

MAGARENG



MUNICIPALITY

DRAFT BUDGET 2025/2026

DRAFT BUDGET OF MARAGENG LOCAL MUNICIPALITY

2025/2026 TO 2027/2028 MEDIUM TERM REVENUE AND EXPENDITURE FORECAST

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Abbreviations and Acronyms

CFO	Chief Financial Office
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 Recognized 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
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Property 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

1. Part 1– DRAFT BUDGET

1.1 MAYORS' SPEECH

***TABLING OF THE 2025/2026 INTEGRATED DEVELOPMENT PLAN (IDP) AND
MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) BUDGET
MAGARENG COUNCIL CHAMBER***

31ST MARCH 2025

Honorable Speaker

Honorable Councillors present

Chief Whips of Political Parties

Acting Municipal Manager

Chief Financial Officer

Head of Department: Cooperate Services

Managers

Members of the SANCO

Members from all Organizations' in Magareng

Officials from Sector Departments

Ward Committee Members

CDWs

CWPs

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 2025/26 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 that 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 needs 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. We all know that this water related infrastructure. 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 infrastructure 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, during this term of office the households in the areas of Ditshotshwaneng, Rabaki, Rabaki (Zone A) & Sonderwater have water in they yards. We are currently busy with Chris Hani, Las Vegas & Richblock areas. Soon those areas will also have water in their yards.

Honorable Speaker, 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 they will find us ready. As the municipality we are focusing on stepping our bulk sanitation infrastructure. We have been appointed as an implementing agent by the Department of Water and Sanitation to finalize the feasibility study to relocate the current sewer plant from N12 road. This is significant progress and will be one of our biggest project as a municipality.

As the municipality we must find new innovative ways of dealing with deteriorating roads, refuse removal and waste management in our area. If needs be new service delivery vehicles must be procured, How? We must maximize revenue collection.

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 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 stead 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, it should be noted that, this budget is unfunded and as the municipality we have developed funding plan to support the municipal 2024/25 MTREF budget.

- The purpose of the MTREF financial plan is to supplement the municipal 2025/26 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 2025/26 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

2. A brief outline of the 2025/2026 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 129.

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 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 stake-holders. 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 entirely 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 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.

2.1 Summary of Infrastructure Development

3. The capital budget for 2025/2026 addresses improvements in the following services:

Municipal Infrastructure Grant (**MIG**) =R 12 641 000

Water Service Infrastructure Grant (**WSIG**) =R 10 000 000

Regional Bulk Infrastructure Grant (**RBIG**) =R 9 960 000

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

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

3.1 Material amendments made to the Draft Budget

3.1.1 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. The municipality has submitted the Cost of Supply Study and Revenue required tool to NERSA for the new tariff and the municipality is still waiting for correspondence from NERSA. The information will be readily available as soon as we receive the approved Tariffs from NERSA. The new tariff will be implemented immediately after the approval from NERSA. For the purpose of the Draft Budget the municipality added 4.4% CPI onto the last financial years 12.72% which was approved by NERSA.

%INCREASE

SERVICE	2025/2026
Water	4,4%
Electricity	4.4%
Refuse	4,4%
Sewerage	4,4%
Property rates	4,4%

3.1.2 Indigent Relief

This budget is targeted at enhanced delivery service. As the 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 accounts more affordable for 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;

3.1.3 Integrated Development Planning 2025/2026

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 2025/2026 the municipality will draft a Service Delivery and Budget Implementation Plan (SDBIP) guided by the plans from the 2025/2026 IDP Review.

We hope and trust that the administration will implement the IDP/Budget accordingly and effectively. The council must do 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 Wastewater Treatment Plant Water supply in Warrenton and Upgrading of Low Voltage and Medium Voltage electrical lines.

4. EXECUTIVE SUMMARY

Section 16 (1) of the Municipal Finance Management Act (MFMA) stipulates that the Council of a Municipality must for each financial year approves a Draft Budget for the municipality before the start of the financial year. Section 16 (2) stipulates 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 129 on 06 December 2024 to guide the compilation of the 2025/2026 MTREF.

The Draft budget Expenditure for 2025/2026 amounts to R183 005 890.

Provision for bulk purchase of electricity amounts to **R25 000 000 -Eskom**

Provision for bulk purchase of water amounts to **R2 500 000 –Vaalharts Water**

5.15% increase in salaries for municipal staff for the purpose of the draft budget as the municipality is using the Collective Bargaining Agreement of 2024/25 which states that the municipality must use 4.4% as per CPI and 0.75%.

