in the 2023/24 budget and by 7 and 7.59 per cent for each of the respective outer years of the MTREF. The operating

surplus for the two outer years are to R 3.4 million and R 2.2 million respectively. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R 35.7 million for 2024/25 is 2.6 per cent less when compared to the 2023/24 Adjustment Budget. The reduction is due to various projects being finalised in the previous financial year as well as affordability constraints in the light of current economic circumstances. The capital programme decreases to R 32.8 million in the 2025/26 financial year and in 2026/27 to R 33.4 million. Consequently, the capital budget remains relatively flat over the medium-term.

1.4 Operating Revenue Framework

For Dipaleseng to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the area and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2024/25 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

MP306 Dipaleseng - Table A4 Budgeted Financial Performance (revenue and expenditure)									
Description	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue									
Exchange Revenue									
Service charges - Electricity	61,709	70,428	69,540	92,946	92,946	92,946	104,750	121,196	140,224
Service charges - Water	23,183	23,150	26,643	27,610	27,610	27,610	28,963	30,295	31,689
Service charges - Waste Water Management	21,257	22,882	25,047	25,270	25,270	25,270	26,508	27,728	29,003
Service charges - Waste Management	7,219	8,560	9,431	9,477	9,477	9,477	9,941	10,399	10,877
Sale of Goods and Rendering of Services	4,432	2,366	1,356	3,237	3,237	3,237	3,396	3,552	3,715
Agency services	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	36,372	41,612	45,034	45,302	45,302	45,302	47,522	49,708	51,994
Interest earned from Current and Non Current Assets	413	221	685	358	358	358	376	393	411
Dividends	-	-	-	-	-	-	-	-	-
Rent on Land	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	272	265	282	332	332	332	348	364	381
Licence and permits	5,540	4,575	5,457	8,277	8,277	8,277	8,683	9,082	9,500
Operational Revenue	65	52	39	48	48	48	50	53	55
Non-Exchange Revenue									
Property rates	31,694	33,150	31,294	37,171	37,171	37,171	38,992	40,786	42,662
Surcharges and Taxes	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	1,604	2,521	2,680	159	159	159	167	174	182
Licences or permits	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational	98,171	89,332	104,359	104,024	104,024	104,024	110,199	112,383	114,790
Interest	-	-	-	-	-	-	-	-	-
Fuel Levy	-	-	-	-	-	-	-	-	-
Operational Revenue	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets	-	-	-	-	-	-	-	-	-
Other Gains	-	1,562	2,384	-	-	-	-	-	-
Discontinued Operations	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	291,932	300,675	324,231	354,211	354,211	354,211	379,895	406,112	435,483

Table 3 Percentage growth in revenue by main revenue source

Description	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Pre-audit outcome	Budget Year 2024/25	%	Budget Year 2025/26	%	Budget Year +2 2026/27	%
R thousand									
Revenue									
Exchange Revenue									
Service charges - Electricity	92,946	26%	92,946	104,750	28%	121,196	30%	140,224	32%
Service charges - Water	27,610	8%	27,610	28,963	8%	30,295	7%	31,689	7%
Service charges - Waste Water Management	25,270	7%	25,270	26,508	7%	27,728	7%	29,003	7%
Service charges - Waste Management	9,477	3%	9,477	9,941	3%	10,399	3%	10,877	2%
Sale of Goods and Rendering of Services	3,237	1%	3,237	3,396	1%	3,552	1%	3,715	1%
Agency services	–	–	–	–	–	–	–	–	–
Interest	–	–	–	–	–	–	–	–	–
Interest earned from Receivables	45,302	13%	45,302	47,522	13%	49,708	12%	51,994	12%
Interest earned from Current and Non Current Assets	358	0%	358	376	0%	393	0%	411	0%
Dividends	–	–	–	–	–	–	–	–	–
Rent on Land	–	–	–	–	–	–	–	–	–
Rental from Fixed Assets	332	0%	332	348	0%	364	0%	381	0%
Licence and permits	8,277	2%	8,277	8,683	2%	9,082	2%	9,500	2%
Operational Revenue	48	0%	48	50	0%	53	0%	55	0%
Non-Exchange Revenue									
Property rates	37,171	10%	37,171	38,992	10%	40,786	10%	42,662	10%
Surcharges and Taxes	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	159	0%	159	167	0%	174		182	0%
Licences or permits	–	–	–	–	–	–	–	–	–
Transfer and subsidies - Operational	104,024	29%	104,024	110,199	29%	112,383	28%	114,790	26%
Interest	–	–	–	–	–	–	–	–	–
Fuel Levy	–	–	–	–	–	–	–	–	–
Operational Revenue	–	–	–	–	–	–	–	–	–
Gains on disposal of Assets	–	–	–	–	–	–	–	–	–
Other Gains	–	–	–	–	–	–	–	–	–
Discontinued Operations	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	354,211	100%	354,211	379,895	100%	406,112	100%	435,483	100%
Total Revenue from Rates and Service Charges	192,474	54%		209,155	55%	230,403	57%	254,455	58%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. Rates and service charge revenues comprise more than half of the total revenue mix. In the 2023/24 financial year, revenue from rates and services charges totalled R 192 million or 54 per cent. This increases to R 209 million, R 230 million and R 254 million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 55 per cent in 2024/25 to 58 per cent in 2026/27. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity.

Property rates is the second largest revenue source totalling 10 per cent and increases from R 38.9 million to R 42.6 million by 2026/27. Other sources of revenue consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R 140.7 million in the 2023/24 financial year and steadily increases to R 148.1 million by 2026/27. Note that the year-on-year growth for the 2024/25 financial year is 3.56 per cent and then flattens out to -0.46 and 2 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

MP306 Dipaleseng - Transfers and grant receipts									
Description	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	182,577	146,289	135,047	140,729	140,729	140,729	145,920	145,257	148,199
Equitable Share	91,101	82,053	91,860	100,018	100,018	100,018	106,114	109,583	111,990
Expanded Public Works Programme Integrated Grant	1,770	1,485	1,444	1,156	1,156	1,156	1,285	-	-
Local Government Financial Management Grant	2,600	2,800	2,800	2,850	2,850	2,850	2,800	2,800	2,800
Municipal Infrastructure Grant	18,487	24,150	20,943	21,705	21,705	21,705	26,218	22,066	23,645
Integrated National Electrification Programme Grant	10,000	35,801	18,000	15,000	15,000	15,000	9,503	10,808	9,764
Energy Efficiency and Demand Side Management Grant	2,699	2,993	4,000	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	55,920	5,079	-	-	-	-	-	-	-
Municipal Disaster Relief Grant	-	-	5,750	5,750	5,750	5,750	-	-	-
Provincial Government:	-	-	-	-	-	-	-	-	-
Health subsidy	-	-	-	-	-	-	-	-	-
Ambulance sidy	-	-	-	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	182,577	146,289	135,047	140,729	140,729	140,729	145,920	145,257	148,199

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipal area.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 4.9 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom and Rand Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The new Property Rates General Valuation will be implemented in the 2025/26 financial year. For the 2024/25 financial year, the current valuation roll will still be in effect.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2024/25 financial year based on a 4.9 per cent increase from 1 July 2024 is contained below:

Table 5 Comparison of proposed rates to levied for the 2024/25 financial year

ASSESSMENT RATES - 4.9% increase		
	<u>2023/24</u>	<u>2024/25</u>
AGRICULTURE	0.002613	0.002741
BUSINESS	0.026126	0.027406
PLACES OF PUBLIC WORSHIP	0.000000	0.000000
PUBLIC SERVICE PURPOSES	0.026126	0.027406
MINING	0.015676	0.016444
MUNICIPAL	0.000000	0.000000
PUBLIC SERVICE INFRASTRUCTURE (PSI)	0.026126	0.027406
RESIDENTIAL	0.010450	0.010962
VACANT LAND	0.020901	0.021925
PUBLIC BENEFIT ORGANISATION	0.002613	0.002741
ILLEGAL LAND USAGE	0.031351	0.032887

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regards to water supply as it does with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

CONSUMPTION		TARIFF 2023/24		TARIFF 2024/25
Business (per business unit)	0 -6 KL	R 15.21	4.9%	R 15.96
Government institutions	7-35KL	R 15.98	4.9%	R 16.76
Industrial	36-50KL	R 16.83	4.9%	R 17.65
PSI	51-80KL	R 18.95	4.9%	R 19.88
Schools	81 and above	R 19.28	4.9%	R 20.22
Vacant stands (Non residential)				
		TARIFF 2023/24		TARIFF 2024/25
NGO/NPO	0-35KL	R 14.49	4.9%	R 15.20
Vacant stands (Residential)	36-50KL	R 15.21	4.9%	R 15.96
Domestic (Residential)	51-80KL	R 15.98	4.9%	R 16.76
	81 and above	R 16.83	4.9%	R 17.65

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 7 Comparison between current water charges and increases (Domestic)

Monthly Consumption (kl)	Current Amount Payable (in R)	Proposed Amount Payable (in R)	Difference (Increase)	Percentage Change
10	144.90	152.00	7.10	4.9%
20	289.80	304.00	14.20	4.9%
40	583.20	611.80	28.60	4.9%
60	895.10	939.00	43.90	4.9%
80	1,214.70	1,274.20	59.50	4.9%
100	1,551.30	1,627.20	75.90	4.9%

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 12.7 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2024. Given the absence of an approved tariff increase for the outer year of the MTEF, the increase is projected to be 15.7 per cent in 2025/26. This is the average of the approved increases for the two years of the MYPD-5 period

Considering the Eskom increases, the consumer tariff had to be increased to offset the additional bulk purchase cost from 1 July 2024. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the water charges for domestic customers:

Table 8 Comparison between current electricity charges and increases (Domestic)

Monthly Consumption (kWh)	Current Amount Payable (R)	Proposed Amount Payable (R)	Difference (Increase)	Percentage Change
50	114.00	128.50	14.50	12.7%
100	228.00	257.00	29.00	12.7%
250	570.00	642.50	72.50	12.7%
500	1,140.00	1,285.00	145.00	12.7%
750	1,710.00	1,927.50	217.50	12.7%

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the less privileged). Dipaleseng has entered into discussions with NERSA regarding the suitability of the NERSA proposed stepped tariffs compared to those already being implemented by the municipality already. Until the discussions are concluded, the municipality will maintain the current structure of its electricity tariffs.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the municipality. The upgrading of the electricity network has therefore become a strategic priority, especially the substations and transmission lines.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 4.9 per cent for sanitation from 1 July 2024 is proposed. This is based on the input cost assumptions related to water. Sanitation charges are calculated according to the percentage (10%) of water discharged.

- Free sanitation (6 kℓ water) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R 26.5 million for the 2024/25 financial year.

The following table compares the current and proposed tariffs:

Table 9 Comparison between current sanitation charges and increases

EFFLUENT			
All consumers excluding registered indigents	R	10.96	4.9%
INDUSTRIAL	R	23.56	70% levy

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

Table 10 Comparison between current sanitation charges and increases, single dwelling-houses

Waste Water Consumption				
Monthly Consumption (kl)	Current Amount Payable (in R)	Proposed Amount Payable (in R)	Difference (Increase)	Percentage Change
10	10.96	11.50	0.54	4.9%
20	21.92	23.00	1.08	4.9%
30	32.88	34.50	1.62	4.9%
40	43.84	46.00	2.16	4.9%
50	54.80	57.50	2.70	4.9%
80	87.68	92.00	4.32	4.9%
100	109.60	115.00	5.40	4.9%

1.4.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a surplus. Dipaleseng will continue to implement a solid waste strategy to ensure that this service is rendered in a sustainable manner over the medium to long-term. A 4.9 per cent increase in the waste removal tariff from 1 July 2024. Higher increases will not be viable in 2024/25 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 4.9 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2024:

Table 11 Comparison between current waste removal fees and increases

REFUSE REMOVALS				
		TARIFF 2023/24		TARIFF 2024/25
	1.049			
Business (per business unit)		R 133.35	4.9%	R 139.89
Government institutions		R 133.35	4.9%	R 139.89
Industrial		R 149.98	4.9%	R 157.32
Schools		R 79.83	4.9%	R 83.74
Public Institutions (includes Churches)		R 105.66	4.9%	R 110.84
Domestic (Residential)		R 78.45	4.9%	R 82.30

1.5 Operating Expenditure Framework

Dipaleseng's expenditure framework for the 2024/25 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

The following table is a high level summary of the 2024/25 budget and MTREF (classified per main type of operating expenditure):

Table 12 Summary of operating expenditure by standard classification item

Description	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 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 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Expenditure										
Employee related costs	68,966	69,120	76,535	71,924	71,924	71,924	71,924	81,582	85,335	89,260
Remuneration of councillors	5,415	5,414	5,696	6,448	6,448	6,448	6,448	6,770	7,081	7,407
Bulk purchases - electricity	73,110	86,423	89,235	99,473	99,473	99,473	99,473	112,106	129,707	150,071
Inventory consumed	16,160	30,399	70,213	12,507	12,507	12,507	12,507	13,132	13,736	14,368
Debt impairment	46,210	10,094	175,308	66,948	66,948	66,948	66,948	70,295	72,529	73,500
Depreciation and amortisation	21,708	28,924	44,198	22,503	22,503	22,503	22,503	21,127	22,099	23,115
Interest	14,975	23,274	36,119	16,990	16,990	16,990	16,990	9,439	9,873	10,327
Contracted services	22,610	32,199	52,434	34,118	34,118	34,118	34,118	40,549	42,414	44,365
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off	6,565	-	-	-	-	-	-	-	-	-
Operational costs	17,739	21,865	19,201	18,102	18,102	18,102	18,102	19,007	19,881	20,796
Losses on disposal of Assets	-2,069	1,544	1,757	-	-	-	-	-	-	-
Other Losses	1,689	42	-	-	-	-	-	-	-	-
Total Expenditure	293,078	309,298	570,696	349,013	349,013	349,013	349,013	374,007	402,655	433,210

The budgeted allocation for employee related costs for 2024/25 financial year totals R 81.5 million, which equals 21.8 per cent of the total operating expenditure. The Salary and Wage Collective

Agreement for the period 01 July 2021 to 30 June 2024 has come to an end and a new agreement is under consultation, which is anticipated to consider the current fiscal constraints faced by government. Therefore, in the absence of any information in this regard from the South African Local Government Bargaining Council (SALGBC), the inflation rate of 4.9% will be used when considering salary increases. As part of the planning assumptions and interventions all critical vacancies were prioritized within the Municipality. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the budget.

