

MAGARENG



MUNICIPALITY

DRAFT BUDGET 2024/2025

DRAFT BUDGET OF
MARAGENG LOCAL
MUNICIPALITY

2024/2025 TO 2025/2026
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

CFO	Chief Financial Officer
CM	Municipal Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act Programme
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Energy Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
PMS	Performance Management System
PPE	Property Plant and Equipment
SALGA	South African Local Government Association
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Part 1 – FINAL BUDGET

1.1 Mayors Speech

***TABLING OF THE 2024/2025 INTEGRATED DEVELOPMENT PLAN (IDP) AND
MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) BUDGET***

MAGARENG COUNCIL CHAMBER

31ST MARCH 2024

Honorable Speaker

Honorable Councillors present

Chief Whips of Political Parties

Acting Municipal Manager

Acting Chief Financial Officer

Acting Head of Department: Community Services

Heads of Department: Cooperate Services

Managers

Members of the SANCO

Members from all Organizations' in Magareng

Officials from Sector Departments

Ward Committee Members

CDWs

CWPs

Magosi a Rona

Members of the Community

Ladies and Gentlemen

HONOURABLE SPEAKER

It is my honor to present to you the Draft Integrated Development Plan (IDP) and Draft Budget for the 2024/25 financial year. The IDP is a continuation of what this Council has been striving for since the beginning of its term; to improve the living conditions of Magareng's residents and to create an environment that allows economic activities to

thrive through the development of new and modern infrastructure. The municipality continues to plan its service delivery programme on the foundation based on consultation with all stakeholders as guided by the founding principles of continuous mobilization of resources, to inform, to educate and to empower its communities.

Honorable Speaker, being a municipality that is developmental in nature, community participation and engagement has been placed at the heart of all our activities. Public participation must still be undertaken in all wards and this time around, I must say all these meetings must be attended by our communities to encourage continues dialogue with our constituencies.

It is expected, our public participation meetings will rigorous, robust and fruitful. All our communities want is the provision of basic services in a sustainable manner for the benefit of current users and the future. We explained that the backlog in infrastructure development far exceeds the resources or budget that is available to deal with all at once.

Honorable Speaker, this compels us to make tough and difficult choices in line with the demands by the communities. We have to reach common ground to set priorities that would tackle the most of fundamental needs in the municipality. As part of our oversight responsibility, we have provided the direction into the budget and IDP process and priorities.

Most critically, our sharp focus will be on the provision of potable water. As a municipality we are intentional about this, that why all the DORA conditional grants i.e., Water Services Infrastructure Grant (WSIG), Municipal Infrastructure Grant (MIG) & Regional Bulk Infrastructure Grant (RBIG) for Magareng are used and directed to water problems/issues.

Honorable Speaker, we inherited many problems of the past in terms of infrastructure development. From uncompleted projects, to poor planning and in some instances no planning at all. We are in better position now as we know our problems, we have quantified them, we know who will fund them and when they will be completed.

Honorable Speaker, I declare that during this term of office all the households in the areas of Ditshotshwaneng, Rabaki, Rabaki (Zone A), Sonderwater, Chris Hani, Las Vegas & Richblock will receive water in the yards. I declare that we will finish the Upgrade and Extension of the Warrenton Water Treatment Plant. I declare that we will build internal capacity to maintain our newly constructed infrastructure for the benefit of our communities.

Honorable Speaker, before COGHSTA builds new houses, this time around as the municipality we want to ensure installation of new infrastructure to ensure sustainable basic services provision. We are focusing on stepping up the sanitation programme, as the municipality, we have been appointed as an implementing agent by the Department of Water and Sanitation to finalise the process of the feasibility study to relocate the current sewer plant from N12 road. This is significant progress as coupled to this project will be the bulk sanitation infrastructure.

As the municipality we must find new ways of dealing with refuse removal and waste management in our area. If needs be new service delivery trucks must be procured, How? We must continue to put in place innovative and sustainable measures to deliver on our strategic mandate from how we maintain strategic infrastructure, maximize revenue collection, improving Auditor General's Reports and institutional development.

However, I must say all that we want to do and achieve, can't be achieved if the municipality is still faced with the issue of non-payment by community members. Members of the community are must pay their services to enable us to achieve what we have planned for this community. Our municipality is in financial crisis and we can't pay

all our obligations on time and it's something disturbing and we as the municipality must work hard and change the current status for the better.

Honourable Speaker, I must also mention that, the current council has undertaken a process to review the previous organizational structure, into workable structure that will assist the current Council to achieve their mandate. I hope all of us as a collective, political leadership, management and staff members led by the union representatives will find a common goal as far as this structure is concerned, that will work in the best interest of this organization not individuals.

Honest and robust consultations with our communities on what is possible and what is not possible will be undertaken to puts us in a good space to deliver fast paced and immediate response in delivery of services to our communities. The effort to ensure communities receive services sustainably and this should continue to improve in order to guarantee community involvement to a greater extent and the provision of improved services.

Honorable Speaker, during the 2024/2025& 2025/2026 financial year our conditional grant performance has increased significantly. As a result, WSIG allocation moves from R19.515m to R20m, this translates positively in the municipalities abilities to finish some of the running projects in water and sanitation. Similarly, the municipality has been able to spend the entire MIG grant for the 2023/2024 financial year.

Honorable Speaker, I say this with a sense of discomfort and sadness. The floods that occurred in January/February 2023, has affected us negatively. Our main bulk water pipeline that connects the water treatment plant and the water supply areas was washed away by the enormous water that was released from the Bloemhof dam. This meant our communities and water supply areas had to suffer and be without water. We are on a recovery, and we will bounce back. COGHSTA and sector departments have

committed to assist us and construction is underway to restore water supply in our town of Warrenton.

Honorable Speaker, it should be noted that, this budget is unfunded and as the municipality we have developed funding plan to support the municipal 2023/24 MTREF budget.

- The purpose of the MTREF financial plan is to supplement the municipal 2024/25 MTREF budget to ensure that the current budget deficit is reduced to enable the municipality to have a cash funded budget through effective revenue enhancement and cost containment initiatives.
- The revenue enhancement and cost containment initiatives have been formulated based on current practices performed by other municipalities in South Africa that have yielded remarkable positive results. Conservative estimates have been made throughout the financial plan to ensure that the estimated figures are not misleading. In essence, the initiatives have been aligned to the municipal financial recovery plans, revenue enhancements strategy and the 2024/25 MTREF budget.
- The initiatives are operationally extensive in nature and require all departments to work as a team to fulfil the mandate of the local municipality.
- Careful consideration has been made on the planned initiatives to ensure objectivity and fairness to the community and the municipality. Socio-economic and administrative factors have, thus, been factored into the financial plan.
- In consideration of the above, the accounting officer should ensure that the financial plan is reviewed at least half yearly to ensure the main objectives of the plan are achieved. Quarterly reviews are recommended to ensure adequate monitoring of the implementation of the MTREF plan.
- Substantial reduction of overtime

Honourable Speaker, the financial and HR Policies which has been reviewed and to be adopted by Council today are as follows:

IN CONCLUSION

Honourable Speaker, the Municipality is geared towards holding open and honest consultations with all stakeholders. We appreciate participation by all stakeholders during various planning stages. Bold leadership and oversight must be provided to ensure that this IDP's vision and objectives are realized.

Honourable Speaker, I call upon all the people of Magareng to join hands with us as we continue in our journey to build a better and developed Magareng. We have started and we are focused on the goal. We are building Magareng.

TOGETHER WE CAN DO MORE - I INVITE YOU TO WORK WITH US!!!!!!

Yours in Development!!!!

CLLR NEO MASE

MAYOR OF MAGARENG LOCAL MUNICIPALITY

A BRIEF OUTLINE OF THE 2024/2025 DRAFT BUDGET

This Budget has been prepared as a Medium-Term Expenditure Framework in strict compliance with the National Treasury framework through the lengthy budget schedule. The budget is compliant with the latest budget regulations prescribed by National Treasury MFMA Circular 128.

South Africa, although not as harshly as other parts of the world, was also negatively influenced by the global economic meltdown. The municipality as the third tier of government therefore has a responsibility to manage its public resources as efficient and effective as possible in order to ensure service delivery is done in the most cost-effective manner.

This will be done by making sure that the financial position of the municipality remains sustainable over medium term facing the current economic crisis. Therefore, special attention has been given to eliminating of all unnecessary spending on nice-to have items and non-essential activities.