Provision for depreciation on assets to the amount of **R23 540 691**.

Provision for payment of Auditor General Fees of **R1 000 000**.

Provision for Impairment **R28 148 025**.

4.1 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 **R5 050 000** and the municipality still awaits an allocation letter from Frances Baard District municipality for funding the municipality O & M for 2025/26, currently the municipal Repairs and Maintenance stands at **3%** of operating expenditure and it is bound to increase during the final budget when the municipality gets an allocation letter.

The operational revenue budget for 2025/2026 amounts to R 163 605 700 excluding operation grants. The municipality used circular 129 that was circulated by National Treasury on how municipalities should determine the increase on tariff for other services (Water, Sanitation and Refuse) excluding the electricity tariff as the municipality awaits NERSA's tariff approval which will be determined by the cost of supply, municipalities should consider the CPI of 4.4% therefore the municipality increased tariffs as follows:

4.4%increase : Water

4.4%increase : Sewerage

4.4% increase : Electricity

4,4%increase : Refuse

Equitable share allocation amounts to **R 66 283 000 for 2025/2026** financial year as per the Dora.

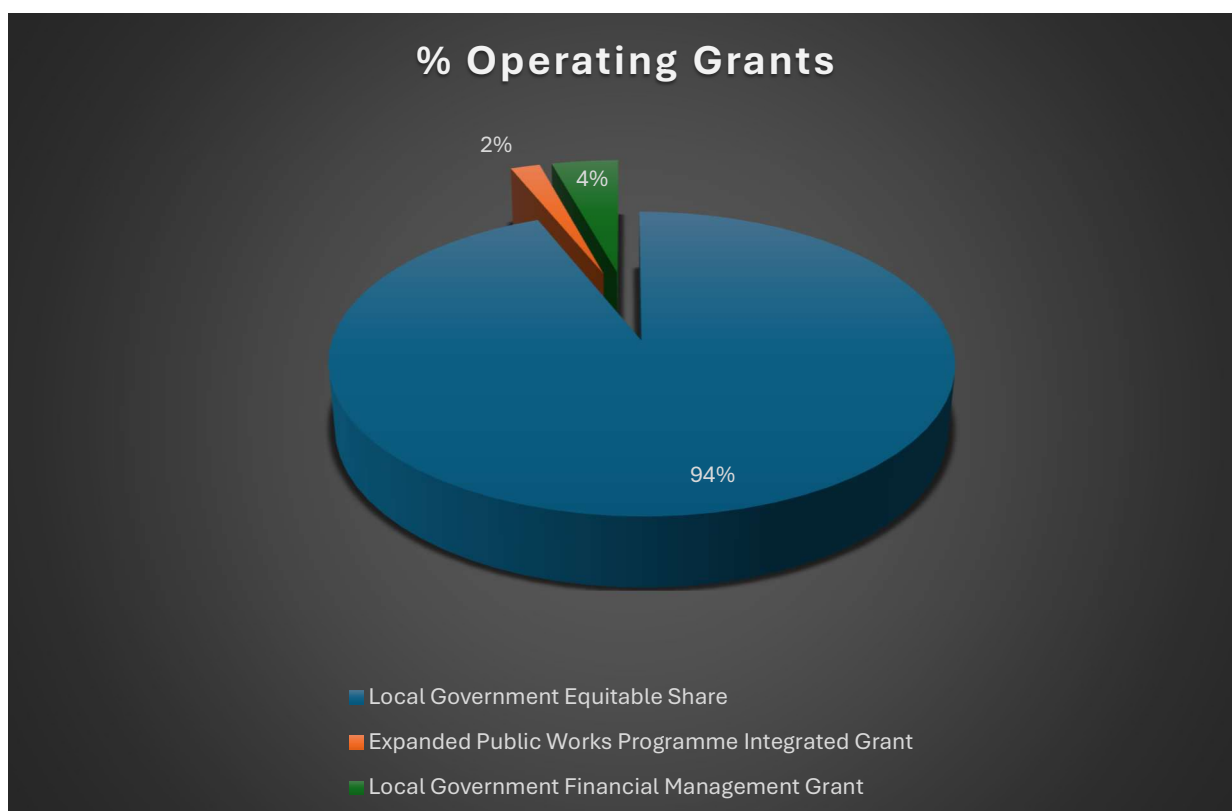
Property Rates: will be implemented as per the new valuation roll implementable from 1 July 2025.

The first R15 000 of all residential properties are exempted from being taxable, the municipality did not increase tariffs on property rates.