The provision of debt impairment was determined based on an annual collection rate of 66 per cent. For the 2024/25 financial year this amount equates to R 70.2 million and escalates to R 73.5 million by 2026/27. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R 21.1 million for the 2024/25 financial and equates to 5.6 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register.

Finance charges consist primarily of interest on Eskom. Finance charges make up 2.5 per cent (R 9.4 million) of operating expenditure.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from DWS. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the municipality's infrastructure. For 2024/25 the appropriation against this group of expenditure has increased from R 12.5 million to R 14.3 million over the 3 year period ended 2026/27.

Contracted services in the 2024/25 financial year totals R 40.5 million and has escalated by just 4.6 per cent for the two outer years. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2024/25 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 5 per cent for 2024/25 and curbed

at 4.6 per cent for the two outer years, indicating that significant cost savings have been already realised.

The following table gives a breakdown of the main expenditure categories for the 2024/25 financial year.

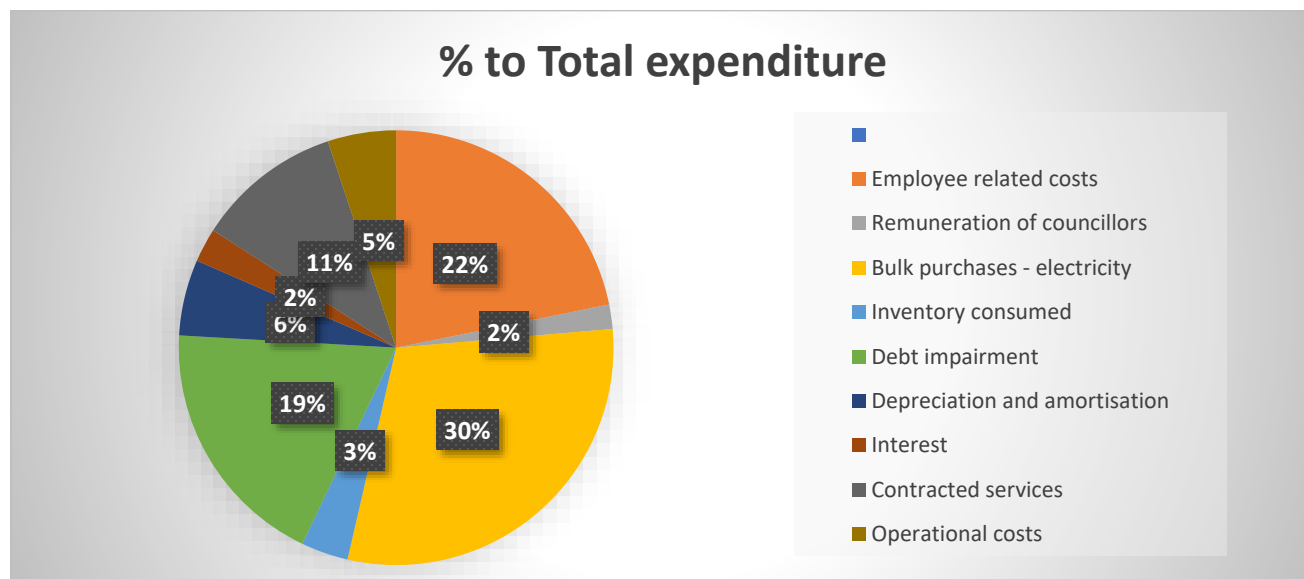


Figure 1 Main operational expenditure categories for the 2024/25 financial year

1.5.1 Free Basic Services: Basic Social Services Package

The social package assists households that are less privileged or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigent Policy. The target is to register 2,500 or more indigent households during the 2024/25 financial year, a process reviewed annually.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act. Indigent subsidy will be granted to registered indigents only in terms of Council's Indigent Policy. Registered indigents will be provided a subsidy of R220.00 per month on their accounts (which excludes debt accumulated prior the implementation of the Indigent Policy where Council to make determination).

Due to the financial constraint, it has become evident that the municipality can no longer afford to provide free basic service for all, therefore the 50kwh of electricity and 6 kl of water will be provided to registered indigents only.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 13 2024/25 Medium-term capital budget per vote

Vote Description	##	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 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 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE AND ADMINISTRATION		-	-	-	-	-	-	-	-	-	-
Vote 3 - COMMUNITY AND PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 4 - DEVELOPMENT AND PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 5 - SPORTS AND RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 6 - ROADS		-	-	-	-	-	-	-	-	-	-
Vote 7 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 8 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 10 - WATER		-	-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE AND ADMINISTRATION		120	607	505	-	-	-	-	-	-	-
Vote 3 - COMMUNITY AND PUBLIC SAFETY		3 159	29	-	-	-	-	-	-	-	-
Vote 4 - DEVELOPMENT AND PLANNING		-	-	-	-	-	-	-	-	-	-
Vote 5 - SPORTS AND RECREATION		-	-	-	-	-	-	-	5 000	5 230	5 230
Vote 6 - ROADS		58 665	9 703	(116 755)	-	-	-	-	15 656	11 018	12 597
Vote 7 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 8 - WASTE MANAGEMENT		-	-	-	-	-	-	-	2 000	2 092	2 092
Vote 9 - WASTE WATER MANAGEMENT		2 570	143 672	14 351	3 000	3 000	3 000	3 000	2 251	2 355	2 355
Vote 10 - WATER		2 075	4 901	183 726	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		24 164	43 611	34 407	33 500	33 500	33 500	33 500	9 503	10 808	9 764
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		90 754	202 523	116 234	36 500	36 500	36 500	36 500	34 410	31 503	32 638
Total Capital Expenditure - Vote		90 754	202 523	116 234	36 500	36 500	36 500	36 500	34 410	31 503	32 638

For 2024/25 an amount of R 15.6 Million has been appropriated for roads infrastructure which represents 45 per cent of the total capital budget. In the outer years this amount totals R 11 Million, 35 per cent and R12.5 Million, 39 per cent respectively for each of the financial years. Electricity receives the allocation of R 9.5 million in 2024/25 which equates to 28 per cent followed by sports & recreation R 5 Million at 15 per cent, waste water R2.2 million at 18.4 per cent and waste R 2 million at 6 per cent.

The projects to be undertaken over the medium-term includes:

- Upgrading & Rehabilitation of roads – R 15.6 million;
- Maintenance of water and sanitation – R 2.2 million
- Construction of new landfill site – R 2 million
- Upgrading of stadium – R 5 million
- Construction of electricity substation – R 9.5 million

1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2024/25 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

MBRR Table A1 - Budget Summary

MP306 Dipaleseng - Table A1 Budget Summary

Description	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousands										
Financial Performance										
Property rates	31 694	33 150	31 294	37 171	37 171	37 171	37 171	38 992	40 786	42 662
Service charges	113 368	125 020	130 661	155 303	155 303	155 303	155 303	170 162	188 618	211 793
Investment revenue	413	221	685	358	358	358	358	376	383	411
Transfer and subsidies - Operational	98 171	89 332	104 259	104 024	104 024	104 024	104 024	110 199	112 383	114 790
Other own revenue	48 286	52 853	57 232	57 355	57 355	57 355	57 355	60 166	62 623	65 828
Total Revenue (excluding capital transfers and contributions)	291 932	300 575	304 231	354 211	354 211	354 211	354 211	379 895	406 112	426 483
Employee costs	68 995	69 120	76 535	71 924	71 924	71 924	71 924	81 582	85 325	89 280
Remuneration of councillors	5 415	5 416	5 696	6 448	6 448	6 448	6 448	6 770	7 081	7 407
Depreciation and amortisation	21 708	28 924	44 198	22 503	22 503	22 503	22 503	21 127	22 099	23 115
Interest	14 575	23 274	36 119	16 990	16 990	16 990	16 990	9 439	9 873	10 327
Inventory consumed and bulk purchases	89 270	116 822	159 449	111 980	111 980	111 980	111 980	125 238	143 443	164 436
Transfer and subsidies	—	—	—	—	—	—	—	—	—	—
Other expenditure	92 744	65 743	248 705	119 168	119 168	119 168	119 168	129 852	134 823	138 663
Total Expenditure	293 078	303 289	570 697	349 012	349 012	349 012	349 012	374 608	402 654	423 210
Surplus/(Deficit)	(1 146)	(8 624)	(246 466)	5 199	5 199	5 199	5 199	5 886	3 458	2 273
Transfer and subsidies - capital (monetary allocations)	84 437	65 032	38 943	36 725	36 725	36 725	36 725	35 721	32 874	33 408
Transfer and subsidies - capital (in-kind)	83	—	64 613	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	83 325	56 408	(142 910)	41 904	41 904	41 904	41 904	41 609	36 332	35 682
Share of Surplus/Deficit attributable to Associate	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	83 325	56 408	(142 910)	41 904	41 904	41 904	41 904	41 609	36 332	35 682
Capital expenditure & funds sources										
Capital expenditure	90 754	202 523	116 234	36 500	36 500	36 500	36 500	34 410	31 503	32 038
Transfer recognised - capital	84 790	196 850	80 312	36 500	36 500	36 500	36 500	34 410	31 503	32 038
Borrowing	—	—	—	—	—	—	—	—	—	—
Internally generated funds	2 268	174	271	—	—	—	—	—	—	—
Total sources of capital funds	87 008	197 547	80 683	36 500	36 500	36 500	36 500	34 410	31 503	32 038
Financial position										
Investments	—	—	—	—	—	—	—	—	—	—
LIABILITIES	—	—	—	—	—	—	—	—	—	—
Financial liabilities	—	—	—	—	—	—	—	—	—	—
NET ASSETS	585 144	792 907	648 917	992 208	992 208	992 208	992 916	1 020 207	1 051 629	1 185 415
Community wealth/Equity	—	—	—	—	—	—	—	—	—	—
Cash flow										
Net cash from (used) operating	195 695	151 649	84 576	33 869	33 869	33 869	33 869	38 719	29 730	21 703
Net cash from (used) investing	(32 472)	(54 189)	(50 006)	(36 500)	(36 500)	(36 500)	(36 500)	(34 410)	(31 503)	(32 038)
Net cash from (used) financing	—	—	—	—	—	—	—	—	—	—
Cash/cash equivalents at the year end	163 134	93 934	41 792	109 443	109 443	109 443	109 443	114 221	112 448	102 113
Cash backing/surplus reconciliation										
Non-current investments	5 131	3 768	5 729	—	—	—	—	195 114	(9)	(109 562)
Solusory requirements	(176 432)	(142 280)	(273 028)	216 941	216 941	216 941	216 941	22 157	31 255	136 737
Balance - surplus (shortfall)	181 536	146 348	278 754	(216 941)	(216 941)	(216 941)	(216 941)	83 957	(31 202)	(246 320)
Asset management										
Asset register summary (WCV)	519 979	629 028	807 232	885 263	885 263	885 263	—	1 053 624	1 050 128	1 045 656
Depreciation	20 643	27 787	26 910	17 000	17 000	17 000	—	21 127	22 099	23 115
Renewal and Upgrading of Existing Assets	966	14 407	25 862	6 000	6 000	6 000	—	20 056	18 248	17 827
Repairs and Maintenance	6 251	9 622	18 909	13 999	13 999	13 999	—	13 250	13 729	14 226
Free services										
Cost of Free Basic Services provided	—	—	—	—	—	—	—	—	—	—
Revenue cost of free services provided	2 211	1 701	4 356	1 058	1 058	1 058	—	1 164	1 217	1 273
Households below minimum service level										
Water	—	—	—	—	—	—	—	—	—	—
Sanitation/sewerage	—	—	—	—	—	—	—	—	—	—
Energy	—	—	—	—	—	—	—	—	—	—
Refuse	—	—	—	—	—	—	—	—	—	—