It also means that we will not be deaf to the voices of our community when they call for help. Our response to the present crisis is to face the challenges before us boldly, and as a municipality united.

This municipality can only be built through a solid partnership between our social, businesses, spiritual, political and other relevant stakeholders. We have to put self-interest aside; we have to face each other honestly and openly. Our task is to see through the challenges of economic vulnerability today to construction of a better community that is our passion and our pride. We can do entire better as a united people.

National, and (to a lesser extent) provincial government spheres set the overall strategic agenda (public policy) for local government administration and management in the country. However, the fact that the national government sets the overall mandate for municipalities does not imply that all councils will share a common vision. The circumstances pertaining in each of the 257 municipalities in the country will undoubtedly differ, and variations will therefore exist.

The following priority focus areas have been adopted by the national government as service delivery target areas (SALGA, 2004:29).

- Eradication of the bucket system;
- Provision of basic water;
- Provision of basic sanitation;
- Provision of housing;
- Provision of basic electrification; and
- Provision of roads and infrastructure

The successful attainment of the foregoing service delivery priorities is highly dependent on the ability of each individual municipality to strategically plan, budget and co-operate with other municipalities, district councils, provinces and national government departments, institutions and organs of the state, whose activities have a bearing on the municipality. Therefore, the principles of co-operative government as well as intergovernmental relations are critical determinants for measuring the ability of a municipality to discharge its mandate.

SUMMARY OF INFRASTRUCTURE DEVELOPMENT

The capital budget for 2024/2025 addresses improvements in the following services:

Warrenton: Bulk Water Supply in Ikhutseng (MIG)=R 22 258 000
Water Service Infrastructure Grant (WSIG) = R 20 000 000

This capital program is funded mainly from external grant funding namely the MIG (Municipal Infrastructure Grant) and Water Service Infrastructure Grant (WSIG),

When the operational budget was compiled, the main focus areas were the improvement of servicedelivery to the community and alleviation of poverty. For these reasons it was necessary to increase theservice delivery inMagareng for some of our departments especially Technical Services and Community Services by filling of critical positions to fast track service delivery to our people.

MATERIAL AMENDMENTS MADE TO THE ANNUAL BDGET

TARIFF INCREASES

It should be noted that the increases are not happening in a vacuum, but are part and parcel of a long-term economic development plan that will deliver a Municipality which is effectively and efficiently run, with well-maintained services and facilities. The Municipality, however, is affected by all sorts of external factors like inflation, to an extent by some national government policy decisions, the current state of non-payment as well as the unemployment and affordability demographics of the Municipality's residents.

The municipality has the interests of our residents at heart. Unfortunately, we are yet to submit the Cost of Study and Revenue required toolto NERSA for the new tariff. The information will be readily available as soon as we submit the above mentioned tools from the 1st April 2024 which will be applicable to the Final Budget for 2024/2025. The new tariff will be implemented immediately after the approval from NERSA. For the purpose of the draft budget the municipality used 12.72% charged by NERSA for bulk purchases electricity.

% INCREASE

SERVICE	2024/2025
Water	4,9%
Electricity	12,72%
Refuse	4,9%
Sewerage	4,9%
Property rates	4,9%

1.1. INDIGENT RELIEF

This budget is targeted towards enhanced service delivery. As a Municipality we are continuously ensuring improved access to free basic services and dealing with backlogs in basic

infrastructure. Several measures have also been taken to make the municipal account more affordable to poorer households.

Let's look at some of the measures we already have in place: These include:

- For prepaid: the first 6kl of water is free to all registered indigent households;
- For prepaid: The first 50kwh of electricity is free to all registered indigent households;
- For conventional: The basic charge and the first 6kl of water is free to all registered indigent households;
- For conventional: The basic charge and first 50kwh of electricity is free to all registered indigent households;
- Basic charges for sewage 100% subsidy;
- Basic charges for refuse 100% subsidy;

INTEGRATED DEVELOPMENT PLANNING 2024/2025

The Integrated Development Plan plays a pivotal role in informing all planning processes of the other spheres of government (District, National and Provincial) as well as all state-owned enterprises, which implies a dire need for joint and coordinated effort by these parties in the IDP development processes. The IDP was drawn up in consultation with community members, sector departments and Frances Baard District Municipality.

Our municipality still remains the coalface of service delivery of government, therefore it is our fiduciary responsibility to ensure continuous interaction with our communities, as mandated by South African Constitution, Act 108 of 1996 in order to create a better life for all and enhance the living conditions of the community and its members. We can proudly say that Magareng Local Municipality continues to work together with our communities in order to find sustainable and progressive way to fulfill their social, economic and developmental needs.

In terms of system Act 32 of 2000(chapter 5) the municipality is obliged to prepare a comprehensive document, which is the most important tool that we use to guide our planning; development and decision-making process in a municipality. After the adoption of the IDP/Budget 2024/2025 the municipality will draft a Service Delivery and Budget Implementation Plan (SDBIP) guided by the plans from the 2024/2025 IDP Review.

We hope and trust that the administration will implement the IDP/Budget accordingly and effectively. The council must do the oversight and hold the administration accountable for targets not met. We will continue to update our community about IDP progress and our intentions as a municipality through ward councilors; ward committees and Imbizos. We urge our community to be patient with the council as some of the IDP projects will take some time before they complete especially the Upgrading of water treatment plant, Refurbishment of the Waste Water Treatment Plant Water supply in Warrenton and Upgrading of Low Voltage and Medium Voltage electrical lines.

1.2 Executive Summary

Section 16 (1) of the Municipal Finance Management Act (MFMA) stipulates that the Council of a Municipality must for each financial year approve a Draft Budget for the municipality before the start of the financial year. Section 16 (2) stipulate that in order to comply with subsection (1), the mayor of the municipality must table a Final Budget at the council meeting at least 30 days before the start of the budget year.

The budget takes into account the input received from various stakeholders including guidelines from National Treasury. National Treasury issued MFMA Budget Circular No 128 on 08 March 2024 and MFMA Budget Circular No. 126 on 7 December 2023 to guide the compilation of the 2024/2025 MTREF.

The Draft budget Expenditure for 2024/2025 amounts to **R 165 107 885**.

- Provision for bulk purchase of electricity amounts to **R 25 000 000.00**-Eskom
- Provision for bulk purchase of water amounts to **R2 400 000.00**– Vaalharts Water
- 6% increase in salaries for municipal staff for the purpose of the draft budget as the municipality is still waiting for the Collective Bargaining Agreement (negotiations still ongoing) the municipality decided on the 6% as per affordability and is still awaiting the collective agreement.
- Provision for depreciation on assets to the amount of **R 23 540 691**.
- Provision for payment of Auditor General Fees of **R 3 000 000**.
- Provision for Impairment **R17 055 574**.

TABLE INDICATING OPERATING EXPENSE PER TYPE

Repairs and Maintenance

According to National Treasury the norm for repairs and maintenance is 8%. The municipality own revenue repairs and maintenance amounts to **R 5 911 925** and Frances Baard District municipality is funding the municipality with **R 1 800 000** for **O & M** for 2024/25 which is 5% of operating expenditure.

The operational revenue budget for 2024/2025 amounts to **R 154 743 050** including operation grants.