4.2 The allocations of the municipal operational grants are allocated as per Dora.

NC093 Magareng - Supporting Table SA18 Transfers and grant receipts

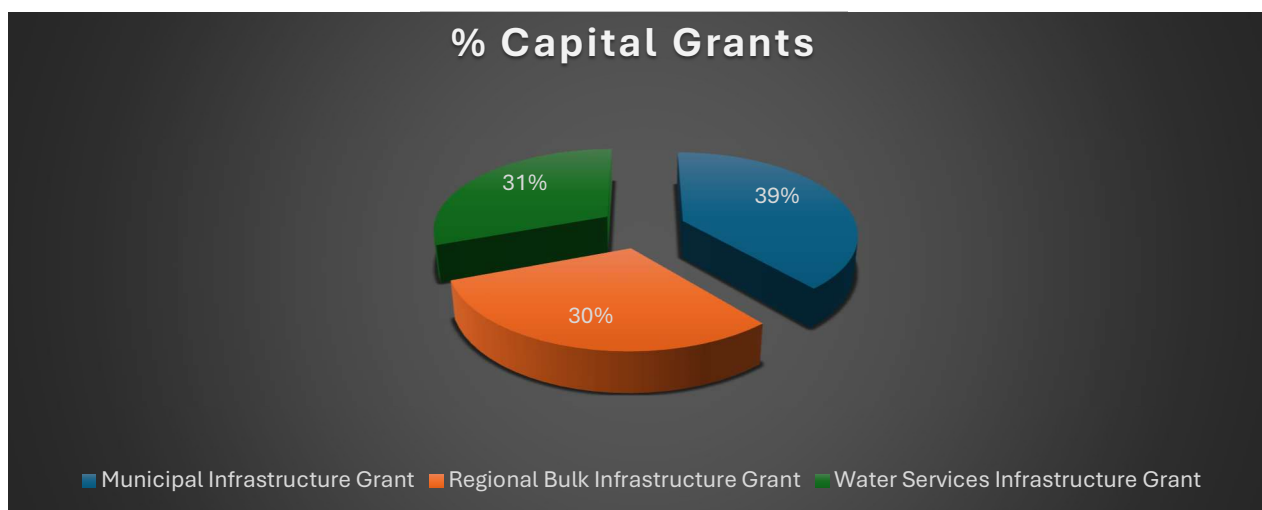
Description	Ref	2025/26 Medium Term Revenue & Expenditure Framework		
		Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand				
RECEIPTS:	1, 2			
<u>Operating Transfers and Grants</u>				
National Government:		70,612	70,668	73,820
Local Government Equitable Share		66,283	67,668	70,720
Expanded Public Works Programme Integrated Grant		1,329	–	–
Local Government Financial Management Grant		3,000	3,000	3,100
Municipal Disaster Relief Grant		–	–	–
Total Operating Transfers and Grants	5	70,612	70,668	73,820



Capital grants as Dora.

NC093 Magareng - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2025/26 Medium Term Revenue & Expenditure Framework		
		Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand				
RECEIPTS:	1, 2			
Capital Transfers and Grants				
National Government:		32,601	33,434	35,691
Integrated National Electrification Programme Grant		–	894	934
Municipal Infrastructure Grant		12,641	13,348	13,757
Regional Bulk Infrastructure Grant		9,960	5,000	–
Water Services Infrastructure Grant		10,000	14,192	21,000
Total Capital Transfers and Grants	5	32,601	33,434	35,691



Please note that cash-flow will be determined by the revenue collection and will be estimated and forecasted at **60% for the 2025/2026 Financial year.**

Table1: consolidated Overview of the 2025/2026 MTREF Budget.

NC093:OverviewFinancialPerformance(Revenue &Expenditure)			
Description	2024/25 Medium Term Revenue & Expenditure Framework		
	Budget Year 2025/26	BudgetYear+1 2026/27	BudgetYear+2 2027/28
R thousand			
Revenue			
Total Revenue(excluding capital transfers and contributions)	163 605 700,00	167 846 415,00	173 427 878,00
Total Expenditure	183 005 890,00	189 717 407,00	194 395 397,00
Surplus/(Deficit)	-19 400 190,00	-21 870 992,00	-20 967 519,00
Transfers and subsidies-capital(monetary allocations)	32 601 000,00	33 434 000,00	35 691 000,00
Transfers and subsidies-capital (in-kind)	-	-	-
Surplus/(Deficit)after capital transfers & contributions	13 200 810,00	11 563 008,00	14 723 481,00
Income Tax			
Surplus/(Deficit)after income tax	16 304 981,00	13 418 061,00	16 624 911,00
Surplus/(Deficit)for the year	16 304 981,00	13 418 061,00	16 624 911,00