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**MP306 Dipaleseng - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)**

Functional Classification Description	###	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1									
Revenue - Functional										
Governance and administration		149 269	142 782	177 484	189 434	189 434	189 434	199 413	207 044	213 867
Executive and council		80 757	62 430	91 332	103 068	103 068	103 068	108 769	112 360	114 896
Finance and administration		68 512	80 351	86 152	86 367	86 367	86 367	90 644	94 684	96 911
Internal audit		—	—	—	—	—	—	—	—	—
Community and public safety		10 776	7 682	9 281	9 095	9 095	9 095	9 892	10 346	10 821
Community and social services		245	190	135	206	206	206	527	551	576
Sport and recreation		—	—	—	—	—	—	—	—	—
Public safety		10 531	7 492	9 146	8 889	8 889	8 889	9 365	9 795	10 245
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
Economic and environmental services		18 503	13 175	20 974	21 721	21 721	21 721	26 235	22 084	23 664
Planning and development		18 503	19	20 974	21 721	21 721	21 721	26 235	22 084	23 664
Road transport		—	13 156	—	—	—	—	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—
Trading services		197 854	202 068	220 048	170 666	170 666	170 666	180 076	199 512	220 600
Energy sources		88 504	113 404	92 870	107 153	107 153	107 153	113 378	131 090	149 031
Water management		23 183	48 693	91 256	27 610	27 610	27 610	28 963	30 295	31 689
Waste water management		77 178	29 926	25 047	25 270	25 270	25 270	26 508	27 728	29 003
Waste management		8 989	10 045	10 875	10 633	10 633	10 633	11 226	10 399	10 877
Other	4	—	—	—	—	—	—	—	—	—
Total Revenue - Functional	2	376 402	365 707	427 787	390 916	390 916	390 916	415 616	438 986	468 892
Expenditure - Functional										
Governance and administration		130 394	95 969	297 688	164 114	164 114	164 114	162 591	169 031	174 401
Executive and council		13 462	14 125	15 792	17 724	17 724	17 724	19 167	20 022	20 916
Finance and administration		116 932	81 835	281 897	146 390	146 390	146 390	143 424	149 009	153 485
Internal audit		—	—	—	—	—	—	—	—	—
Community and public safety		23 191	23 444	29 699	25 076	25 076	25 076	33 076	34 341	36 091
Community and social services		16 601	16 886	22 911	17 090	17 090	17 090	24 295	25 157	26 478
Sport and recreation		847	918	947	1 516	1 516	1 516	1 668	1 744	1 825
Public safety		5 743	5 640	5 841	6 470	6 470	6 470	7 113	7 440	7 788
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
Economic and environmental services		19 887	19 948	20 446	19 053	19 053	19 053	23 129	24 569	25 663
Planning and development		11 090	13 103	13 236	14 336	14 336	14 336	18 273	19 171	19 986
Road transport		7 957	6 845	7 210	4 717	4 717	4 717	4 855	5 398	5 676
Environmental protection		—	—	—	—	—	—	—	—	—
Trading services		120 220	169 741	223 044	140 748	140 748	140 748	155 213	174 713	197 055
Energy sources		83 995	118 488	122 830	111 063	111 063	111 063	124 341	142 836	163 458
Water management		21 976	20 587	64 942	10 732	10 732	10 732	11 515	11 714	12 598
Waste water management		4 233	10 563	14 599	8 448	8 448	8 448	7 811	8 083	8 362
Waste management		10 016	20 103	20 672	10 505	10 505	10 505	11 546	12 081	12 636
Other	4	—	—	—	—	—	—	—	—	—
Total Expenditure - Functional	3	292 893	309 093	579 877	348 991	348 991	348 991	374 008	402 654	433 210
Surplus/(Deficit) for the year		83 510	56 613	(143 090)	41 925	41 925	41 925	41 609	36 332	35 682

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**MP306 Dipaleseng - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description		##	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue by Vote		1									
Vote 1 - EXECUTIVE AND COUNCIL			80 757	62 430	91 332	103 068	103 068	103 068	108 769	112 360	114 896
Vote 2 - FINANCE AND ADMINISTRATION			68 512	80 351	86 152	86 367	86 367	86 367	90 644	94 684	98 911
Vote 3 - COMMUNITY AND PUBLIC SAFETY			245	190	135	206	206	206	527	551	576
Vote 4 - DEVELOPMENT AND PLANNING			18 503	19	20 974	21 721	21 721	21 721	26 235	22 084	23 664
Vote 5 - SPORTS AND RECREATION			-	-	-	-	-	-	-	-	-
Vote 6 - ROADS			10 531	20 648	9 146	8 889	8 889	8 889	9 365	9 795	10 245
Vote 7 - PUBLIC SAFETY			-	-	-	-	-	-	-	-	-
Vote 8 - WASTE MANAGEMENT			8 989	10 045	10 875	10 633	10 633	10 633	11 226	10 399	10 877
Vote 9 - WASTE WATER MANAGEMENT			77 178	29 926	25 047	25 270	25 270	25 270	26 508	27 728	29 003
Vote 10 - WATER			23 183	48 693	91 256	27 610	27 610	27 610	28 963	30 295	31 689
Vote 11 - ELECTRICITY			88 504	113 404	92 870	107 153	107 153	107 153	113 378	131 090	149 031
Vote 12 -			-	-	-	-	-	-	-	-	-
Vote 13 -			-	-	-	-	-	-	-	-	-
Vote 14 -			-	-	-	-	-	-	-	-	-
Vote 15 -			-	-	-	-	-	-	-	-	-
Total Revenue by Vote		2	376 402	365 707	427 787	390 916	390 916	390 916	415 616	438 986	468 892
Expenditure by Vote to be appropriated		1									
Vote 1 - EXECUTIVE AND COUNCIL			13 462	14 125	15 792	17 724	17 724	17 724	19 167	20 022	20 916
Vote 2 - FINANCE AND ADMINISTRATION			116 932	81 835	281 897	146 390	146 390	146 390	143 424	149 009	153 485
Vote 3 - COMMUNITY AND PUBLIC SAFETY			16 601	16 886	22 911	17 090	17 090	17 090	24 295	25 157	26 478
Vote 4 - DEVELOPMENT AND PLANNING			8 795	10 523	10 342	11 499	11 499	11 499	12 641	13 166	13 831
Vote 5 - SPORTS AND RECREATION			847	918	947	1 516	1 516	1 516	1 668	1 744	1 825
Vote 6 - ROADS			11 435	10 633	11 353	9 149	9 149	9 149	12 240	13 237	13 749
Vote 7 - PUBLIC SAFETY			4 601	4 432	4 592	4 875	4 875	4 875	5 360	5 606	5 870
Vote 8 - WASTE MANAGEMENT			10 016	20 103	20 672	10 505	10 505	10 505	11 546	12 081	12 636
Vote 9 - WASTE WATER MANAGEMENT			4 233	10 563	14 599	8 448	8 448	8 448	7 811	8 083	8 362
Vote 10 - WATER			21 976	20 587	64 942	10 732	10 732	10 732	11 515	11 714	12 596
Vote 11 - ELECTRICITY			83 995	118 488	122 830	111 063	111 063	111 063	124 341	142 836	163 458
Vote 12 -			-	-	-	-	-	-	-	-	-
Vote 13 -			-	-	-	-	-	-	-	-	-
Vote 14 -			-	-	-	-	-	-	-	-	-
Vote 15 -			-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		2	292 893	309 093	570 877	348 991	348 991	348 991	374 008	402 654	433 210
Surplus/(Deficit) for the year		2	83 509	56 613	(143 090)	41 925	41 925	41 925	41 608	36 332	35 682

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

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 14 Surplus/(Deficit) calculations for the trading services

Description	2020/21	2021/22	2022/23	Current Year 2023/24			Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Electricity									
Total Revenue (incl capital grants and transfers)	88,504	113,404	92,870	107,153	107,153	107,153	113,378	131,090	149,031
Operating Expenditure	83,995	118,488	122,830	111,063	111,063	111,063	124,341	142,836	163,458
Surplus/(Deficit) for the year	4,509	- 5,084	- 29,960	- 3,910	- 3,910	- 3,910	- 10,963	- 11,746	- 14,427
Percentage Surplus	5%	-4%	-32%	-4%	-4%	-4%	-10%	-9%	-10%
Water									
Total Revenue (incl capital grants and transfers)	23,183	48,693	91,256	27,610	27,610	27,610	28,963	30,295	31,689
Operating Expenditure	21,976	20,587	64,942	10,732	10,732	10,732	11,515	11,714	12,596
Surplus/(Deficit) for the year	1,207	28,106	26,314	16,878	16,878	16,878	17,448	18,581	19,093
Percentage Surplus	5%	58%	29%	61%	61%	61%	60%	61%	60%

2. The electricity trading deficit remains constant over the 2024/25 MTREF at 10 per cent. This is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
3. The surplus on the water account remains relatively constant over the MTREF translating into a surplus of 60 per cent, 61 per cent and 60 per cent for each of the respective financial years.
4. Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

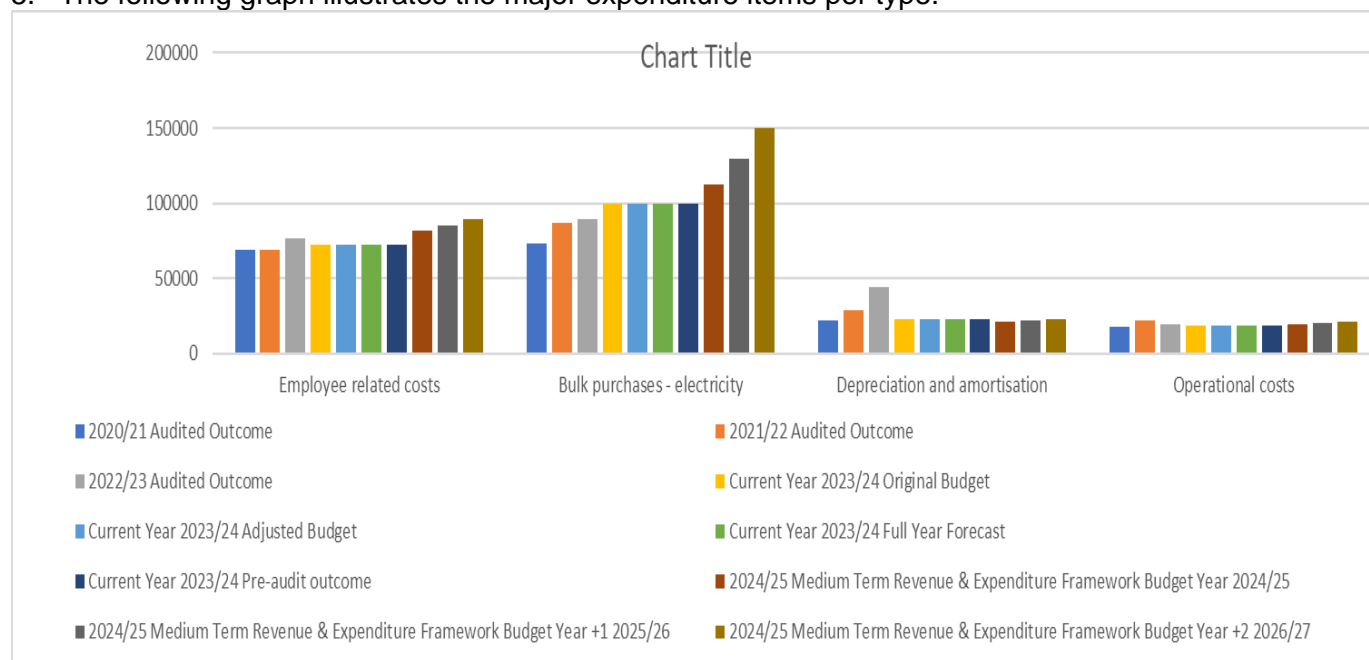
MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