There are two budget circulars that was circulated by National Treasury on how municipalities should determine the increase on tariffs as the municipality awaits NERSA's tariff approval, municipalities should consider the CPI of 4.9% therefore the municipality increased tariffs as follows:

- 4.9% increase : Water
- 4.9% increase : Sewerage
- 12,72% increase : Electricity
- 4,9% increase : Refuse

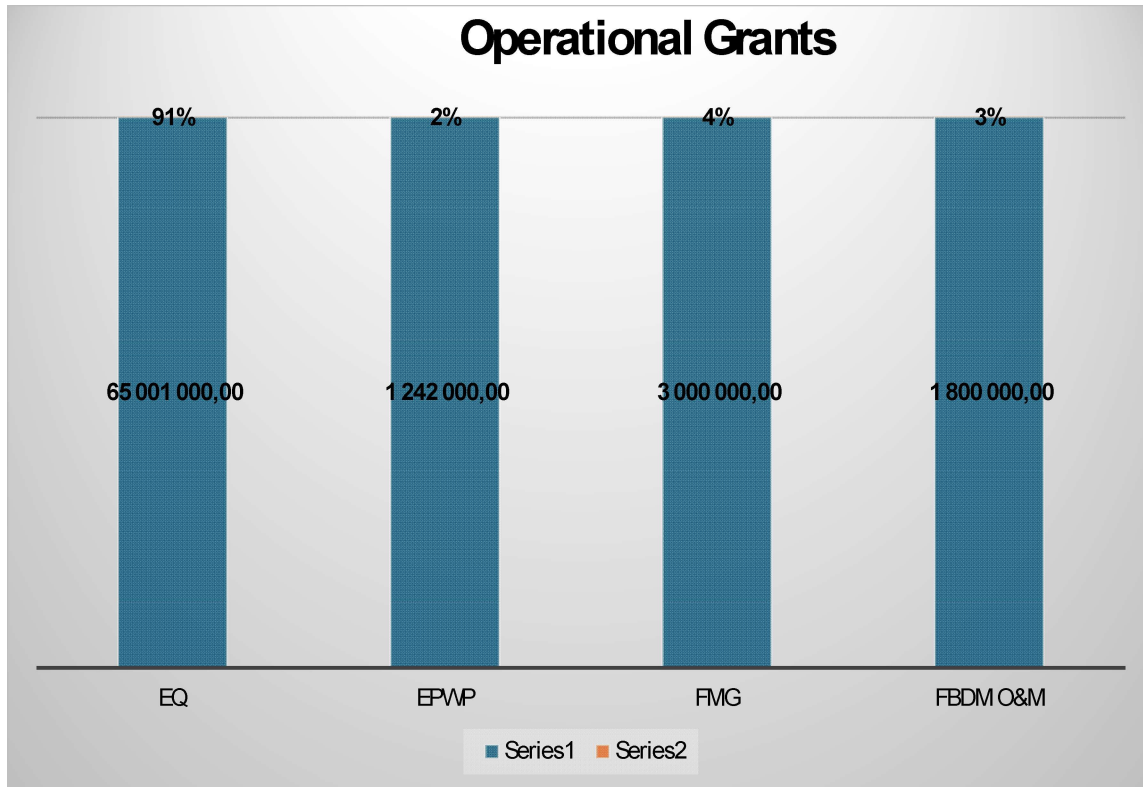
- Equitable share allocation amounts to **R 65 001 000** for 2024/2025 financial year as per the Dora.

- Property Rates: as per valuation roll implemented from 1 July 2019 Approved new tariffs are
- The first R15 000 of all residential properties are exempted from being taxable, the municipality did not increase tariffs on property rates.

THE ALLOCATIONS OF THE MUNICIPAL OPERATIONAL GRANTS ARE ALLOCATED AS PER DORA AND FBDM.

NC093 Magareng - Supporting Table SA18 Transfers and grant receipts

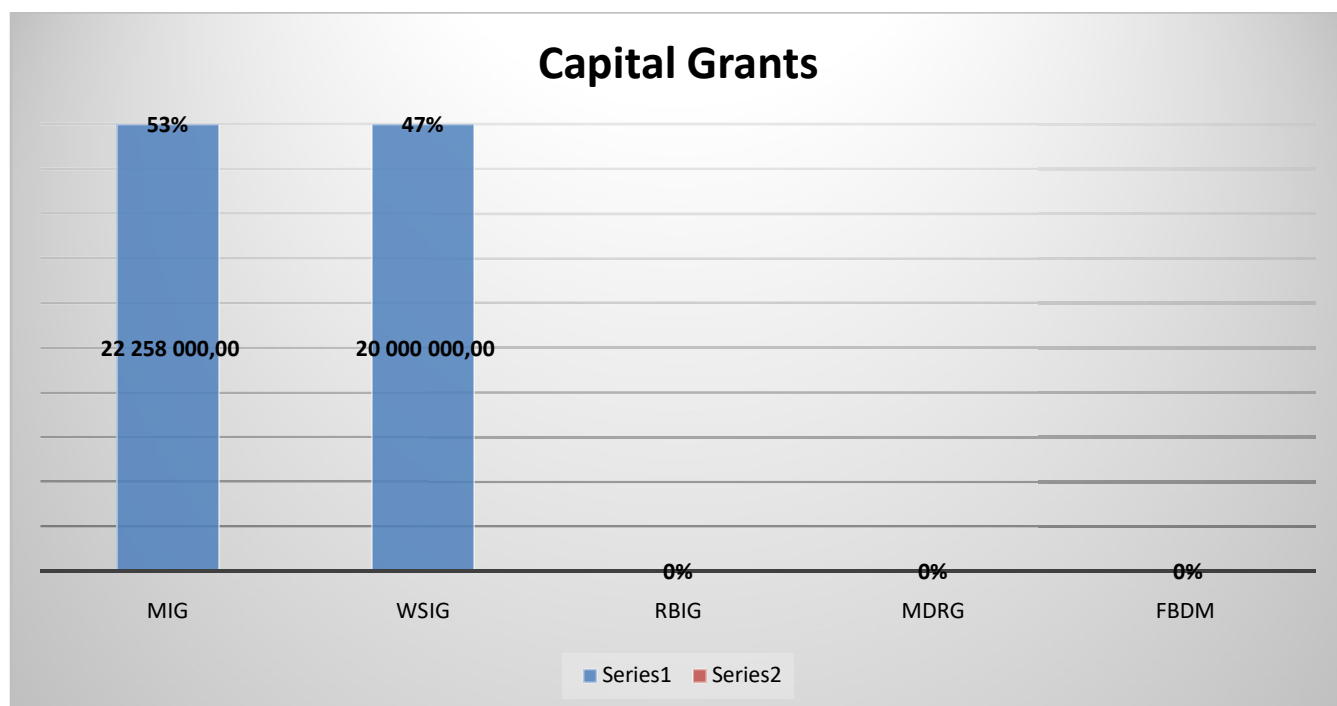
Description	2024/25 Medium Term Revenue & Expenditure Framework		
	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand			
RECEIPTS:			
<u>Operating Transfers and Grants</u>			
National Government:	69 243	69 004	68 953
Local Government Equitable Share	65 001	66 004	65 953
Expanded Public Works Programme Integrated	1 242	–	–
Local Government Financial Management Grant	3 000	3 000	3 000
Municipal Disaster Relief Grant	–	–	–
District Municipality:	1 800	1 800	1 800
<i>FBDM (Operational)</i>	1 800	1 800	1 800
Other grant providers:	–	–	–
<i>Education Training and Development Practise</i>	–	–	–
<i>National Library South Africa</i>	–	–	–
<i>Northern Cape Arts and Cultural</i>	–	–	–
<i>Post Retirement Benefit</i>	–	–	–
Total Operating Transfers and Grants	71 043	70 804	70 753



CAPITAL GRANTS AS DoRA.

NC093 Magareng - Supporting Table SA18 Transfers and grant receipts

Description	2024/25 Medium Term Revenue & Expenditure Framework		
	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand			
Capital Transfers and Grants			
National Government:	42 258	23 628	34 238
Integrated National Electrification Programme	–	990	894
Municipal Disaster Relief Grant	–	–	–
Municipal Infrastructure Grant	22 258	12 638	13 344
Regional Bulk Infrastructure Grant	–	–	–
Water Services Infrastructure Grant	20 000	10 000	20 000
Total Capital Transfers and Grants	42 258	23 628	34 238



PLEASE NOTE THAT CASH-FLOW WILL BE DETERMINED BY THE REVENUE COLLECTION AND WILL BE ESTIMATED AND FORECASTED AT **53%** FOR THE COMING YEAR 2024/2025.