The following budget principles informed the compilation of the 2025/2026 MTREF:

1. Consumer Price Inflation (CPI) 4, 4% in 2025/2026, 4.5% for 2026/27 and 2.5% for 2026/27 financial year.
2. 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 municipality added the CPI of 4.4% onto the last financial year's tariff of 12, 72%, this will possibly change during the final budget.
3. The salary and wages increase of 5.15% for the 2025/2026 financial year as per the 4.4% CPI and 0.75% as per the last financial year's bargaining council.
4. Management aims to ensure a 60 percent annual collection rate for property rates and other key service charges.

4.3 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 developmental 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 60 percent annual collection rate for property rates and other key service charges;
- Electricity 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

Table1 Summary of revenue classified by main revenue source.

NC093 Magareng - Table A4 Budgeted Financial Performance (revenue and expenditure)						
Description	2025/26 Medium Term Revenue & Expenditure Framework					
	Budget Year 2025/26		Budget Year +1 2026/27		Budget Year +2 2027/28	Budget Year +2 2027/28
Revenue						
Exchange Revenue						
Service charges - Electricity	19,458	12%	20,333	12%	20,841	12%
Service charges - Water	5,424	3%	5,668	3%	5,810	3%
Service charges - Waste Water Management	9,775	6%	10,215	6%	10,470	6%
Service charges - Waste Management	7,355	4%	7,686	5%	7,878	5%
Sale of Goods and Rendering of Services	1,223	1%	1,278	1%	1,310	1%
Interest earned from Receivables	25,462	16%	26,608	16%	27,273	16%
Interest earned from Current and Non Current Assets	46	0%	48	0%	49	0%
Rent on Land	38	0%	39	0%	40	0%
Rental from Fixed Assets	158	0%	165	0%	169	0%
Operational Revenue	732	0%	765	0%	785	0%
Non-Exchange Revenue						
Property rates	15,251	9%	15,937	9%	16,335	9%
Fines, penalties and forfeits	612	0%	640	0%	656	0%
Transfer and subsidies - Operational	70,612	43%	70,668	42%	73,820	43%
Interest	7,461	5%	7,796	5%	7,991	5%
Total Revenue (excluding capital transfers and contributions)	163,606	100%	167,846	100%	173,428	100%

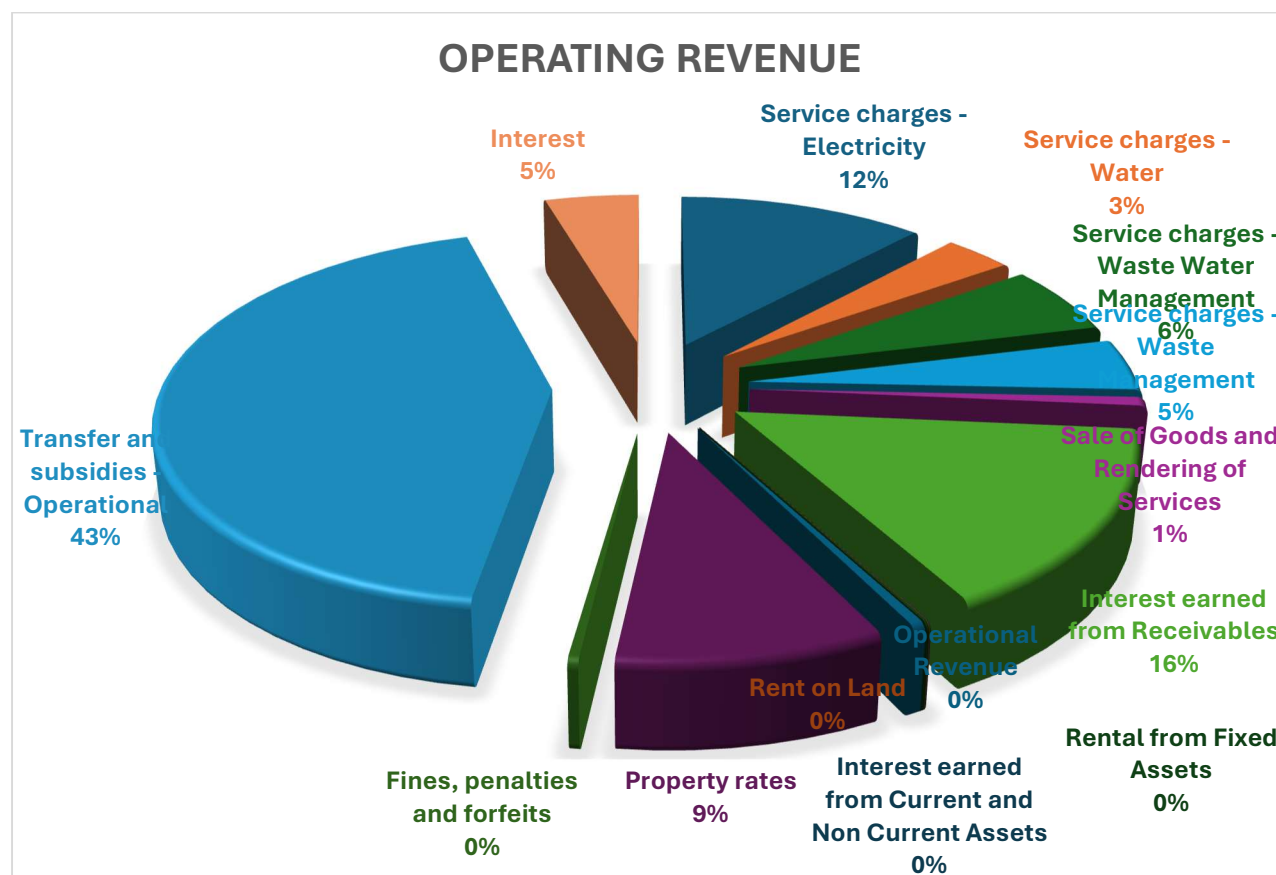
In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. In the 2025/26 financial year, revenue from rates and service charges totaled R 57, 3 million or 35 per cent. This increases to R 59, 8 million, R 61, 3 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 35% in 2025/26 to 36% per cent in 2025/26 and 35% in 2026/27. This growth can be mainly attributed to the increased share that the sale services contribute to the total revenue mix.