MP306 Dipaleseng - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	RMB	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue											
Exchange Revenue											
Service charges - Electricity	2	61 708	70 428	89 540	92 945	92 945	92 945	92 945	104 753	121 195	140 234
Service charges - Water	2	23 183	23 150	26 643	27 610	27 610	27 610	27 610	28 963	30 295	31 689
Service charges - Waste Water Management	2	21 257	22 883	25 947	25 270	25 270	25 270	25 270	26 508	27 738	29 003
Service charges - Waste Management	2	7 219	8 563	9 431	9 477	9 477	9 477	9 477	9 941	10 399	10 877
Sale of Goods and Rendering of Services		4 432	2 366	1 256	3 237	3 237	3 237	3 237	3 396	3 552	3 715
Agency services		-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		36 372	41 612	45 334	45 302	45 302	45 302	45 302	47 522	49 708	51 904
Interest earned from Current and Non Current Assets		413	321	685	358	358	358	358	376	393	411
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		272	265	282	332	332	332	332	348	364	381
Licence and permits		5 548	4 575	5 457	8 277	8 277	8 277	8 277	8 663	9 082	9 500
Operational Revenue		65	52	39	48	48	48	48	50	53	55
Non-Exchange Revenue											
Property rates	2	31 694	33 150	31 294	37 171	37 171	37 171	37 171	38 992	40 786	42 602
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 604	2 521	2 680	159	159	159	159	167	174	182
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		98 171	89 333	104 259	104 034	104 034	104 034	104 034	110 198	112 383	114 790
Interest		-	-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Gains		-	1 562	2 384	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contri		291 932	386 675	324 234	354 211	354 211	354 211	354 211	379 695	406 112	425 483
Expenditure											
Employee related costs	2	68 905	69 120	76 535	71 934	71 934	71 934	71 934	81 582	85 335	89 280
Remuneration of councillors		5 415	5 416	5 896	6 448	6 448	6 448	6 448	6 772	7 081	7 407
Bulk purchases - electricity	2	73 110	86 423	89 235	99 473	99 473	99 473	99 473	112 106	129 707	150 071
Inventory consumed	8	16 183	30 399	70 213	12 507	12 507	12 507	12 507	13 132	13 736	14 368
Debt impairment	3	46 210	10 054	175 308	66 948	66 948	66 948	66 948	70 295	72 529	73 502
Depreciation and amortisation		21 708	28 924	44 198	22 503	22 503	22 503	22 503	21 127	22 099	23 115
Interest		14 975	23 274	36 119	16 990	16 990	16 990	16 990	9 438	9 873	10 327
Contracted services		22 610	32 159	52 434	34 118	34 118	34 118	34 118	40 549	42 414	44 305
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		6 565	-	-	-	-	-	-	-	-	-
Operational costs		17 738	21 865	19 201	18 102	18 102	18 102	18 102	19 007	19 881	20 796
Losses on disposal of Assets		(2 008)	1 544	1 757	-	-	-	-	-	-	-
Other Losses		1 688	42	-	-	-	-	-	-	-	-
Total Expenditure		293 978	389 289	576 891	348 912	348 912	348 912	348 912	374 608	403 654	423 210
Surplus/(Deficit)		(1 146)	(6 614)	(246 656)	5 199	5 199	5 199	5 199	5 088	3 458	2 273
Transfers and subsidies - capital (monetary allocations)	6	84 437	85 033	38 943	36 705	36 705	36 705	36 705	35 721	33 874	33 409
Transfers and subsidies - capital (in-kind)	6	63	-	64 613	-	-	-	-	-	-	-
		83 325	85 033	103 556	36 705	36 705	36 705	36 705	35 721	33 874	33 409
Surplus/(Deficit) after capital transfers & contributions		83 325	85 033	103 556	36 705	36 705	36 705	36 705	35 721	33 874	33 409
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		83 325	85 033	103 556	36 705	36 705	36 705	36 705	35 721	33 874	33 409
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		83 325	85 033	103 556	36 705	36 705	36 705	36 705	35 721	33 874	33 409
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		(185)	(206)	180	(21)	(21)	(21)	(21)	-	-	-
Surplus/(Deficit) for the year	1	83 140	84 827	103 736	36 684	36 684	36 684	36 684	35 721	33 874	33 409

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

1. Total revenue is R379.8 million in 2024/25 and escalates to R 435 million by 2026/27. This represents a year-on-year increase of 6.9 per cent for the 2025/26 financial year and 7.23 per cent for the 2026/27 financial year.
2. Revenue to be generated from property rates is R 38.9 million in the 2024/25 financial year and increases to R 42.6 million by 2026/27 which represents 10 per cent of the operating revenue base of the municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 4.6 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R 170 million for the 2024/25 financial year and increasing to R 211.7 million by 2026/27. For the 2024/25 financial year services charges amount to 47 per cent of the total revenue base.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 1.9 per cent and 2.9 per cent for the two outer years.
5. The following graph illustrates the major expenditure items per type.



Expenditure by major type

6. Bulk purchases have significantly increased over the 2022/23 to 2026/27 period escalating from R89.2 million to R 150 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from DWS.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**MP306 Dipaleseng - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding**

Vote Description	#	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R100000	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		--	--	--	--	--	--	--	--	--	--
Vote 2 - FINANCE AND ADMINISTRATION		--	--	--	--	--	--	--	--	--	--
Vote 3 - COMMUNITY AND PUBLIC SAFETY		--	--	--	--	--	--	--	--	--	--
Vote 4 - DEVELOPMENT AND PLANNING		--	--	--	--	--	--	--	--	--	--
Vote 5 - SPORTS AND RECREATION		--	--	--	--	--	--	--	--	--	--
Vote 6 - ROADS		--	--	--	--	--	--	--	--	--	--
Vote 7 - PUBLIC SAFETY		--	--	--	--	--	--	--	--	--	--
Vote 8 - WASTE MANAGEMENT		--	--	--	--	--	--	--	--	--	--
Vote 9 - WASTE WATER MANAGEMENT		--	--	--	--	--	--	--	--	--	--
Vote 10 - WATER		--	--	--	--	--	--	--	--	--	--
Vote 11 - ELECTRICITY		--	--	--	--	--	--	--	--	--	--
Vote 12 -		--	--	--	--	--	--	--	--	--	--
Vote 13 -		--	--	--	--	--	--	--	--	--	--
Vote 14 -		--	--	--	--	--	--	--	--	--	--
Vote 15 -		--	--	--	--	--	--	--	--	--	--
Capital multi-year expenditure sub-total	7	--	--	--	--	--	--	--	--	--	--
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		--	--	--	--	--	--	--	--	--	--
Vote 2 - FINANCE AND ADMINISTRATION		120	607	505	--	--	--	--	--	--	--
Vote 3 - COMMUNITY AND PUBLIC SAFETY		3 159	29	--	--	--	--	--	--	--	--
Vote 4 - DEVELOPMENT AND PLANNING		--	--	--	--	--	--	--	--	--	--
Vote 5 - SPORTS AND RECREATION		--	--	--	--	--	--	--	5 000	5 230	5 230
Vote 6 - ROADS		58 665	9 703	(116 735)	--	--	--	--	15 656	11 818	12 597
Vote 7 - PUBLIC SAFETY		--	--	--	--	--	--	--	--	--	--
Vote 8 - WASTE MANAGEMENT		--	--	--	--	--	--	--	2 000	2 002	2 000
Vote 9 - WASTE WATER MANAGEMENT		2 570	143 672	14 321	3 000	3 000	3 000	3 000	2 251	2 355	2 355
Vote 10 - WATER		2 575	4 901	183 726	--	--	--	--	--	--	--
Vote 11 - ELECTRICITY		24 164	43 611	34 407	33 500	33 500	33 500	33 500	9 503	10 808	9 764
Vote 12 -		--	--	--	--	--	--	--	--	--	--
Vote 13 -		--	--	--	--	--	--	--	--	--	--
Vote 14 -		--	--	--	--	--	--	--	--	--	--
Vote 15 -		--	--	--	--	--	--	--	--	--	--
Capital single-year expenditure sub-total		86 754	262 523	116 234	36 500	36 500	36 500	36 500	34 410	31 503	32 038
Total Capital Expenditure - Vote		86 754	262 523	116 234	36 500	36 500	36 500	36 500	34 410	31 503	32 038
Capital Expenditure - Functional											
Governance and administration		120	607	505	--	--	--	--	--	--	--
Executive and council		--	--	--	--	--	--	--	--	--	--
Finance and administration		120	607	505	--	--	--	--	--	--	--
Internal audit		--	--	--	--	--	--	--	--	--	--
Community and public safety		3 159	29	--	--	--	--	--	5 000	5 230	5 230
Community and social services		3 159	29	--	--	--	--	--	--	--	--
Sport and recreation		--	--	--	--	--	--	--	5 000	5 230	5 230
Public safety		--	--	--	--	--	--	--	--	--	--
Housing		--	--	--	--	--	--	--	--	--	--
Health		--	--	--	--	--	--	--	--	--	--
Economic and environmental services		58 665	9 703	(116 735)	--	--	--	--	15 656	11 818	12 597
Planning and development		50 841	--	(118 134)	--	--	--	--	--	--	--
Road transport		7 824	9 703	2 359	--	--	--	--	15 656	11 818	12 597
Environmental protection		--	--	--	--	--	--	--	--	--	--
Trading services		28 819	182 185	232 484	36 500	36 500	36 500	36 500	13 754	15 255	14 211
Energy sources		24 164	43 611	34 407	33 500	33 500	33 500	33 500	9 503	10 808	9 764
Water management		2 575	4 901	183 726	--	--	--	--	--	--	--
Waste water management		2 570	143 672	14 321	3 000	3 000	3 000	3 000	2 251	2 355	2 355
Waste management		--	--	--	--	--	--	--	2 000	2 002	2 000
Other		--	--	--	--	--	--	--	--	--	--
Total Capital Expenditure - Functional	3	86 754	262 523	116 234	36 500	36 500	36 500	36 500	34 410	31 503	32 038
Funded by:											
National Government		84 790	196 893	80 312	36 500	36 500	36 500	36 500	34 410	31 503	32 038
Provincial Government		--	--	--	--	--	--	--	--	--	--
District Municipality		--	--	--	--	--	--	--	--	--	--
Transfers and subsidies - capital (monetary allocations) (Nat / Prov / Deparm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		--	--	--	--	--	--	--	--	--	--
Transfers recognised - capital	4	84 790	196 893	80 312	36 500	36 500	36 500	36 500	34 410	31 503	32 038
Borrowing	6	--	--	--	--	--	--	--	--	--	--
Internally generated funds		2 269	174	371	--	--	--	--	--	--	--

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. Capital expenditure has been appropriated at R 34.4 million for the 2024/25 financial year and remains relatively constant over the MTREF at levels of R 31.5 million and R 32 million respectively for the two outer years.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

Table A6 - Budgeted Financial Position

MP306 Dipaleseng - Table A6 Budgeted Financial Position

Description		##	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 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 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
ASSETS												
Current assets												
			6 454	7 221	13 367	109 443	109 443	109 443	109 443	114 221	13 521	646
	1		176 844	254 710	151 013	268 999	268 999	268 999	268 999	317 189	330 442	355 624
	1		8 228	30 404	51 761	46 324	46 324	46 324	46 324	60 387	67 197	74 321
			10 983	—	—	—	—	—	—	—	—	—
	2		129	136	173	142	142	142	142	2 051	9 124	17 788
			49 772	83 789	112 487	—	—	—	—	—	—	—
			217	217	217	—	—	—	—	—	—	—
Total current assets			252 627	376 476	329 018	434 909	434 909	434 909	434 909	493 848	420 285	448 380
Non current assets												
			—	—	—	—	—	—	—	—	—	—
			40 404	38 392	39 160	40 000	40 000	40 000	40 000	41 040	41 040	41 040
	3		763 023	913 521	977 090	845 170	845 170	845 170	845 170	1 023 990	1 033 394	1 040 179
			—	—	—	—	—	—	—	—	—	—
			—	—	—	—	—	—	—	—	—	—
			—	—	—	—	—	—	—	—	—	—
			100	96	92	94	94	94	94	97	97	97
			—	—	—	—	—	—	—	—	—	—
			—	—	—	—	—	—	—	—	—	—
			—	—	—	—	—	—	—	—	—	—
Total non current assets			803 526	952 019	1 016 343	885 263	885 263	885 263	885 263	1 065 127	1 074 531	1 081 315
TOTAL ASSETS			1 056 153	1 328 496	1 345 361	1 310 172	1 310 172	1 310 172	1 310 172	1 558 975	1 494 816	1 529 696
LIABILITIES												
Current liabilities												
			—	—	—	—	—	—	—	—	—	—
			—	—	—	—	—	—	—	—	—	—
			1 885	2 804	2 944	2 942	2 942	2 942	2 942	3 086	3 086	3 086
	4		201 894	260 717	396 757	136 316	136 316	136 316	136 316	274 239	284 962	295 639
	5		5 131	23 768	25 725	—	—	—	—	106 114	(0)	(109 583)
			112 900	112 900	113 169	—	—	—	—	837	837	837
			101 446	92 218	112 866	21 889	21 889	21 889	21 889	371	371	371
			358	358	358	854	854	854	(854)	—	—	—
Total current liabilities			423 215	492 366	651 819	162 001	162 001	162 001	160 293	384 647	289 276	190 350
Non current liabilities												
	6		—	—	—	—	—	—	—	—	—	—
	7		36 603	32 941	32 873	141 771	141 771	141 771	141 771	153 931	153 931	153 931
			—	—	—	—	—	—	—	—	—	—
			11 190	11 171	11 752	14 193	14 193	14 193	14 193	—	—	—
Total non current liabilities			47 794	44 113	44 625	155 964	155 964	155 964	155 964	153 931	153 931	153 931
TOTAL LIABILITIES			471 009	536 479	696 443	317 964	317 964	317 964	316 256	538 578	443 207	344 280
NET ASSETS			585 144	792 007	648 917	992 208	992 208	992 208	993 916	1 020 397	1 051 609	1 185 415
COMMUNITY WEALTH/EQUITY												
	8		614 216	790 391	644 990	992 208	992 208	992 208	992 208	1 020 397	1 051 609	1 185 415
	9		—	—	—	—	—	—	—	—	—	—
			—	—	—	—	—	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY			614 216	790 391	644 990	992 208	992 208	992 208	992 208	1 020 397	1 051 609	1 185 415