Table 1: consolidated Overview of the 2024/2025 MTREF Budget

NC093: Overview Financial Performance (Revenue & Expenditure)			
Description	2024/25 Medium Term Revenue & Expenditure Framework		
	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand			
Revenue			
Total Revenue (excluding capital transfers and contributions)	154 743 050,00	158 354 258,00	162 330 581,00
Total Expenditure	165 107 885,00	150 978 588,00	157 837 580,00
Surplus/(Deficit)	- 10 364 835,00	7 375 670,00	4 493 001,00
Transfers and subsidies - capital (monetary allocations)	42 258 000,00	23 628 000,00	34 238 000,00
Transfers and subsidies - capital (in-kind)	-	-	-
Surplus/(Deficit) after capital transfers & contributions	31 893 165,00	31 003 670,00	38 731 001,00
Income Tax			
Surplus/(Deficit) after income tax	31 893 165,00	31 003 670,00	38 731 001,00
Surplus/(Deficit) for the year	31 893 165,00	31 003 670,00	38 731 001,00

Table 1: consolidated Overview of the 2024/2025 MTREF Budget

The following budget principles informed the compilation of the 2024/2025 MTREF:

- Consumer Price Inflation (CPI) 4, 9% in 2024/2025 and 4.6% for both the outer financial years.
- The National Energy Regulator of South Africa (NERSA) proposed a tariff increase for Warrenton as per the cost of supply submitted by the municipality, while still awaiting the approval from NERSA the draft budget was compiled with the proposed 12,72% which will possibly change during the final budget this results in a decrease in Bulk purchases from 15,10% in 2023/2024 to 12,72% in 2024/2025.
- The salary and wages increase of 6% for the 2024/2025 financial year as per the municipality's affordability, as the municipality is still awaiting the Collective Agreement.
- Management aims to ensure a 53 per cent annual collection rate for property rates and other key service charge.

1.3 Operating Revenue Framework

For Magareng Local Municipality 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 Municipality and continued economic development;
 - Efficient revenue management, which aims to ensure a 53 per cent annual collection rate for property rates and other key service charges;
 - Warrenton tariff increases as approved by the National Energy Regulator of South Africa (NERSA);
 - The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
 - The municipality's Indigent Policy and rendering of free basic services; and
 - Tariff policies of the Magareng local municipality.
-)

Table 1 Summary of revenue classified by main revenue source.

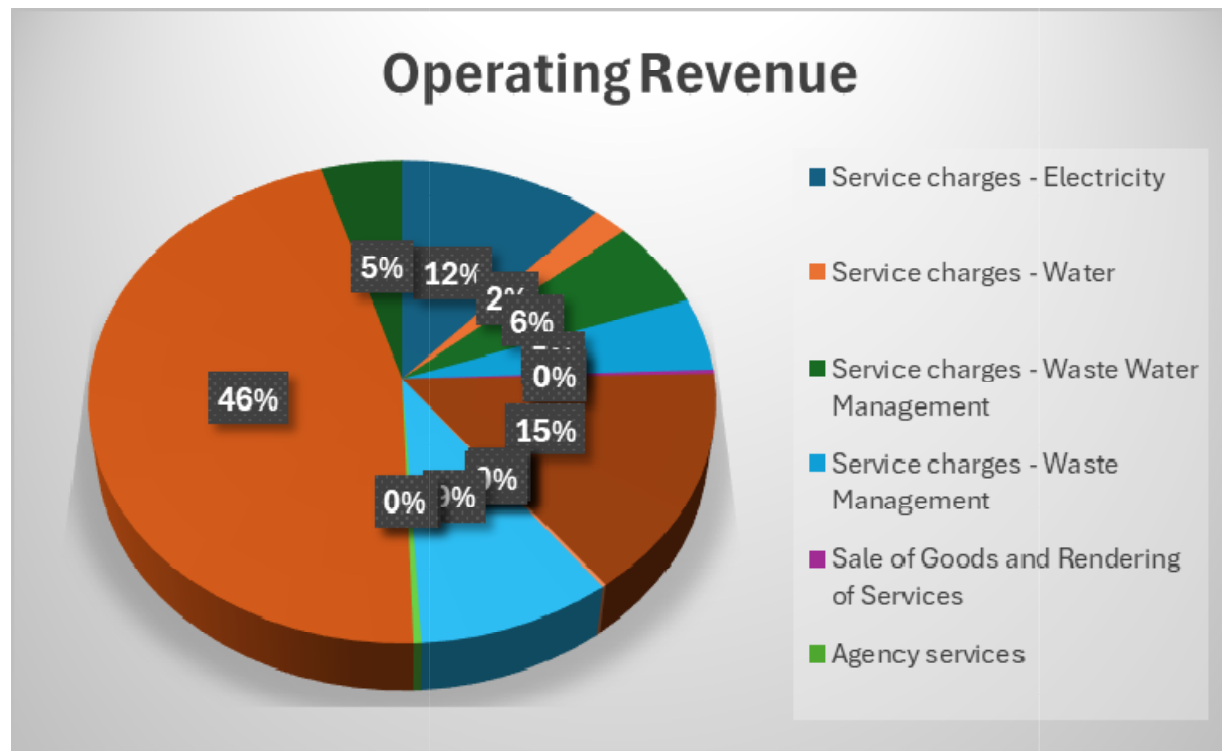
Description	2024/25 Medium Term Revenue & Expenditure Framework					
	Budget Year 2024/25		Budget Year +1 2025/26		Budget Year +2 2026/27	
R thousand						
Revenue						
Exchange Revenue						
Service charges - Electricity	17 936 172,00	12%	18 761 235,00	12%	19 624 254,00	12%
Service charges - Water	3 130 546,00	2%	3 274 552,00	2%	3 425 181,00	2%
Service charges - Waste Water Management	9 135 545,00	6%	9 555 779,00	6%	9 995 346,00	6%
Service charges - Waste Management	7 510 778,00	5%	7 856 275,00	5%	8 217 663,00	5%
Sale of Goods and Rendering of Services	430 636,00	0%	450 448,00	0%	471 172,00	0%
Agency services	-		-		-	
Interest						
Interest earned from Receivables	23 296 249,00	15%	24 367 875,00	15%	25 488 797,00	16%
Interest earned from Current and Non Current Assets	-		-		-	
Dividends						
Rent on Land	1 000,00	0%	1 046,00	0%	1 095,00	0%
Rental from Fixed Assets	3 000,00	0%	3 138,00	0%	3 283,00	0%
Licence and permits	-		-		-	
Operational Revenue	297 977,00	0%	311 688,00	0%	326 030,00	0%
Non-Exchange Revenue						
Property rates	14 225 603,00	9%	14 879 981,00	9%	15 564 460,00	10%
Surcharges and Taxes		0%				
Fines, penalties and forfeits	586 325,00	0%	613 296,00	0%	641 508,00	0%
Licences or permits	-		-		-	
Transfer and subsidies - Operational	71 043 000,00	46%	70 804 000,00	45%	70 753 000,00	44%
Interest	7 146 219,00	5%	7 474 945,00	5%	7 818 792,00	5%
Fuel Levy						
Operational Revenue						
Gains on disposal of Assets	-		-		-	
Other Gains						
Discontinued Operations						
Total Revenue (excluding capital transfers and contributions)	154 743 050,00	100%	158 354 258,00	100%	162 330 581,00	100%

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. In the 2024/25 financial year, revenue from rates and services charges totaled R 51,9 million or 34 per cent. This increases to R 54,3 million, R 56,8 million and 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 34% in 2024/25 to 34% per cent in 2025/26 and 35% in 2026/27. This growth can be mainly attributed to the increased share that the sale services contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity.

Service charges- electricity is the third largest of the revenue source totaling 12 per cent or R 17,9million and 2024/25. The largest sources is 'transfers and subsidies' which consists of our operational grants FMG R 3 000 000, Equitable share R 65 001 000, EPWP R1 242 000, Library Grant (**Still waiting for an allocation letter**) and FBDM O & M R 1800 000.