Service charges-electricity is the third largest of the revenue source totaling 12 percent or R 19,5million 2025/26. The largest revenue sources is 'transfers and subsidies which consists of our operational grants FMG R 3 000 000, Equitable share R 66 283 000, EPWP R1 329 000 and the municipality is still waiting for allocation letters for

Library Grant and FBDM O & M.

Operating grants and transfers totals R 70 612 000 in 2025/26 financial year. The following table gives a breakdown of the various operating revenue and subsidies allocated to the municipality over the medium term:



4.4 Operating Expenditure Framework

The Municipal's expenditure framework for the 2025/26 budget and MTREF is informed by the following:

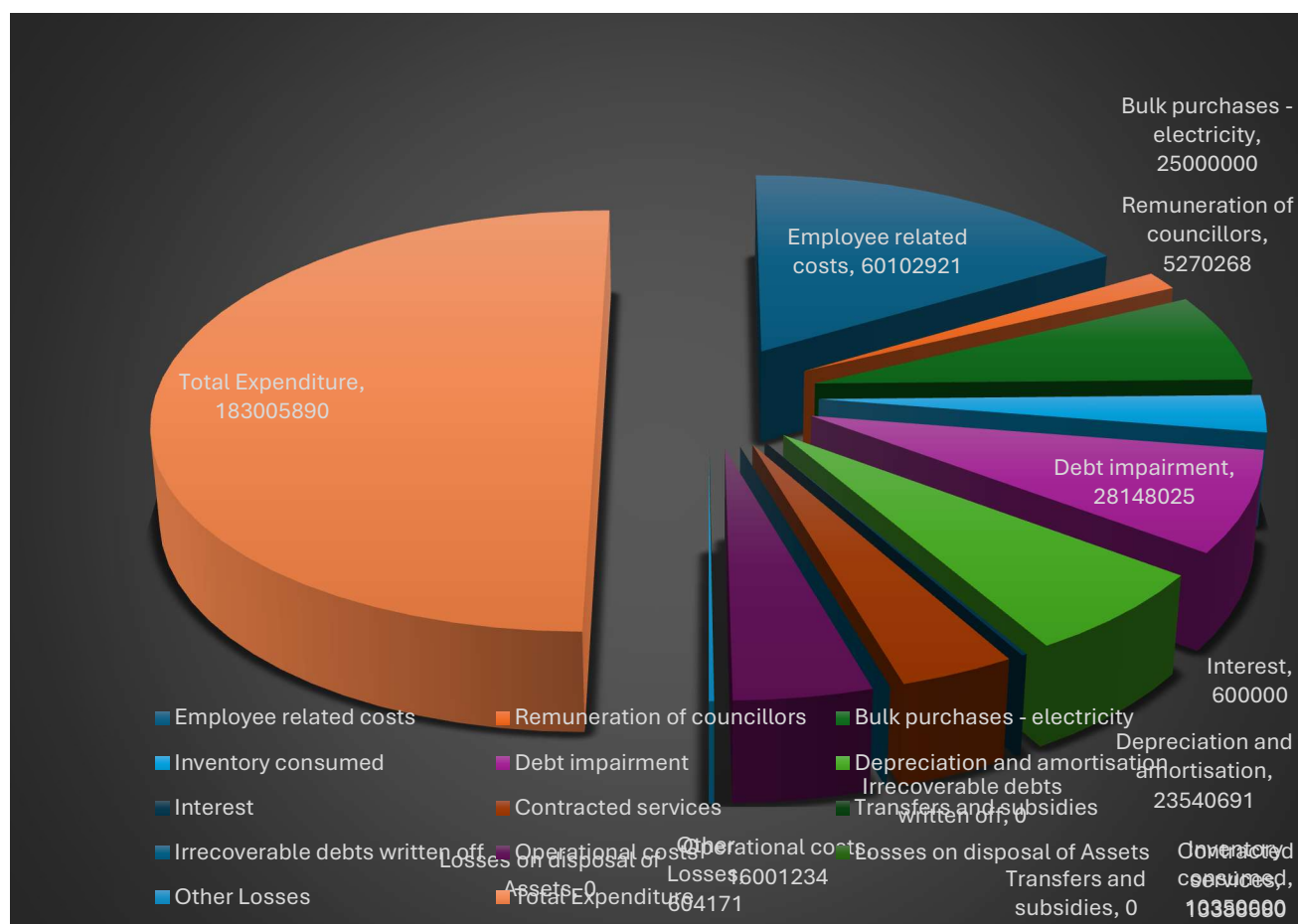
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term is informed by Section 18 and 19 of the MFMA;

The following table is a high-level summary of the 2025/26 budget and MTREF (classified per main type of operating expenditure):

Summary of operating expenditure by standard classification item.

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

Description R thousand	2025/26 Medium Term Revenue & Expenditure Framework					
	Budget Year 2025/26		Budget Year +1 2026/27	Budget Year +2 2027/28		Budget Year +2 2027/28
Expenditure						
Employee related costs	60,103	33%	62,780	33%	64,335	33%
Remuneration of councillors	5,270	3%	5,507	3%	5,645	3%
Bulk purchases - electricity	25,000	14%	26,125	14%	26,778	14%
Inventory consumed	10,350	6%	10,771	6%	11,015	6%
Debt impairment	28,148	15%	29,415	16%	30,150	16%
Depreciation and amortisation	23,541	13%	24,600	13%	25,215	13%
Interest	600	0%	627	0%	643	0%