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
- Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table A7 - Budgeted Cash Flow Statement

MP306 Dipaleseng - Table A7 Budgeted Cash Flows

Description		##	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 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 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			18 142	13 534	24 311	26 020	26 020	26 020	26 020	23 808	24 903	26 048
Service charges			92 239	87 768	109 475	108 712	108 712	108 712	108 712	100 296	111 396	123 555
Other revenue			13 815	17 399	22 228	37 883	37 883	37 883	37 883	45 688	49 603	51 885
Transfers and Subsidies - Operational		1	81 506	104 721	114 524	104 436	104 436	104 436	104 436	110 199	112 383	114 790
Transfers and Subsidies - Capital		1	89 510	63 714	38 943	36 705	36 705	36 705	36 705	35 721	32 874	33 409
Interest			–	–	–	358	358	358	358	376	393	411
Dividends			–	–	–	–	–	–	–	–	–	–
Payments												
Suppliers and employees			(99 605)	(135 486)	(224 905)	(263 245)	(263 245)	(263 245)	(263 245)	(269 219)	(293 297)	(319 477)
Interest			–	–	–	(17 000)	(17 000)	(17 000)	(17 000)	(8 150)	(8 525)	(8 918)
Transfers and Subsidies		1	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES			195 606	151 649	84 576	33 869	33 869	33 869	33 869	38 719	29 730	21 703
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			–	–	–	–	–	–	–	–	–	–
VAT Control (receipts)			–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables			–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments			–	–	–	–	–	–	–	–	–	–
Payments												
Capital assets			(32 472)	(64 169)	(50 006)	(36 500)	(36 500)	(36 500)	(36 500)	(34 410)	(31 503)	(32 038)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(32 472)	(64 169)	(50 006)	(36 500)	(36 500)	(36 500)	(36 500)	(34 410)	(31 503)	(32 038)
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			163 134	87 480	34 571	(2 631)	(2 631)	(2 631)	(2 631)	4 309	(1 773)	(10 335)
Cash/cash equivalents at the year begin:		2	–	6 454	7 221	112 074	112 074	112 074	112 074	109 912	114 221	112 448
Cash/cash equivalents at the year end:		2	163 134	93 934	41 792	109 443	109 443	109 443	109 443	114 221	112 448	102 113

Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

MP306 Dipaleseng - Table A8 Cash backed reserves/accumulated surplus reconciliation

[Table A0: Cash-backed reserve accumulated surplus reconciliation](#)

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	163 134	93 934	41 792	109 443	109 443	109 443	109 443	114 221	112 448	102 113
Other current investments > 90 days		(156 680)	(86 713)	(28 424)	-	-	-	-	-	(98 927)	(101 467)
Non current Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		6 454	7 221	13 367	109 443	109 443	109 443	109 443	114 221	13 521	646
Application of cash and investments											
Unspent conditional transfers		5 131	3 768	5 725	-	-	-	-	106 114	(0)	(109 583)
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	18 358	(26 017)	(45 125)	21 889	21 889	21 889	21 889	371	371	371
Other working capital requirements	3	46 511	58 891	212 279	(130 240)	(130 240)	(130 240)	(130 240)	(15 259)	(18 892)	(27 716)
Other provisions		112 858	112 858	113 527	854	854	854	854	837	837	837
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		182 859	149 501	286 406	(107 497)	(107 497)	(107 497)	(107 497)	92 064	(17 683)	(136 091)
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits		(176 405)	(142 280)	(273 038)	216 941	216 941	216 941	216 941	22 157	31 205	136 737
Creditors transferred to Debt Relief - Non-Current portion		-	-	-	-	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits		(176 405)	(142 280)	(273 038)	216 941	216 941	216 941	216 941	22 157	31 205	136 737

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the municipality fell significantly over the 2021/22 to 2023/24 period owing directly to a net decrease in cash for the 2022/23 financial year of R34.5 million.
4. The 2024/25 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R 4.3 million as at the end of the 2024/25 financial year.

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2024/25 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table A9 - Asset Management

MP306 Dipaleseng - Table A9 Asset Management

Description	R thousand	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
CAPITAL EXPENDITURE										
Total New Assets	1	88 788	188 116	90 372	30 500	30 500	30 500	13 754	15 235	14 211
Roads Infrastructure		8 583	(5 274)	(10 247)	-	-	-	-	-	-
Storm water Infrastructure		-	4 038	2 973	18 500	18 500	18 500	-	-	-
Electrical Infrastructure		24 164	40 914	32 528	12 000	12 000	12 000	9 503	10 808	9 764
Water Supply Infrastructure		52 586	4 901	64 613	-	-	-	-	-	-
Sanitation Infrastructure		677	142 280	-	-	-	-	2 251	2 355	2 355
Solid Waste Infrastructure		-	-	-	-	-	-	2 000	2 000	2 000
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		86 867	186 849	86 867	30 500	30 500	30 500	13 754	15 235	14 211
Community Facilities		3 579	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		3 579	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	29	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	29	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Services		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		188	189	203	-	-	-	-	-	-
Furniture and Office Equipment		13	76	166	-	-	-	-	-	-
Machinery and Equipment		88	310	-	-	-	-	-	-	-
Transport Assets		-	672	136	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Services		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-

Total Upgrading of Existing Assets	6	966	14 487	25 862	6 000	6 000	6 000	20 636	16 248	17 827
Roads Infrastructure		230	10 929	10 794	-	-	-	15 636	11 018	12 597
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	2 056	1 815	3 000	3 000	3 000	-	-	-
Water Supply Infrastructure		320	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	1 412	13 264	3 000	3 000	3 000	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		530	14 487	25 862	6 000	6 000	6 000	15 636	11 018	12 597
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		447	-	-	-	-	-	5 000	5 230	5 230
Community Assets		447	-	-	-	-	-	5 000	5 230	5 230
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	86 754	202 523	116 234	36 500	36 500	36 500	34 418	31 503	32 038
Roads Infrastructure		8 763	5 685	537	-	-	-	15 636	11 018	12 597
Storm water Infrastructure		-	4 038	2 973	18 500	18 500	18 500	-	-	-
Electrical Infrastructure		24 164	42 970	34 343	15 000	15 000	15 000	9 503	10 808	9 764
Water Supply Infrastructure		52 916	4 901	64 613	-	-	-	-	-	-
Sanitation Infrastructure		677	143 672	13 264	3 000	3 000	3 000	2 251	2 355	2 355
Solid Waste Infrastructure		-	-	-	-	-	-	2 000	2 092	2 092
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		86 521	201 247	115 738	36 500	36 500	36 500	29 418	26 273	26 898
Community Facilities		3 579	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		447	-	-	-	-	-	5 000	5 230	5 230
Community Assets		4 026	-	-	-	-	-	5 000	5 230	5 230
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	29	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	29	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		188	189	263	-	-	-	-	-	-
Furniture and Office Equipment		13	74	166	-	-	-	-	-	-
Machinery and Equipment		86	310	-	-	-	-	-	-	-
Transport Assets		-	672	136	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		86 754	202 523	116 234	36 500	36 500	36 500	34 418	31 503	32 038

ASSET REGISTER SUMMARY - PPE (MDV)	5	519 979	639 628	807 232	885 263	885 263	885 263	1 053 624	1 050 138	1 045 056
Roads Infrastructure		90 358	93 180	109 262	830 541	830 541	830 541	15 656	26 674	39 272
Storm water Infrastructure		41 881	44 285	45 912	18 500	18 500	18 500	—	—	—
Electrical Infrastructure		58 467	53 819	83 974	14 747	14 747	14 747	—	—	—
Water Supply Infrastructure		102 552	101 685	243 480	—	—	—	—	—	—
Sanitation Infrastructure		80 320	216 982	208 683	2 368	2 368	2 368	2 251	4 805	6 903
Solid Waste Infrastructure		58 524	43 054	31 944	(632)	(632)	(632)	—	—	—
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		432 182	552 845	723 875	865 534	865 534	865 534	17 907	31 288	46 232
Community Assets		35 050	33 480	32 342	(632)	(632)	(632)	1 015 707	1 030 937	1 035 107
Heritage Assets		—	—	—	—	—	—	—	—	—
Investment properties		40 404	38 382	38 180	40 000	40 000	40 000	41 545	41 545	41 040
Other Assets		6 921	8 442	7 029	(1 011)	(1 011)	(1 011)	—	—	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Intangible Assets		100	95	92	94	94	94	97	97	97
Computer Equipment		323	464	496	(954)	(954)	(954)	—	—	—
Furniture and Office Equipment		564	512	514	(17 632)	(17 632)	(17 632)	(21 127)	(43 228)	(66 479)
Machinery and Equipment		230	457	340	(126)	(126)	(126)	—	—	—
Transport Assets		1 373	1 437	1 380	—	—	—	—	—	—
Land		2 983	2 983	2 983	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Living Resources		—	—	—	—	—	—	—	—	—
TOTAL ASSET REGISTER SUMMARY - PPE (MDV)	5	519 979	639 628	807 232	885 263	885 263	885 263	1 053 624	1 050 138	1 045 056
EXPENDITURE OTHER ITEMS		26 894	37 489	45 819	38 999	38 999	38 999	34 377	35 828	37 342
Depreciation	7	25 643	27 787	28 910	17 000	17 000	17 000	21 127	22 996	23 115
Repairs and Maintenance by Asset Class	3	6 251	9 622	18 909	13 999	13 999	13 999	13 250	13 729	14 226
Roads Infrastructure		—	—	—	—	—	—	—	—	—
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	6 487	8 300	7 500	7 500	7 500	8 051	8 421	8 808
Water Supply Infrastructure		—	—	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		—	—	—	—	—	—	—	—	—
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		—	6 487	8 300	7 500	7 500	7 500	8 051	8 421	8 808
Community Facilities		—	—	—	—	—	—	—	—	—
Sport and Recreation Facilities		—	—	—	—	—	—	—	—	—
Community Assets		—	—	—	—	—	—	—	—	—
Heritage Assets		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Operational Buildings		—	—	3 375	3 159	3 159	3 159	2 900	2 900	2 000
Housing		2 790	—	—	—	—	—	—	—	—
Other Assets		2 790	—	3 375	3 159	3 159	3 159	2 000	2 000	2 000
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Services		—	—	—	—	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	—	—	—
Intangible Assets		—	—	—	—	—	—	—	—	—
Computer Equipment		—	—	—	—	—	—	—	—	—
Furniture and Office Equipment		—	—	—	—	—	—	—	—	—
Machinery and Equipment		—	23	—	23	23	23	25	27	28
Transport Assets		3 591	3 113	7 234	3 317	3 317	3 317	3 174	3 262	3 398
Land		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Mature		—	—	—	—	—	—	—	—	—
Immature		—	—	—	—	—	—	—	—	—
Living Resources		—	—	—	—	—	—	—	—	—
TOTAL EXPENDITURE OTHER ITEMS		26 894	37 489	45 819	38 999	38 999	38 999	34 377	35 828	37 342
Renewal and upgrading of Existing Assets as % of total capex		1.1%	7.1%	22.3%	16.4%	16.4%	16.4%	60.6%	51.6%	55.6%
Renewal and upgrading of Existing Assets as % of deprec		4.7%	51.8%	96.1%	35.3%	35.3%	35.3%	97.8%	73.5%	77.1%
R&M as a % of PPE		1.2%	1.5%	2.2%	1.6%	1.6%	1.6%	1.2%	1.3%	1.4%
Renewal and upgrading and R&M as a % of PPE		1.4%	3.8%	5.5%	2.2%	2.2%	2.2%	3.2%	2.9%	3.1%

Explanatory notes to Table A9 - Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