Operating grants and transfers totals R 71 043 000 in 2024/25 financial year. The following table gives a breakdown of the various operating revenue and subsidies allocated to the municipality over the medium term:



1.4 Operating Expenditure Framework

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

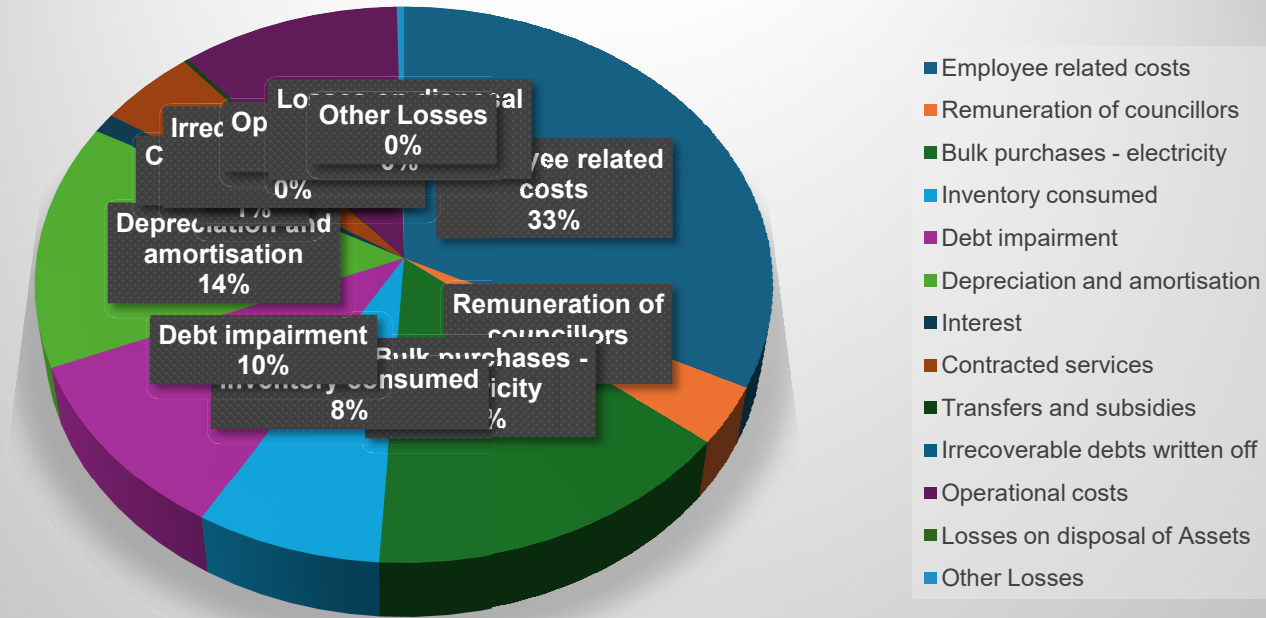
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term is informed by Section 18 and 19 of the MFMA;

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

Summary of operating expenditure by standard classification item

Description	2024/25 Medium Term Revenue & Expenditure Framework					
	Budget Year 2024/25		Budget Year +1 2025/26		Budget Year +2 2026/27	
R thousand						
Expenditure						
Employee related costs	53 582 261,00	32%	56 019 205,00	37%	58 568 227,00	37%
Remuneration of councillors	5 587 041,00	3%	5 844 051,00	4%	6 112 877,00	4%
Bulk purchases - electricity	25 000 000,00	15%	26 150 000,00	17%	27 352 900,00	17%
Inventory consumed	12 282 813,00	7%	7 827 022,00	-5%	8 187 064,00	-5%
Debt impairment	17 055 574,00	10%	18 176 132,00	12%	19 012 233,00	12%
Depreciation and amortisation	23 540 691,00	0,14	24 623 564,00	16%	25 756 249,00	16%
Interest	1 887 312,00	0,01	1 979 791,00	1%	2 076 800,00	1%
Contracted services	7 800 234,00	5%	8 136 044,00	5%	8 487 309,00	5%
Transfers and subsidies	370 000,00	0%	387 020,00	0%	404 823,00	0%
Irrecoverable debts written off	-		-	0%	-	0%
Operational costs	17 423 251,00	11%	16 884 474,00	11%	17 620 052,00	11%
Losses on disposal of Assets	-		-	0%	-	0%
Other Losses	578 708,00	0%	605 329,00	0%	633 174,00	0%
Total Expenditure	165 107 885,00	100%	150 978 588,00	100%	157 837 580,00	100%

Operating Expenditure



The budgeted allocation for employee related costs for the 2024/25 financial year totals R53 582 261 million and councilors remuneration amounts to R5 587 041 which equals 35 per cent of the total operating expenditure. Based on the three-year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6 per cent for the 2024/25 financial year. An annual increase of 4.6 per cent has been included in the two outer years of the MTREF. Only critical vacancies will be prioritized within the Municipality. The outcome of this exercise was the inclusion of R 3,4 million in the 2024/25 financial year relating to critical and strategically important vacancies. 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 councilors is determined by the Minister of Co-operative 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 Municipal's budget.

The provision of debt impairment was determined based on an annual collection rate of 2022/2023 as well as the Annual Financial Statement for the year and the Credit control and debt collection policy (Debt Write-off) Policy of the Municipal. For the 2021/22 financial year this amount equates to R25.9 million and decreased to R17 million in 2022/23 as per the Annual Financial Statements year end 2023. 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 Supply Chain Policy (Asset Management Policy). Depreciation is widely considered a proxy for the measurement of the rate asset consumption. 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. This has resulted in a significant increase in depreciation relative to previous years.

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

Operational Costs comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipal's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the Municipal's infrastructure for 2024/25 the appropriation against this group of expenditure amounts to (R17 423 251 million) and continues to 4.6 per cent for the two outer years.

Contracted services has been identified as a cost saving area for the Municipal. As part of the compilation of the 2024/25 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2024/25 financial year, this group of expenditure totals R7 800 234 million. For the two outer years growth has been limited to 4.6 per cent respectively. Other expenditure comprises of various line items relating to the daily operations of the municipality.

1.5 Capital expenditure.

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

2024/25 Medium-term capital budget per vote

Description	2024/25 Medium Term Revenue & Expenditure Framework					
	Budget Year 2024/25		Budget Year +1 2025/26		Budget Year +2 2026/27	
R thousand						
Transfers and subsidies - capital (monetary allocations)	42 258 000,00	100%	23 628 000,00	100%	34 238 000,00	100%
Transfers and subsidies - capital (in-kind)	-		-		-	
Surplus/(Deficit) after capital transfers & contributions	31 893 165,00		31 003 670,00		38 731 001,00	
Income Tax						
Surplus/(Deficit) for the year	31 893 165,00		31 003 670,00		38 731 001,00	

PART B- LIST OF TABLES

Table A1 - Budgeted Financial Performance (revenue and expenditure)