Contracted services	13,389	7%	13,945	7%	14,294	7%
Transfers and subsidies	-	0%	-	0%	-	0%
Irrecoverable debts written off	-	0%	-	0%	-	0%
Operational costs	16,001	9%	15,316	8%	15,674	8%
Losses on disposal of Assets	-	0%	-	0%	-	0%
Other Losses	604	0%	631	0%	647	0%
Total Expenditure	183,006	100%	189,717	100%	194,395	100%



The budgeted allocation for employee related costs for the 2025/26 financial year totals

R60 102 921 and councillors' remuneration amounts to R5 270 268 which equals 36 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 5.15 per cent for the 2025/26 financial year, taking into consideration the 4.4% of CPI. An annual increase of 4.5 per cent for 2026/27 and 2.5 per cent has been included in MTREF. Only critical vacancies will be prioritized within the Municipality. The outcome of this exercise was the inclusion of R5,7 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 councillors 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 2024/2025 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.

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 Municipality's infrastructure for 2025/26 the appropriation against this group of expenditure amounts to (R16 001 234 million) and continues to 4.5 per cent and 2.5 per cent for the two outer years.

Contracted services is part of the compilation of the 2025/26 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2025/26 financial year, this group of expenditure totals R13 388 580 million. For the two outer years growth has been limited to 4.5 and 2.5 per cent respectively. Other expenditure comprises various line items relating to the daily operations of the municipality.