Table A10 - Basic Service Delivery Measurement

MP306 Dipaleseng - Table A10 Basic service delivery measurement

Description	R#	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Household service targets	1									
Water:										
Piped water inside dwelling		14	14	14	14	14	14	15	15	15
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		14	14	14	14	14	14	15	15	15
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	14	14	14	14	14	14	15	15	15
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		14	14	14	14	14	14	15	15	15
Flush toilet (with septic tank)		--	--	--	--	--	--	--	--	--
Chemical toilet		--	--	--	--	--	--	--	--	--
Pit toilet (ventilated)		--	--	--	--	--	--	--	--	--
Other toilet provisions (> min.service level)		--	--	--	--	--	--	--	--	--
Minimum Service Level and Above sub-total		14	14	14	14	14	14	15	15	15
Bucket toilet		--	--	--	--	--	--	--	--	--
Other toilet provisions (< min.service level)		--	--	--	--	--	--	--	--	--
No toilet provisions		--	--	--	--	--	--	--	--	--
Below Minimum Service Level sub-total		--	--	--	--	--	--	--	--	--
Total number of households	5	14	14	14	14	14	14	15	15	15
Energy:										
Electricity (at least min.service level)		10	10	10	10	10	10	10	10	10
Electricity - prepaid (min.service level)		4	4	4	4	4	4	5	5	5
Minimum Service Level and Above sub-total		14	14	14	14	14	14	15	15	15
Electricity (< min.service level)		14	14	14	14	14	14	15	15	15
Electricity - prepaid (< min. service level)		--	--	--	--	--	--	--	--	--
Other energy sources		--	--	--	--	--	--	--	--	--
Below Minimum Service Level sub-total		14	14	14	14	14	14	15	15	15
Total number of households	5	28	28	28	28	28	28	30	30	30
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 kilolitre per household per month)		736	398	375	901	901	901	2 000	3 000	3 500
Sanitation (free sanitation service to indigent households)		736	398	375	901	901	901	2 000	3 000	3 500
Electricity/other energy (50kwh per household per month)		736	398	375	901	901	901	2 000	3 000	3 500
Refuse (removed at least once a week)		736	398	375	901	901	901	2 000	3 000	3 500
Informal Settlements		--	--	--	--	--	--	--	--	--
Cost of Free Basic Services provided - Formal Settlements (R'000)										
Water (6 kilolitre per indigent household per month)		359	359	625	940	940	940	2 189	3 445	4 216
Sanitation (free sanitation service to indigent households)		36	36	63	94	94	94	219	345	423
Electricity/other energy (50kwh per indigent household per month)		370	367	700	1 151	1 151	1 151	2 676	4 330	5 293
Refuse (removed once a week for indigent households)		324	320	564	848	848	848	1 975	3 108	3 804
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		--	--	--	--	--	--	--	--	--
Total cost of FBS provided	8	1 089	1 102	1 952	3 034	3 034	3 034	7 059	11 218	13 733
Subsidised level of free service provided per household										
Property rates (R value threshold)		6	6	6	6	6	6	6	6	6
Water (kilolitre per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitre per household per month)		66	66	69	72	72	72	76	80	83
Sanitation (Rand per household per month)		50	50	50	50	50	50	50	50	50
Electricity (kwh per household per month)		16	16	19	20	20	20	21	22	23
Refuse (average litres per week)		20	20	20	20	20	20	20	20	20
Revenue cost of subsidised services provided (R'000)										
Property rates (grant adjustment) (impermissible values per section 11 or 100)		--	--	--	--	--	--	--	--	--
Property rates, exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		972	1 067	3 062	1 055	1 055	1 055	1 161	1 214	1 276
Water (in excess of 6 kilolitre 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		--	--	--	--	--	--	--	--	--
Other		--	--	--	--	--	--	--	--	--
Total revenue cost of subsidised services provided	9	972	1 067	3 062	1 055	1 055	1 055	1 161	1 214	1 276

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for 2000 households to be registered as indigent in 2024/25, and therefore entitled to receiving Free Basic Services. The number is set to increase to 3000 households given the rapid rate unemployment and poverty levels.

Part 2

2.1 Overview of the 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 MMC for Finance.

The primary aims of the Budget Steering Committee is 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 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.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2023) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 31 August 2023. Key dates applicable to the process were:

- **August 2023** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2024/25 MTREF;
- **15 November 2023** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **3 to 7 January 2024** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **25 January 2024** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **25 January 2024** - Council considers the 2023/24 Mid-year Review and Adjustments Budget;
- **28 February 2024** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2024/25 MTREF is revised accordingly;

- **31 March 2024** - Tabling in Council of the draft 2024/25 IDP and 2024/25 MTREF for public consultation;
- **April 2024** – Public consultation;
- **May 2024** - Closing date for written comments;
- **May 2024** – finalisation of the 2024/25 IDP and 2024/25 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2024** - Tabling of the 2024/25 MTREF before Council for consideration and approval.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in May 2024. It started in September 2023 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2024/25 MTREF in August.

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2024/25 MTREF, based on the approved 2024/25 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2024/25 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2023/24 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2024/25 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2024/25 MTREF:

- Town growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends

- The approved 2024/25 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

2.1.4 Community Consultation

The draft 2024/25 MTREF as tabled before Council during March 2024 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 13 to 29 April 2024, and included nine public briefing sessions. The applicable dates and venues were published in the local newspapers and on average attendance of 100 was recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2024/25 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

WATER (Quality of water, low pressure at Zone 7 last street, low pressure at old location, low pressure at Mandela- from Mabelane's Habitat to Isifisosethu Secondary School, low pressure at Nthoroane North) JoJo Tanks to be bought for trouble some arrears within Dipaleseng.

ROADS (Paving of all roads within Dipaleseng, Speed Humps, all access roads entering to our wards be given priorities, Road Sidewalks in all our wards particularly on main roads.

STORMWATER (The need to have storm-water management in all DLM wards)

SANITATION (Connections of sewer at Balfour north, Nthoroane, Grootvlei and Siyathemba Ridge-View)

REFUSE REMOVAL (This service to be extended to all arrears of Dipaleseng including informal settlements and Siyathemba Clinic)

ELECTRICITY (New, Upgrading and fixing of High-mast Lights, Streets Lights, RidgeView, Grootvlei new connections)

RDP AND OTHER SUBSIDIZED HOUSES (Community members needs more houses and those who don't qualify for RDP houses be prioritized on other subsidized, the old RDP houses that were built pre 1994 be re looked at.

Significant changes effected in the final 2024/25 MTREF compared to the draft 2024/25 MTREF that was tabled for community consultation, include:

- The Draft Budget was calculated on the baseline of the Audited Annual financial Statement but during the engagement it was indicated that the Adjustment Budget Figures were realistic
- The Projected revenue on electricity has increased from adjusted full forecast of R92 million to R104 million in line with the Circular 128 for 12,7%.
- The Projected revenue water has increased from adjusted full forecast of R27mil to R28mil in line with the Circular 128 for 4,9%
- The Projected revenue waste water has increased from adjusted full forecast of R25 mil to R26 mil in line with the Circular 128 for 4,9%
- The Projected revenue waste management has increased from adjusted full forecast to R9.9 million in line with the Circular 128 for 4,9%.
- The anticipated revenue for property rates has been increased from R37 million from 2023/24 financial year to R38,9million in 2024/25 financial year which translate to a 4,9%.
- The municipality has projected to increase the budget for employees related cost by 4,9 percent or R81 million for 2024/25 financial year which seems to be in line with percentage increase of 4.9 as per circular 128 of the MFMA
- The projected increase for remuneration of councillors has been increased by 4,9 percent or R6.7million for the 2024/25 financial year.
- The Projected expenditure for bulk purchases –Electricity has been increased by 12,7 percent or R112, million for the 2024/25.
- The Inventory Consumed increased from R12,5 million to R13,1 million for the 2024/25 financial year and in line with the inflation target of 4.9 percent.
- The Contracted Services increased from R34 million to R40,5 million for the 2024/25 financial year and in line with the inflation target of 4.9 percent
- The Operation Cost increased from R18,1 million to R19 million for the 2024/25 financial year and in line with the inflation target of 4.9 percent

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in the South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions

towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to Dipaleseng and its surrounding areas, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle is to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2024/25 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 15 IDP Strategic Objectives

2023/24 Financial Year	2024/25 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide public transport;
 - Provide city planning services; and
 - Maintaining the infrastructure of Dipaleseng.
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for Dipaleseng and its surrounding areas;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;

- Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, Dipaleseng undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in Dipaleseng so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the revised IDP, including:

- Strengthening the analysis and strategic planning processes of the municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2024/25 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code		2020/21	2021/22	2022/23	Current Year 2023/24			2023/24 Medium Term Revenue & Expenditure Framework		
			Ref	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand												
Provide quality basic services and infrastructure	Provision of electricity , water, sanitation, waste removal, housing, roads and stormwater, public transport, city planning services and maintaining the infrastructure of Dipaleseng.			113,368	125,020	130,661	155,303	155,303	155,303	170,162	189,618	211,793
Economic growth and development that leads to sustainable job creation	Ensuring that there is a clear structural plan for Dipaleseng, ensuring planning processes function in accordance with the set time frames and facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.			36,126	35,516	32,650	40,408	40,408	40,408	42,388	44,338	46,377
Fight poverty and build clean, healthy , safe sustainable communities as well as ensure integrated social services for empowered and sustainable communities.	Effective implementation of the Indigent Policy , working with the provincial department of health to provide primary health care services, extending waste removal services and ensuring effective city cleaning. Ensuring all waste water treatment works are operating optimally , working with strategic partners such as the SAPS o address crime, ensuring safe working environments by effective enforcement of building and health regulations, promoting viable, sustainable communities through proper zoning and to promote environmental sustainability by protecting wetlands and key open spaces.			98,171	89,332	104,359	104,024	104,024	104,024	110,199	112,383	114,790
Foster participatory democracy and Batho Pele through caring, accessible and accountable service	Optimising effective community participation in the ward committee system, and the implementation of Batho Pele in the revenue management strategy.			7,482	8,974	10,842	8,816	8,816	8,816	9,218	9,672	10,118
Promote sound governance, financial sustainability and optimal institutional transformation	Publishing the outcomes of all tender processes on the municipal website, reviewing the use of contracted services, continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan as well as the reviewing of the organisational structure to optimize the use of personnel			36,785	41,833	45,719	45,660	45,660	45,660	47,928	50,101	52,405
Allocations to other priorities			2									
#REF!			1	291,932	300,675	324,231	354,211	354,211	354,211	379,895	406,112	435,483

MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Choose name from list - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)												
Strategic Objective	Goal	Goal Code	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2023/24 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Provide quality basic services and infrastrcture	Provision of electricity, water, sanitation, waste removal, housing, roads and stormwater, public transport, city planning services and maintaining the infrastructure of Dipaleseng.			154,056	160,959	171,466	177,845	177,845	177,845	200,458	222,123	246,738
Economic growth and development that leads to sustainable job creation	Ensuring that there is a clear structural plan for Dipaleseng, ensuring planning processes function in accordance with the set time frames and facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.			21,708	28,924	44,198	22,503	22,503	22,503	21,127	22,099	23,115
Fight poverty and build clean, healthy, safe sustainable communities as well as ensure integrated social services for empowered and sustainable communities.	Effective implementation of the Indigent Policy, working with the provincial department of health to provide primary health care services, extending waste removal services and ensuring effective city cleaning. Ensuring all waste water treatment works are operating optimally, working with strategic partners such as the SAPS o address crime, ensuring safe working environments by effective enforement of building and health regulations, promoting viable, sustainable communities through proper zoning and to promote environmental sustainability by protecting wetlands and key open spaces.			46,210	10,094	175,308	66,948	66,948	66,948	70,295	72,529	73,502
Foster participatory democracy and Batho Pele through caring, accessible and accountable service	Optimising effective community participation in the ward committee system, and the implementation of Batho Pele in the revenue management strategy.			22,610	32,199	52,434	34,118	34,118	34,118	40,549	42,414	44,365
Promote sound governance, financial sustainability and optimal insitutional transformation	Publishing the outcomes of all tender processes on the municipal website, reviewing the use of contracted services, continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan as well as the reviewing of the organisational structure to optimize the use of personnel			48,494	77,123	127,291	47,598	47,598	47,598	41,579	43,489	45,490
Allocations to other priorities												
#REF!			1	293,078	309,299	570,697	349,012	349,012	349,012	374,008	402,654	433,210

Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2023/24 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand												
Provide quality basic services and infrastructure	Provision of electricity, water, sanitation, waste removal, housing, roads and stormwater, public transport, city planning services and maintaining the infrastructure of Dipaleseng.	A		37,223	58,244	220,492	33,500	33,500	33,500	32,159	29,148	29,683
Economic growth and development that leads to sustainable job creation	Ensuring that there is a clear structural plan for Dipaleseng, ensuring planning processes function in accordance with the set time frames and facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.	B		50,841		(119,114)						
Fight poverty and build clean, healthy, safe sustainable communities as well as ensure integrated social services for empowered and sustainable communities.	Effective implementation of the Indigent Policy, working with the provincial department of health to provide primary health care services, extending waste removal services and ensuring effective city cleaning. Ensuring all waste water treatment works are operating optimally, working with strategic partners such as the SAPS to address crime, ensuring safe working environments by effective enforcement of building and health regulations, promoting viable, sustainable communities through proper zoning and to promote environmental sustainability by protecting wetlands and key open spaces.	C		2,570	143,672	14,351	3,000	3,000	3,000	2,251	2,355	2,355
Foster participatory democracy and Batho Pele through caring, accessible and accountable service	Optimising effective community participation in the ward committee system, and the implementation of Batho Pele in the revenue management strategy.	D										
Promote sound governance, financial sustainability and optimal institutional transformation	Publishing the outcomes of all tender processes on the municipal website, reviewing the use of contracted services, continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan as well as the reviewing of the organisational structure to optimize the use of personnel	E		120	607	505						
Allocations to other priorities			3									
Total Capital Expenditure			1	90,754	202,523	116,234	36,500	36,500	36,500	34,410	31,503	32,038