NC093 Magareng - 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	11 554	11 674	12 263	13 926	13 926	13 926	8 617	14 226	14 880	15 564
Service charges	33 207	36 845	32 468	60 384	37 233	37 233	20 812	37 713	39 448	41 262
Investment revenue	9 582	6 296	10 912	-	-	-	-	-	-	-
Transfer and subsidies - Operational	61 440	62 864	69 502	68 488	69 743	69 743	46 027	71 043	70 804	70 753
Other own revenue	8 094	7 647	8 984	19 264	32 112	32 112	17 483	31 761	33 222	34 751
Total Revenue (excluding capital transfers and contributions)	123 876	125 327	134 129	162 062	153 013	153 013	92 939	154 743	158 354	162 331
Employee costs	48 576	49 810	48 606	53 709	53 709	53 709	30 171	53 582	56 019	58 568
Remuneration of councillors	3 598	4 263	4 673	4 807	5 612	5 612	3 592	5 587	5 844	6 113
Depreciation and amortisation	32 271	26 674	23 788	25 954	25 953	25 953	27 336	23 541	24 624	25 756
Interest	4 319	5 447	7 549	-	-	-	-	1 887	1 980	2 077
Inventory consumed and bulk purchases	21 199	22 499	23 257	37 920	36 670	36 670	5 933	37 283	18 323	19 166
Transfers and subsidies	35	-	-	-	-	-	-	370	387	405
Other expenditure	54 289	49 919	41 210	55 284	69 081	69 081	42 802	42 858	43 802	45 753
Total Expenditure	164 286	158 612	149 084	177 674	191 025	191 025	109 834	165 108	150 979	157 838
Surplus/(Deficit)	(40 410)	(33 286)	(14 955)	(15 612)	(38 012)	(38 012)	(16 895)	(10 365)	7 376	4 493
Transfers and subsidies - capital (monetary allocations)	61 231	25 034	24 071	51 967	56 279	56 279	9 141	42 258	23 628	34 238
Transfers and subsidies - capital (in-kind)	-	3 696	1 725	3 000	4 745	4 745	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	20 821	(4 556)	10 841	39 355	23 012	23 012	(7 754)	31 893	31 004	38 731
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	20 821	(4 556)	10 841	39 355	23 012	23 012	(7 754)	31 893	31 004	38 731
Capital expenditure & funds sources										
Capital expenditure	55 426	25 900	25 368	55 257	61 024	61 024	29 530	42 258	23 628	34 238
Transfers recognised - capital	55 426	23 778	23 885	54 967	61 024	61 024	29 530	42 258	23 628	34 238
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	2 122	1 482	290	-	-	-	-	-	-
Total sources of capital funds	55 426	25 900	25 368	55 257	61 024	61 024	29 530	42 258	23 628	34 238
Financial position										
Total current assets	(15 850)	(29 990)	(18 060)	20 167	4 445	4 445	90 544	207 050	351 699	389 731
Total non current assets	372 032	376 452	453 767	306 151	336 374	336 374	455 960	403 294	367 167	392 637
Total current liabilities	411 289	429 314	445 056	356 086	383 878	383 878	481 391	448 851	475 580	497 401
Total non current liabilities	7 359	11 444	8 079	11 911	17 859	17 859	7 538	8 079	8 450	8 839
Community wealth/Equity	162 876	145 568	226 962	(41 630)	(57 973)	(57 973)	202 564	154 763	257 823	280 520
Cash flows										
Net cash from (used) operating	-	-	-	267 539	352 629	352 629	68 875	294 453	480 113	543 473
Net cash from (used) investing	(1)	1	-	(52 257)	(56 279)	(56 279)	(29 530)	(42 258)	(23 628)	(34 238)
Net cash from (used) financing	-	-	-	-	-	-	14	325	340	355
Cash/cash equivalents at the year end	210	6 675	242	215 524	297 083	297 083	39 359	252 526	709 351	1 218 940
Cash backing/surplus reconciliation										
Cash and investments available	(80 049)	(96 228)	(108 668)	(138 558)	(164 734)	(164 734)	(5 944)	108 651	285 600	301 341
Application of cash and investments	360 740	372 899	383 982	281 579	284 977	284 977	252 531	176 510	60 325	68 629
Balance - surplus (shortfall)	(440 790)	(469 127)	(492 650)	(420 137)	(449 711)	(449 711)	(258 475)	(67 859)	225 275	232 713
Asset management										
Asset register summary (WDV)	369 392	374 250	475 732	303 949	334 172	334 172	-	401 092	364 863	390 227
Depreciation	32 271	26 674	23 788	25 954	25 953	25 953	-	23 541	24 624	25 756
Renewal and Upgrading of Existing Assets	60 633	23 778	23 885	55 257	61 024	61 024	-	42 258	22 638	33 344
Repairs and Maintenance	-	6 770	4 422	4 500	7 105	7 105	-	5 912	6 101	6 299
Free services										
Cost of Free Basic Services provided	4 254	857	281	11 284	11 284	11 284	-	4 553	4 762	4 981
Revenue cost of free services provided	987	987	1 038	1 102	1 102	1 102	-	1 492	1 561	1 633
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Table A2 - Budgeted Financial Performance (Revenue and by function classification).**NC093 Magareng - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)**

Functional Classification Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue - Functional										
Governance and administration		85 555	80 717	89 770	84 422	88 039	88 039	91 119	91 886	92 888
Executive and council		57 743	54 507	59 064	62 541	62 541	62 541	66 243	66 004	65 953
Finance and administration		27 812	26 210	30 705	21 881	25 498	25 498	24 876	25 882	26 935
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1 443	1 533	1 844	1 393	1 470	1 470	974	1 019	1 065
Community and social services		1 089	1 216	855	1 264	1 264	1 264	89	94	98
Sport and recreation		-	58	35	-	-	-	-	-	-
Public safety		354	258	954	130	206	206	884	925	968
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	(3 731)	6 671	450	450	450	450	450	450
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	(3 731)	6 671	450	450	450	450	450	450
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		98 110	75 538	61 640	130 764	124 077	124 077	104 459	88 628	102 166
Energy sources		19 902	15 546	13 907	35 848	19 180	19 180	20 349	22 255	23 116
Water management		64 407	44 059	31 806	50 145	55 032	55 032	34 206	25 114	26 374
Waste water management		6 281	8 985	8 390	35 402	38 610	38 610	37 211	27 982	38 789
Waste management		7 520	6 948	7 537	9 368	11 256	11 256	12 693	13 277	13 887
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	185 107	154 057	159 925	217 029	214 037	214 037	197 001	181 982	196 569
Expenditure - Functional										
Governance and administration		118 183	100 622	59 659	57 910	72 695	72 695	67 317	68 980	72 020
Executive and council		13 634	14 323	15 645	13 006	13 795	13 795	14 036	13 383	13 998
Finance and administration		104 550	86 298	44 014	44 904	58 900	58 900	53 280	55 598	58 022
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		12 510	12 770	18 576	12 754	15 709	15 709	14 017	14 998	15 688
Community and social services		2 703	2 526	6 737	2 571	2 546	2 546	2 376	2 485	2 599
Sport and recreation		4 354	3 390	3 475	5 218	4 641	4 641	4 799	5 019	5 250
Public safety		4 650	4 001	4 383	3 747	3 842	3 842	3 581	4 082	4 270
Housing		802	2 854	3 983	1 219	4 680	4 680	3 261	3 411	3 568
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		3 665	6 198	6 005	24 739	7 746	7 746	8 307	8 669	9 047
Planning and development		2 639	3 787	4 325	6 164	6 260	6 260	6 398	6 692	7 000
Road transport		1 026	2 411	1 680	18 575	1 486	1 486	1 909	1 976	2 047
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		43 053	61 720	81 488	82 271	97 770	97 770	77 867	81 388	85 072
Energy sources		23 273	26 683	23 342	35 688	39 072	39 072	38 893	40 661	42 511
Water management		14 559	24 405	27 556	24 970	31 300	31 300	18 559	19 392	20 264
Waste water management		3 603	9 482	23 711	17 115	23 443	23 443	16 267	16 996	17 759
Waste management		1 617	1 150	6 878	4 498	3 955	3 955	4 148	4 339	4 539
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	177 412	181 310	165 728	177 674	193 920	193 920	167 508	174 035	181 826
Surplus/(Deficit) for the year		7 696	(27 253)	(5 803)	39 355	20 117	20 117	29 493	7 947	14 743

Table A3 -Budgeted Financial Performance

NC093 Magareng - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
Revenue by Vote	1									
Vote 01 - Executive & Council		57 743	54 507	59 064	62 541	62 541	62 541	66 243	66 004	65 953
Vote 02 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Corporate Services		-	-	382	-	-	-	-	-	-
Vote 04 - Financial Services		27 812	26 210	30 323	21 881	25 498	25 498	24 876	25 882	26 935
Vote 05 - Municipal Infrastructure		98 110	71 807	68 311	131 214	124 527	124 527	104 909	89 078	102 616
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		1 443	1 533	1 844	1 393	1 470	1 470	974	1 019	1 065
Vote 08 - Sports, Arts, Parks, Culture		-	-	-	-	-	-	-	-	-
Vote 09 - Planning & Development		-	-	-	-	-	-	-	-	-
Vote 10 - Hunan Settlements		-	-	-	-	-	-	-	-	-
Vote 11 - Idp, Pms Department		-	-	-	-	-	-	-	-	-
Vote 12 - Spatial Development, Planning & Traditional		-	-	-	-	-	-	-	-	-
Vote 13 - Electricity Department		-	-	-	-	-	-	-	-	-
Vote 14 - Maluti Water		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	185 107	154 057	159 925	217 029	214 037	214 037	197 001	181 982	196 569
Expenditure by Vote to be appropriated	1									
Vote 01 - Executive & Council		10 425	11 458	12 418	10 836	11 166	11 166	11 597	10 831	11 330
Vote 02 - Office Of The Municipal Manager		2 563	1 839	658	2 169	2 217	2 217	2 141	2 240	2 343
Vote 03 - Corporate Services		11 742	12 037	15 075	15 806	18 650	18 650	17 541	18 348	19 192
Vote 04 - Financial Services		92 872	74 326	29 007	29 098	40 309	40 309	35 783	37 296	38 878
Vote 05 - Municipal Infrastructure		45 196	66 622	87 116	104 180	102 613	102 613	83 149	86 892	90 808
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		11 352	9 717	14 468	11 535	11 029	11 029	10 628	11 453	11 980
Vote 08 - Sports, Arts, Parks, Culture		-	-	-	-	-	-	-	-	-
Vote 09 - Planning & Development		3 261	5 312	6 986	4 048	7 936	7 936	6 669	6 976	7 297
Vote 10 - Hunan Settlements		-	-	-	-	-	-	-	-	-
Vote 11 - Idp, Pms Department		-	-	-	-	-	-	-	-	-
Vote 12 - Spatial Development, Planning & Traditional		-	-	-	-	-	-	-	-	-
Vote 13 - Electricity Department		-	-	-	-	-	-	-	-	-
Vote 14 - Maluti Water		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	177 412	181 310	165 728	177 674	193 920	193 920	167 508	174 035	181 826
Surplus/(Deficit) for the year	2	7 696	(27 253)	(5 803)	39 355	20 117	20 117	29 493	7 947	14 743