4.5 Capital Expenditure

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

2025/26 Medium-Term Capital Budget per vote

Description R thousand	2025/26 Medium Term Revenue & Expenditure Framework		
	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Transfers and subsidies - capital (monetary allocations)	32,601	33,434	35,691
Transfers and subsidies - capital (in-kind)	–	–	–
Surplus/(Deficit) after capital transfers & contributions	13,201	11,563	14,723
Income Tax			
Surplus/(Deficit) after income tax	13,201	11,563	14,723
Share of Surplus/Deficit attributable to Joint Venture			
Share of Surplus/Deficit attributable to Minorities			
Surplus/(Deficit) attributable to municipality	13,201	11,563	14,723
Share of Surplus/Deficit attributable to Associate			
Intercompany/Parent subsidiary transactions			
Surplus/(Deficit) for the year	13,201	11,563	14,723

2 PART B-LIST OF TABLES

2.1 TableA1- Budgeted Financial Performance (revenue and expenditure)

NC093 Magareng - Table A1 Budget Summary

Description	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousands										
Financial Performance										
Property rates	11,674	12,263	12,916	14,608	14,608	14,608	9,008	15,251	15,937	16,335
Service charges	36,845	32,468	31,972	40,709	40,241	40,241	25,432	42,012	43,902	45,000
Investment revenue	6,296	10,912	357	–	44	44	22	46	48	49
Transfer and subsidies - Operational	62,864	69,502	76,049	72,942	73,390	73,390	49,978	70,612	70,668	73,820
Other own revenue	7,647	8,984	35,025	33,197	33,775	33,775	19,329	35,685	37,291	38,224
Total Revenue (excluding capital transfers and contributions)	125,327	134,129	156,319	161,455	162,058	162,058	103,770	163,606	167,846	173,428
Employee costs	49,810	48,606	47,180	54,352	54,377	54,377	33,556	60,103	62,780	64,335
Remuneration of councillors	4,263	4,673	5,257	5,587	5,365	5,365	3,528	5,270	5,507	5,645
Depreciation and amortisation	26,674	23,788	18,423	23,541	23,541	23,541	15,694	23,541	24,600	25,215
Interest	5,447	7,549	1,958	1,887	1,415	1,415	146	600	627	643
Inventory consumed and bulk purchases	22,499	23,257	26,694	38,333	38,128	38,128	8,916	35,350	36,896	37,793
Transfers and subsidies	–	–	–	–	–	–	–	–	–	–
Other expenditure	49,919	41,210	97,568	41,209	63,766	63,766	40,199	58,142	59,307	60,765
Total Expenditure	158,612	149,084	197,080	164,908	186,592	186,592	102,039	183,006	189,717	194,395
Surplus/(Deficit)	(33,286)	(14,955)	(40,762)	(3,453)	(24,535)	(24,535)	1,731	(19,400)	(21,871)	(20,968)
Transfers and subsidies - capital (monetary allocations)	25,034	24,071	50,290	42,258	93,535	93,535	–	32,601	33,434	35,691
Transfers and subsidies - capital (in-kind)	3,696	1,725	4,894	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(4,556)	10,841	14,423	38,805	69,001	69,001	1,731	13,201	11,563	14,723
Share of Surplus/Deficit attributable to Associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(4,556)	10,841	14,423	38,805	69,001	69,001	1,731	13,201	11,563	14,723
Capital expenditure & funds sources										
Capital expenditure	25,900	25,368	51,549	42,258	93,924	93,924	39,011	36,361	32,225	39,502
Transfers recognised - capital	23,778	23,885	51,549	42,258	93,536	93,536	38,644	32,601	28,296	35,474
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	2,122	1,482	–	–	388	388	367	3,760	3,929	4,027
Total sources of capital funds	25,900	25,368	51,549	42,258	93,924	93,924	39,011	36,361	32,225	39,502
Financial position										
Total current assets	66,481	91,343	47,495	158,876	144,719	144,719	63,603	(17,156)	47,787	(27,834)
Total non current assets	376,452	453,767	480,911	395,757	430,556	430,556	504,228	509,036	456,075	545,795
Total current liabilities	307,403	325,933	309,212	383,573	373,845	373,845	313,210	253,540	265,176	271,644
Total non current liabilities	11,444	7,538	7,640	8,079	8,143	8,143	7,640	7,940	8,297	8,504
Community wealth/Equity	145,568	226,962	222,160	161,676	191,871	191,871	213,285	230,203	231,345	240,000
Cash flows										
Net cash from (used) operating	21,581	382	68,849	314,401	179,485	179,485	54,017	22,087	83,069	15,862
Net cash from (used) investing	(25,900)	(16,406)	(51,374)	(42,258)	(93,924)	(93,924)	(39,011)	(41,487)	(36,716)	(45,076)
Net cash from (used) financing	(27)	314	(14)	325	325	325	34	23	24	25
Cash/cash equivalents at the year end	2,329	(15,469)	18,194	272,537	85,954	85,954	15,039	(19,276)	27,101	(2,088)
Cash backing/surplus reconciliation										
Cash and investments available	242	734	1,104	63,861	21,044	21,044	2,105	(97,188)	(33,818)	(111,243)
Application of cash and investments	238,904	262,344	246,982	236,165	304,454	304,454	285,557	191,802	170,273	209,514
Balance - surplus (shortfall)	(238,662)	(261,611)	(245,878)	(172,304)	(283,411)	(283,411)	(283,452)	(288,990)	(204,091)	(320,757)
Asset management										
Asset register summary (WDV)	374,250	475,732	513,530	393,554	428,353	428,353	531,000	479,028	569,322	
Depreciation	26,674	23,788	18,423	23,541	23,541	23,541	23,541	24,600	25,215	
Renewal and Upgrading of Existing Assets	23,778	23,885	51,549	42,258	93,556	93,556	34,616	29,508	36,698	
Repairs and Maintenance	6,770	4,422	2,722	6,112	5,152	5,152	5,050	5,277	5,409	
Free services										
Cost of Free Basic Services provided	857	281	1,360	12,211	12,211	12,211	–	12,748	13,322	13,655
Revenue cost of free services provided	987	1,038	1,089	1,417	1,417	1,417	–	1,480	1,546	1,585
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