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

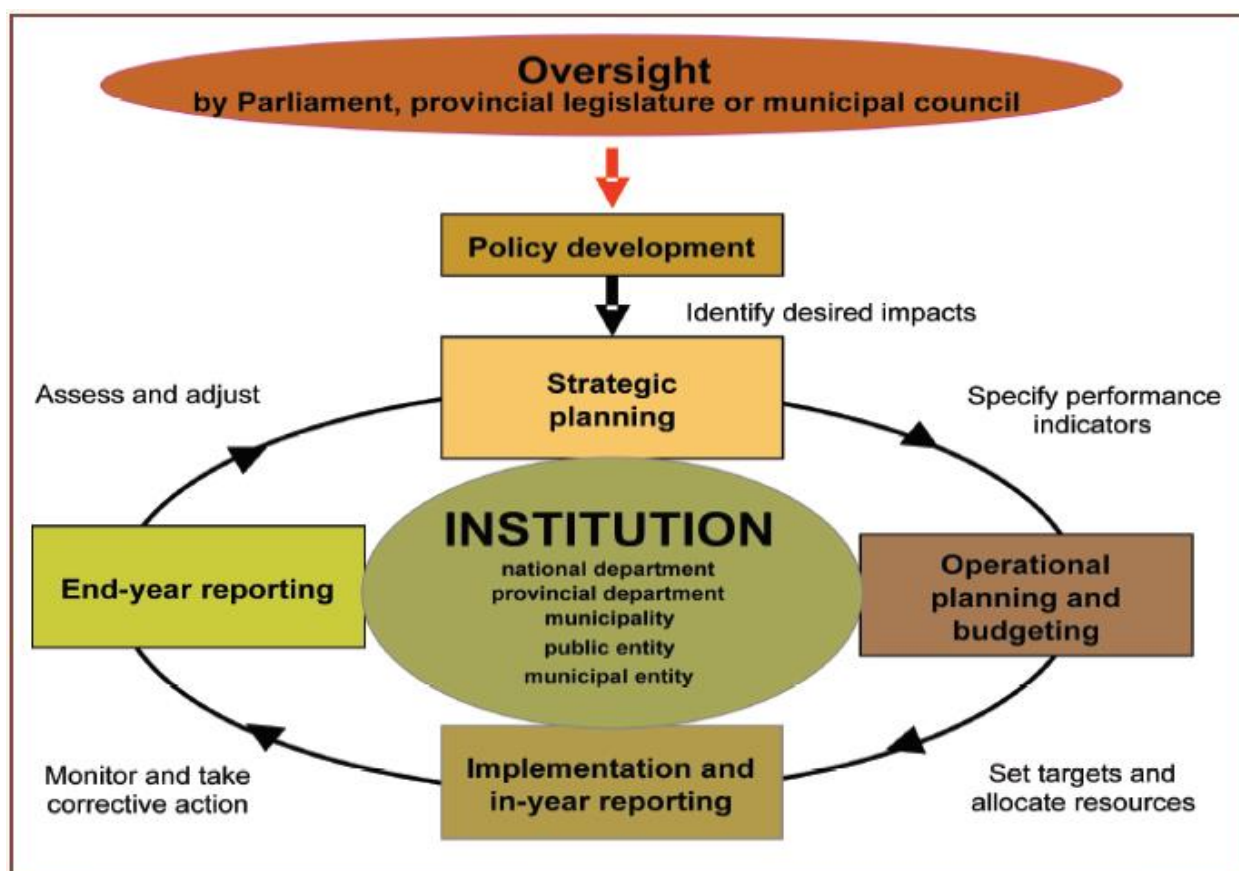


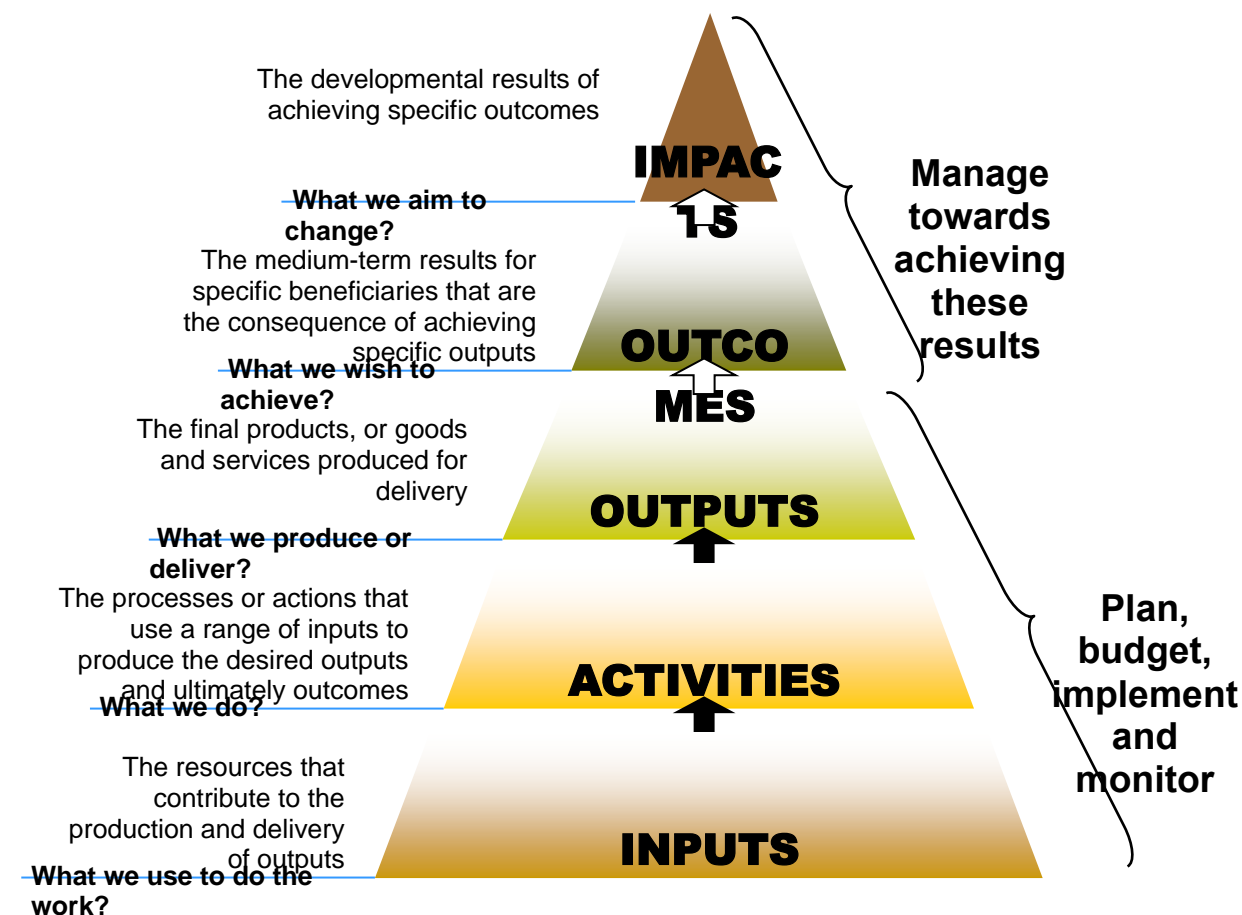
Figure 2 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);

- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



2.3.3 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2024/25 financial year 2500 registered indigents have been provided for in the budget with this figured increasing to 3500 by 2026/27. In terms of the Municipality's indigent policy registered households are entitled to 6kl fee water, 50 kwh of electricity, 6 kl sanitation and free waste removal as well as a discount on their property rates.

The following table sets out the municipality's main performance objectives and benchmarks for the 2024/25 MTREF.

Table 12 MBRR Table SA8 - Performance indicators and benchmarks

MP306 Dipaleseng - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<u>Revenue Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating	5.1%	7.5%	6.3%	4.8%	4.8%	4.8%	4.8%	2.5%	2.5%	2.4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing	5.1%	7.7%	11.1%	4.8%	4.8%	4.8%	4.8%	2.5%	2.4%	2.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing / Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	0.8	0.8	0.5	2.6	2.6	2.6	2.7	1.3	1.5	2.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current	0.8	0.8	0.5	2.6	2.6	2.6	2.7	1.3	1.5	2.4
Liquidity Ratio	Monetary Assets/Current Liabilities	0.4	0.5	0.3	2.3	2.3	2.3	2.4	1.1	1.2	1.8
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	0.0%	93.7%	79.5%	101.3%	85.0%	85.0%	85.0%	85.0%	71.5%	70.6%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		93.7%	79.5%	101.3%	85.0%	85.0%	85.0%	85.0%	71.5%	70.6%	69.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors >										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(x))										
Creditors to Cash and Investments		0.0%	4039.5%	5494.5%	121.8%	121.8%	121.8%	121.8%	248.5%	249.5%	262.9%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (MWh) technical										
	Total Volume Losses (MWh) non technical										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Volumes: System Input	Bulk Purchase										
	Water treatment works										
	Natural sources										
	Total Volume Losses (M)										
Water Distribution Losses (2)	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital	23.8%	23.0%	23.6%	20.3%	20.3%	20.3%	20.3%	21.5%	21.0%	20.5%
Remuneration	Total remuneration/(Total Revenue - capital	25.5%	24.8%	25.4%	22.1%	22.1%	22.1%	24.9%	24.3%	23.8%	0.0%
Repairs & Maintenance	RMR/(Total Revenue excluding capital	2.1%	3.2%	5.8%	4.0%	4.0%	4.0%	3.7%	3.6%	3.5%	0.0%
Finance charges & Depreciation	FCAD/(Total Revenue - capital revenue)	12.6%	17.4%	24.8%	11.1%	11.1%	11.1%	11.1%	8.0%	7.9%	7.7%
<u>MP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating	0.0%	0.0%	92567.4%	98941.7%	98941.7%	98941.7%	94117.0%	96746.8%	96876.0%	0.0%
ii. OS Service Debtors to Revenue	Total outstanding service debtors/annual	49.3%	89.8%	124.5%	29.3%	29.3%	29.3%	29.3%	36.0%	39.5%	42.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.4.1 Performance indicators and benchmarks

2.4.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long-term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. Dipaleseng has no borrowings.

2.4.1.2 *The gearing ratio* is a measure of the total long-term borrowings over funds and reserves. Dipaleseng has no long-term borrowings over funds and reserves.

2.4.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities with a benchmark set at a limit of 1, hence at no point in time should this ratio be less than 1. For the 2024/25 MTREF the current ratio is 1.3 in the 2024/25 financial year and 1.5 for the 2025/26 financial year and 2.4 for the 2026/27 financial year of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2024/25 financial year the ratio is 1.1 and as part of the financial planning strategy it has been increased to 1.2 in the next financial year.

2.4.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.4.1.5 Creditors Management

- The municipality is trying to ensure that creditors are settled within the legislated 30 days of invoice to ensure compliance to this legislative obligation. This will have a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for business.

2.4.1.6 Other Indicators

- The electricity distribution losses have been managed downwards from 30 per cent in the 2021/22 financial year to 28 per cent in the 2022/23 financial year. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.

- The water distribution losses have increased from 74 per cent in 2021/22 to 76 per cent in 2022/23. The intention is to further rollout additional depots within the City to further leverage from the efficiency that the centre offers. It is planned to reduce distribution losses to 50 per cent in 2024/25.
- Employee costs as a percentage of operating revenue remains at an average of 21% over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the municipality's strategy to ensure the management of its asset base.

2.4.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. Only registered indigents qualify for the free basic services.

For the 2024/25 financial year 2000 registered indigents have been provided for in the budget with this figured increasing to 3000 by 2024/25. In terms of the Municipality's indigent policy registered households are entitled to 6kℓ free water, 50 kwh of electricity, 6 kℓ sanitation and free waste removal as well as a discount on their property rates.

2.5 Overview of budget related-policies

The municipality budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.5.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2024/25 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 65-70 per cent on current billings. In addition the collection of debt in excess of 90 days

has been prioritised as a pertinent strategy in increasing the municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.5.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.5.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.5.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.5.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations.

2.5.6 Cash Management and Investment Policy

The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

2.5.7 Tariff Policies

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

2.5.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2024/25 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy;
- Indigent Policy.
- UIFW Policy
- Unclaimed Deposits
- Provision for bad debts
- Write off policy

- Inventory management policy

2.6 Overview of budget assumptions

2.6.1 External factors

Budget assumptions/parameters are determined in advance of the budget process to allow budgets to be constructed to support the achievement of the longer-term financial and strategic targets. The circulars issued by National Treasury (latest being Circulars 126 & 128) guiding municipalities on budget processes are considered.

The municipal fiscal environment is influenced by a variety of macroeconomic control measures. National Treasury provides guidelines on the ceiling of year-on-year increases in the total Budget through the Circulars mentioned in the previous paragraph, whilst the National Electricity Regulator of South Africa (NERSA) regulates bulk electricity tariff increases and the Department of Water & Sanitation Affairs (DWSA) regulates bulk water tariff increases. The Municipality's employee related costs are also influenced by collective agreements concluded in the South African Local Government Bargaining (SALGA) Council.