Table A4 - Budgeted of Financial Performance

NC093 Magareng - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1										
Revenue											
Exchange Revenue											
Service charges - Electricity	2	15 625	15 185	13 907	33 713	16 192	16 192	9 293	17 936	18 761	19 624
Service charges - Water	2	7 453	8 426	6 010	9 156	3 492	3 492	1 921	3 131	3 275	3 425
Service charges - Waste Water Management	2	5 725	7 569	8 041	10 832	10 832	10 832	5 486	9 136	9 556	9 995
Service charges - Waste Management	2	4 404	5 666	4 509	6 683	6 716	6 716	4 111	7 511	7 856	8 218
Sale of Goods and Rendering of Services		774	576	517	624	737	737	353	431	450	471
Agency services		57	76	-	-	-	-	-	-	-	-
Interest											
Interest earned from Receivables		5 886	2 749	6 048	13 632	23 250	23 250	12 823	23 296	24 368	25 489
Interest earned from Current and Non Current Assets		9 582	6 296	10 912	-	-	-	-	-	-	-
Dividends											
Rent on Land		14	8	2	3	2	2	0	1	1	1
Rental from Fixed Assets		4	4	1	3	3	3	2	3	3	3
Licence and permits		-	-	-	-	-	-	-	-	-	-
Operational Revenue		1 194	6 105	3 698	71	147	147	81	298	312	326
Non-Exchange Revenue											
Property rates	2	11 554	11 674	12 263	13 926	13 926	13 926	8 617	14 226	14 880	15 564
Surcharges and Taxes											
Fines, penalties and forfeits		229	127	586	135	124	124	124	586	613	642
Licences or permits		(117)	(2 194)	(2 251)	-	-	-	-	-	-	-
Transfer and subsidies - Operational		61 440	62 864	69 502	68 488	69 743	69 743	46 027	71 043	70 804	70 753
Interest		-	-	-	4 798	7 849	7 849	4 100	7 146	7 475	7 819
Fuel Levy											
Operational Revenue											
Gains on disposal of Assets		53	196	382	-	-	-	-	-	-	-
Other Gains											
Discontinued Operations											
Total Revenue (excluding capital transfers and contribution)		123 876	125 327	134 129	162 062	153 013	153 013	92 939	154 743	158 354	162 331
Expenditure											
Employee related costs	2	48 576	49 810	48 606	53 709	53 709	53 709	30 171	53 582	56 019	58 568
Remuneration of councillors		3 598	4 263	4 673	4 807	5 612	5 612	3 592	5 587	5 844	6 113
Bulk purchases - electricity	2	21 199	22 499	23 257	25 000	23 850	23 850	5 933	25 000	26 150	27 353
Inventory consumed	8	-	-	-	12 920	12 820	12 820	-	12 283	(7 827)	(8 187)
Debt impairment	3	-	-	-	35 391	35 391	35 391	23 594	17 056	18 176	19 012
Depreciation and amortisation		32 271	26 674	23 788	25 954	25 953	25 953	27 336	23 541	24 624	25 756
Interest		4 319	5 447	7 549	-	-	-	-	1 887	1 980	2 077
Contracted services		4 405	5 752	5 922	9 594	10 929	10 929	4 293	7 800	8 136	8 487
Transfers and subsidies		35	-	-	-	-	-	-	370	387	405
Irrecoverable debts written off		37 955	35 391	17 960	-	5 172	5 172	5 172	-	-	-
Operational costs		11 929	8 776	12 826	10 299	17 589	17 589	9 743	17 423	16 884	17 620
Losses on disposal of Assets		-	-	4 503	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	579	605	633
Total Expenditure		164 286	158 612	149 084	177 674	191 025	191 025	109 834	165 108	150 979	157 838
Surplus/(Deficit)		(40 410)	(33 286)	(14 955)	(15 612)	(38 012)	(38 012)	(16 895)	(10 365)	7 376	4 493
Transfers and subsidies - capital (monetary allocations)	6	61 231	25 034	24 071	51 967	56 279	56 279	9 141	42 258	23 628	34 238
Transfers and subsidies - capital (in-kind)	6	-	3 696	1 725	3 000	4 745	4 745	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		20 821	(4 556)	10 841	39 355	23 012	23 012	(7 754)	31 893	31 004	38 731
Income Tax											
Surplus/(Deficit) after income tax		20 821	(4 556)	10 841	39 355	23 012	23 012	(7 754)	31 893	31 004	38 731
Share of Surplus/Deficit attributable to Joint Venture											
Share of Surplus/Deficit attributable to Minorities											
Surplus/(Deficit) attributable to municipality		20 821	(4 556)	10 841	39 355	23 012	23 012	(7 754)	31 893	31 004	38 731
Share of Surplus/Deficit attributable to Associate	7										
Intercompany/Parent subsidiary transactions											
Surplus/(Deficit) for the year	1	20 821	(4 556)	10 841	39 355	23 012	23 012	(7 754)	31 893	31 004	38 731

Table A5–Budgeted Capital expenditure by vote

Vote Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 02 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 03 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 04 - Financial Services		-	-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Infrastructure		-	-	-	-	-	-	-	-	-	-
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		-	-	-	-	-	-	-	-	-	-
Vote 08 - Sports, Arts, Parks, Culture		-	-	-	-	-	-	-	-	-	-
Vote 09 - Planning & Development		-	-	-	-	-	-	-	-	-	-
Vote 10 - Human Settlements		-	-	-	-	-	-	-	-	-	-
Vote 11 - Idp, Pms Department		-	-	-	-	-	-	-	-	-	-
Vote 12 - Spatial Development, Planning & Traditional Affairs		-	-	-	-	-	-	-	-	-	-
Vote 13 - Electricity Department		-	-	-	-	-	-	-	-	-	-
Vote 14 - Maluti Water		-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 02 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 03 - Corporate Services		-	261	-	290	-	-	-	-	-	-
Vote 04 - Financial Services		-	-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Infrastructure		55 426	25 639	25 368	54 967	61 024	61 024	29 530	42 258	23 628	34 238
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		-	-	-	-	-	-	-	-	-	-
Vote 08 - Sports, Arts, Parks, Culture		-	-	-	-	-	-	-	-	-	-
Vote 09 - Planning & Development		-	-	-	-	-	-	-	-	-	-
Vote 10 - Human Settlements		-	-	-	-	-	-	-	-	-	-
Vote 11 - Idp, Pms Department		-	-	-	-	-	-	-	-	-	-
Vote 12 - Spatial Development, Planning & Traditional Affairs		-	-	-	-	-	-	-	-	-	-
Vote 13 - Electricity Department		-	-	-	-	-	-	-	-	-	-
Vote 14 - Maluti Water		-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		55 426	25 900	25 368	55 257	61 024	61 024	29 530	42 258	23 628	34 238
Total Capital Expenditure - Vote		55 426	25 900	25 368	55 257	61 024	61 024	29 530	42 258	23 628	34 238
Capital Expenditure - Functional											
Governance and administration			261	-	290	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		-	261	-	290	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety											
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services											
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		55 426	25 639	25 368	54 967	61 024	61 024	29 530	42 258	23 628	34 238
Energy sources		(5 207)	207	-	-	-	-	-	-	990	894
Water management		60 633	24 039	23 885	35 452	41 509	41 509	15 013	22 258	12 638	13 344
Waste water management		-	1 394	1 482	19 515	19 515	19 515	14 516	20 000	10 000	20 000
Waste management		-	-	-	-	-	-	-	-	-	-
Other											
Total Capital Expenditure - Functional	3	55 426	25 900	25 368	55 257	61 024	61 024	29 530	42 258	23 628	34 238
Funded by:											
National Government		(71)	16 039	23 885	31 967	36 279	36 279	25 565	42 258	23 628	34 238
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	1 180	-	3 000	4 745	4 745	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		55 497	6 559	-	20 000	20 000	20 000	3 964	-	-	-
Transfers recognised - capital	4	55 426	23 778	23 885	54 967	61 024	61 024	29 530	42 258	23 628	34 238
Borrowing											
Internally generated funds	6	-	2 122	1 482	290	-	-	-	-	-	-
Total Capital Funding	7	55 426	25 900	25 368	55 257	61 024	61 024	29 530	42 258	23 628	34 238

Table A6 - Budgeted Financial Position

NC093 Magareng - Table A6 Budgeted Financial Position

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
ASSETS											
Current assets											
Cash and cash equivalents		(80 049)	(96 228)	(108 668)	(138 558)	(164 734)	(164 734)	(5 944)	108 651	285 600	301 341
Trade and other receivables from exchange transactions	1	9 942	7 863	23 459	90 110	104 223	104 223	21 228	35 611	41 270	42 895
Receivables from non-exchange transactions	1	3 745	5 102	8 952	15 690	11 835	11 835	15 295	16 480	12 716	13 301
Current portion of non-current receivables											
Inventory	2	163	163	115	(185)	(133)	(133)	115	(1 291)	18 173	38 533
VAT		48 793	54 920	59 352	54 920	54 016	54 016	61 125	49 413	(5 761)	(6 026)
Other current assets		1 557	(1 810)	(1 270)	(1 810)	(762)	(762)	(1 274)	(1 814)	(299)	(313)
Total current assets		(15 850)	(29 990)	(18 060)	20 167	4 445	4 445	90 544	207 050	351 699	389 731
Non current assets											
Investments											
Investment property		23 831	23 831	#####	23 831	23 468	23 468	24 867	23 831	-	-
Property, plant and equipment	3	347 790	352 230	428 519	281 929	312 515	312 515	430 712	379 082	366 826	393 223
Biological assets											
Living and non-living resources											
Heritage assets		371	371	371	371	371	371	371	371	371	371
Intangible assets		40	20	10	20	20	20	10	10	(30)	(958)
Trade and other receivables from exchange transactions		0	0	0	-	0	0	0	0	-	-
Non-current receivables from non-exchange transactions											
Other non-current assets											
Total non current assets		372 032	376 452	453 767	306 151	336 374	336 374	455 960	403 294	367 167	392 637
TOTAL ASSETS		356 182	346 463	435 707	326 318	340 820	340 820	546 505	610 345	718 866	782 368
LIABILITIES											
Current liabilities											
Bank overdraft											
Financial liabilities		484	191	(319)	165	165	165	-	0	0	-
Consumer deposits		1 271	1 303	1 309	611	611	611	1 323	1 309	1 369	1 432
Trade and other payables from exchange transactions	4	365 068	380 148	398 882	320 290	348 718	348 718	412 541	412 541	433 536	453 423
Trade and other payables from non-exchange transaction	5	17 296	15 920	14 222	(264)	(1 164)	(1 164)	33 383	3 236	3 384	3 540
Provision		7 583	7 741	7 219	11 275	11 275	11 275	8 676	7 404	7 745	8 101
VAT		19 585	24 009	23 743	24 009	24 273	24 273	25 469	24 362	29 546	30 905
Other current liabilities											
Total current liabilities		411 289	429 314	445 056	356 086	383 878	383 878	481 391	448 851	475 580	497 401
Non current liabilities											
Financial liabilities	6	-	-	794	-	-	-	794	794	831	869
Provision	7	7 359	11 444	7 285	11 911	17 859	17 859	6 744	7 285	7 620	7 970
Long term portion of trade payables		-	-	-	-	-	-	-	-	-	-
Other non-current liabilities											
Total non current liabilities		7 359	11 444	8 079	11 911	17 859	17 859	7 538	8 079	8 450	8 839
TOTAL LIABILITIES		418 647	440 758	453 135	367 997	401 737	401 737	488 929	456 929	484 030	506 240
NET ASSETS		(62 465)	(94 295)	(17 428)	(41 679)	(60 917)	(60 917)	57 576	153 415	234 836	276 128
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	162 876	145 568	226 962	(41 630)	(57 973)	(57 973)	202 564	154 763	257 823	280 520
Reserves and funds	9	-	-	-	-	-	-	-	-	-	-
Other											
TOTAL COMMUNITY WEALTH/EQUITY	10	162 876	145 568	226 962	(41 630)	(57 973)	(57 973)	202 564	154 763	257 823	280 520

Table A7 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NC093 Magareng - Table A7 Budgeted Cash Flows

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	-	4 874	7 855	7 855	4 571	7 540	7 886	8 249
Service charges		-	-	-	20 261	19 374	19 374	14 217	19 988	20 717	21 944
Other revenue		-	-	-	786	18 564	18 564	38 737	199 039	404 390	419 135
Transfers and Subsidies - Operational	1	-	-	-	68 488	69 743	69 743	49 273	71 043	70 804	70 753
Transfers and Subsidies - Capital	1	-	-	-	54 967	61 024	61 024	29 929	42 258	23 628	34 238
Interest		-	-	-	-	11	11	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		-	-	-	118 163	176 058	176 058	(67 852)	(43 527)	(45 332)	(8 770)
Interest		-	-	-	-	-	-	-	(1 887)	(1 980)	(2 077)
Transfers and Subsidies	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	267 539	352 629	352 629	68 875	294 453	480 113	543 473
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		(1)	1	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		-	-	-	(52 257)	(56 279)	(56 279)	(29 530)	(42 258)	(23 628)	(34 238)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(1)	1	-	(52 257)	(56 279)	(56 279)	(29 530)	(42 258)	(23 628)	(34 238)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	14	5	6	6	
Payments											
Repayment of borrowing		-	-	-	-	-	-	319	334	349	
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	14	325	340	355	
NET INCREASE/ (DECREASE) IN CASH HELD		(1)	1	-	215 282	296 350	296 350	39 359	252 520	456 825	509 590
Cash/cash equivalents at the year begin:	2	211	6 674	242	242	734	734	-	6	252 526	709 351
Cash/cash equivalents at the year end:	2	210	6 675	242	215 524	297 083	297 083	39 359	252 526	709 351	1 218 940

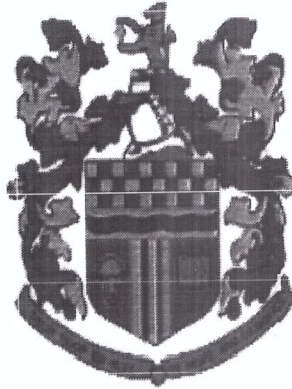
Table A8–Cash backed reserves.

NC093 Magareng - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	210	6 675	242	215 524	297 083	297 083	39 359	252 526	709 351	1 218 940
Other current investments > 90 days		(80 259)	(102 903)	(108 910)	(354 082)	(461 818)	(461 818)	(45 303)	(143 874)	(423 751)	(917 599)
Non current investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		(80 049)	(96 228)	(108 668)	(138 558)	(164 734)	(164 734)	(5 944)	108 651	285 600	301 341
Application of cash and investments											
Unspent conditional transfers		17 296	15 920	14 222	(264)	(1 164)	(1 164)	33 383	3 236	3 384	3 540
Unspent borrowing											
Statutory requirements	2	(29 208)	(30 911)	(36 341)	(30 911)	(30 697)	(30 697)	(36 388)	(25 051)	35 307	36 931
Other working capital requirements	3	365 068	380 148	398 882	301 479	305 563	305 563	246 861	190 922	13 889	20 057
Other provisions		7 583	7 741	7 219	11 275	11 275	11 275	8 676	7 404	7 745	8 101
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		360 740	372 899	383 982	281 579	284 977	284 977	252 531	176 510	60 325	68 629
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Ben		(440 790)	(469 127)	(492 650)	(420 137)	(449 711)	(449 711)	(258 475)	(67 859)	225 275	232 713
Creditors transferred to Debt Relief - Non-Current portion		-	-	-	-	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Bene		(440 790)	(469 127)	(492 650)	(420 137)	(449 711)	(449 711)	(258 475)	(67 859)	225 275	232 713

PART C - Municipal Manager's quality certificate

MAGARENG




MUNICIPALITY

I TUMELO THAGIE....., Acting Municipal Manager of Magareng Local Municipality, hereby certify that the Final 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 Draftbudget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name TUMELO THAGIE

Municipal manager of Magareng Local Municipality

Signature 

Date 27 MARCH 2024