2.6.2 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (65 per cent) of annual billings. Cash flow is assumed to be 65 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.6.3 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term

Description	2024/25 Medium Term Revenue & Expenditure Framework					
	Budget Year 2024/25	%	Budget Year 2025/26	%	Budget Year +2 2026/27	%
R thousand						
Service charges	170,163	45%	189,617	47%	211,793	49%
Property Rates	38,992	10%	40,786	10%	42,662	10%
Investment revenue	47,897	13%	50,101	12%	52,405	12%
Transfer and subsidies - Operational	110,199	29%	112,383	28%	114,790	26%
Operational Revenue	12,644	3%	13,225	3%	13,834	3%
Total Revenue (excluding capital transfers and contributions)	379,895	100%	406,112	100%	435,483	100%

Total Operating Expenditure	374,007		402,655		433,210	
Surplus/(Deficit)	5,888		3,457		2,274	

The following graph is a breakdown of the operational revenue per main category for the 2024/25 financial year.

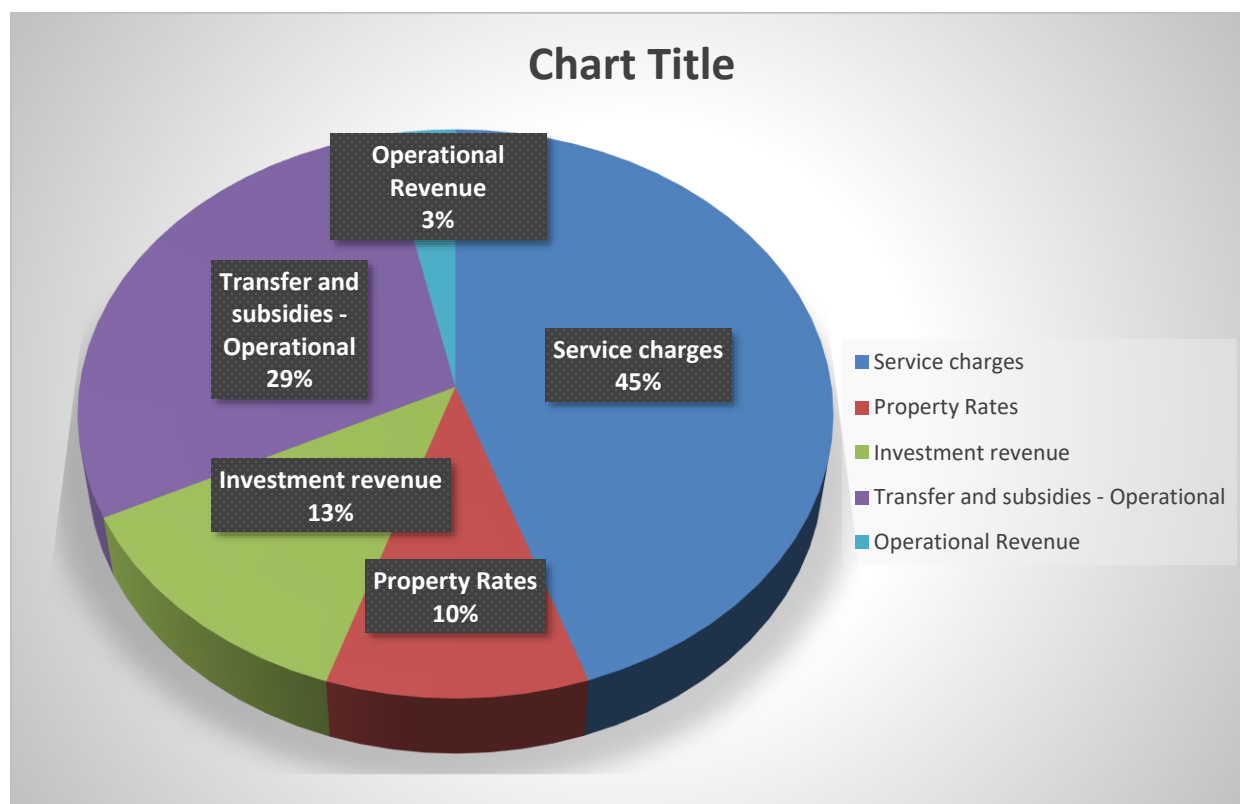


Figure 3 Breakdown of operating revenue over the 2024/25 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from service charges such as water, electricity, sanitation and solid waste removal, Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2024/25 MTREF on the different revenue categories are:

Table 16 Proposed tariff increases over the medium-term

Revenue category	2024/25 proposed tariff increase	2025/26 proposed tariff increase	2026/27 proposed tariff increase	2023/24 revenue for each tariff	2024/25 additional revenue owing to % tariff increases	2024/25 Total
						Budgeted revenue
	%	%	%	R'000	R'000	R'000
Property rates	4.9	4.6	4.6	37,171	1,821	38,992
Sanitation	4.9	4.6	4.6	25,270	1,238	26,508
Solid Waste	4.9	4.6	4.6	9,477	464	9,941
Water	4.9	4.6	4.6	27,610	1,353	28,963
Electricity	12.7	15.7	15.7	92,946	11,804	104,750
Total				192,474	16,680	209,154

Revenue to be generated from property rates is R 37 million in the 2023/24 financial year and increases to R 38.9 million by 2024/25. It remains relatively constant over the medium-term.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R 155.3 million for the 2023/24 financial year and increasing to R 170.1 million by 2024/25. This growth can mainly be attributed to the increase in the bulk prices of electricity.

2.6.4 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2024/25 medium-term capital programme:

Table 17 Sources of capital revenue over the MTREF

Description			2024/25 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted Budget	%	Budget Year 2024/25	%	Budget Year 2025/26	%	Budget Year +2 2026/27	%
Funded by:								
National Government	104,024		110,199		112,383		114,790	
Provincial Government	-		-		-		-	
Transfers recognised - capital	104,024	100%	110,199	100%	112,383	100%	114,790	100%
Public contributions & donations	-		-		-		-	
Borrowing	-		-		-		-	
Internally generated funds	-		-		-		-	
Total Capital Funding	104,024	100%	110,199	100%	112,383	100%	114,790	100%

The above table is graphically represented as follows for the 2024/25 financial year.

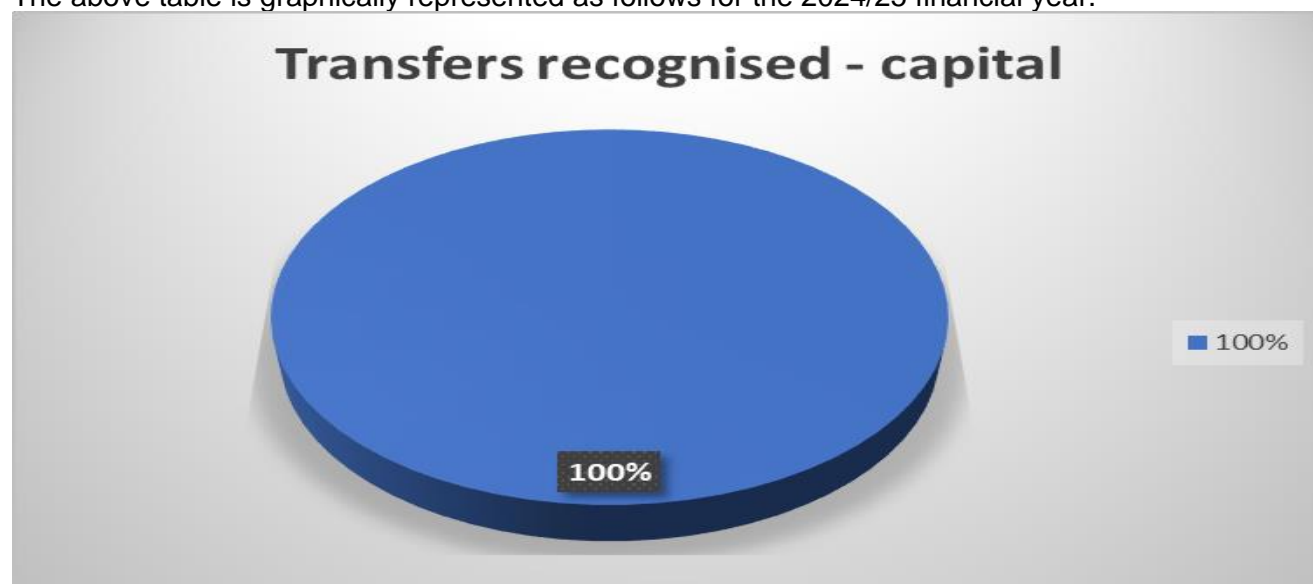


Figure 4 Sources of capital revenue for the 2024/25 financial year

Capital grants and receipts equates to 29 per cent of the total funding source which represents R 110 million for the 2024/25 financial year and steadily increase to R 114.7 million by 2026/27.

Table 18 MBRR Table SA 18 - Capital transfers and grant receipts

MP306 Dipaleseng - Supporting Table SA18 Transfers and grant receipts

Description	###	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		(88 402)	(75 586)	(84 266)	4 006	4 006	(96 653)	(75 811)	(84 717)	(85 545)
Expanded Public Works Programme Integrated Grant		-	668	794	1 156	1 156	520	1 285	-	-
Local Government Financial Management Grant		-	2 800	2 800	2 850	2 850	2 850	2 800	2 800	2 800
Municipal Infrastructure Grant		-	-	-	100 018	100 018	-	26 218	22 066	23 645
Energy Efficiency and Demand Side Management Grant		2 700	3 000	4 000	-	-	-	-	-	-
Equitable Share		(91 101)	(82 054)	(91 860)	(100 018)	(100 018)	(100 023)	(106 114)	(109 583)	(111 990)

2.6.5 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words, the *actual collection rate* of billed revenue., and Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long-term borrowing (debt).

MBRR Table A7 - Budget cash flow statement

MP306 Dipaleseng - Table A7 Budgeted Cash Flows											
Description	R thousand	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		18 142	13 534	24 311	26 020	26 020	26 020	26 020	23 808	24 903	26 048
Service charges		92 239	87 768	109 475	108 712	108 712	108 712	108 712	100 296	111 396	123 555
Other revenue		13 815	17 399	22 228	37 883	37 883	37 883	37 883	45 688	49 603	51 885
Transfers and Subsidies - Operational	1	81 506	104 721	114 524	104 436	104 436	104 436	104 436	110 199	112 383	114 790
Transfers and Subsidies - Capital	1	89 510	63 714	38 943	36 705	36 705	36 705	36 705	35 721	32 874	33 409
Interest		-	-	-	358	358	358	358	376	393	411
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(99 605)	(135 486)	(224 905)	(263 245)	(263 245)	(263 245)	(263 245)	(269 219)	(293 297)	(319 477)
Interest		-	-	-	(17 000)	(17 000)	(17 000)	(17 000)	(8 150)	(8 525)	(8 918)
Transfers and Subsidies	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		195 606	151 649	84 576	33 869	33 869	33 869	33 869	38 719	29 730	21 703
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
VAT Control (receipts)		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(32 472)	(64 169)	(50 006)	(36 500)	(36 500)	(36 500)	(36 500)	(34 410)	(31 503)	(32 038)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(32 472)	(64 169)	(50 006)	(36 500)	(36 500)	(36 500)	(36 500)	(34 410)	(31 503)	(32 038)
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		163 134	87 480	34 571	(2 631)	(2 631)	(2 631)	(2 631)	4 309	(1 773)	(10 335)
Cash/cash equivalents at the year begin:	2	-	6 454	7 221	112 074	112 074	112 074	112 074	109 912	114 221	112 448
Cash/cash equivalents at the year end:	2	163 134	93 934	41 792	109 443	109 443	109 443	109 443	114 221	112 448	102 113

The above table shows that cash and cash equivalents of the municipality between the 2020/21 and 2023/24 financial year moving from a positive cash balance to a deficit of R82. With the 2023/24 adjustments budget various cost efficiencies and savings had to be realised to ensure the municipality could meet its operational expenditure commitments. In addition, the municipality undertook an extensive debt collection process to boost cash levels. For the 2024/25 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to increase.

2.7 Annual budgets and SDBIPs – internal departments

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

- (a) Monthly projections of
 - Revenue to be collected, by source; and
 - Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter.

In accordance with Section 53 of the MFMA, the Executive Mayor is required to approve the SDBIP within 28 days after the final approval of the budget. Furthermore, the Executive 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.

2.8 Contracts having future budgetary implications

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.9 Legislation compliance status

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

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. The monthly Section 71 and quarterly Section 52 reports, submitted to the Executive Mayor, has progressively improved with more meaningful financial information now being provided for sound and proper decision-making.

2. Internship programme

The Municipality has participated in the Municipal Financial Management Internship programme. There are currently five (5) Finance Interns included in this programme. These graduates undergo training in various departments within the Financial Services Directorate. Since the introduction of the Internship programme, the Municipality has appointed a few of the individuals in permanent positions.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2024/25 MTREF in May 2024.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

1.4 Municipal manager's quality certificate

I, Lwazi Cindi, municipal manager of Dipaleseng, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name Lwazi Cindi
Municipal manager of Dipaleseng (MP 306)
Signature [Signature]
Date 21/05/2024