2.2 Table A2-Budgeted Financial Performance (Revenue and Expenditure by functional classification).

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

Functional Classification Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		80,717	89,770	96,186	91,756	93,011	93,011	94,958	96,110	99,898
Executive and council		54,507	59,064	65,798	66,243	66,691	66,691	67,612	67,668	70,720
Finance and administration		26,210	30,705	30,388	25,513	26,320	26,320	27,346	28,442	29,178
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1,533	1,844	1,982	2,206	2,329	2,329	1,604	1,676	1,718
Community and social services		1,216	855	1,290	1,321	1,299	1,299	104	109	112
Sport and recreation		58	35	43	-	146	146	155	162	166
Public safety		258	954	649	884	884	884	1,345	1,405	1,440
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		(3,731)	6,671	176	450	450	450	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		(3,731)	6,671	176	450	450	450	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		75,538	61,640	113,159	109,302	159,803	159,803	99,644	103,494	107,503
Energy sources		15,546	13,907	19,481	21,682	21,682	21,682	22,166	24,057	24,676
Water management		44,059	31,806	48,508	35,805	88,615	88,615	37,143	33,545	29,334
Waste water management		8,985	8,390	34,601	40,008	37,700	37,700	28,009	33,011	40,290
Waste management		6,948	7,537	10,569	11,807	11,807	11,807	12,327	12,881	13,203
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	154,057	159,925	211,503	203,713	255,593	255,593	196,207	201,280	209,119
Expenditure - Functional										
<i>Governance and administration</i>		100,622	59,659	62,676	65,302	74,651	74,651	70,404	72,049	73,785
Executive and council		14,323	15,645	13,681	14,160	16,219	16,219	14,914	14,197	14,551
Finance and administration		86,298	44,014	48,995	51,142	58,432	58,432	55,490	57,852	59,234
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		12,770	18,576	13,046	14,655	14,650	14,650	16,517	17,260	17,691
Community and social services		2,526	6,737	2,427	2,958	2,384	2,384	2,322	2,427	2,487
Sport and recreation		3,390	3,475	2,898	4,855	5,310	5,310	6,712	7,014	7,190
Public safety		4,001	4,383	3,459	3,581	3,686	3,686	4,050	4,232	4,338
Housing		2,854	3,983	4,263	3,261	3,271	3,271	3,432	3,587	3,676
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		6,198	6,005	9,889	8,322	9,077	9,077	9,282	9,700	9,943
Planning and development		3,787	4,325	5,539	5,951	6,404	6,404	6,843	7,151	7,330
Road transport		2,411	1,680	4,351	2,371	2,673	2,673	2,439	2,549	2,613
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		61,720	81,488	122,074	76,629	88,104	88,104	86,802	90,709	92,976
Energy sources		26,683	23,342	55,978	38,893	41,864	41,864	36,701	38,353	39,311
Water management		24,405	27,556	37,168	18,271	21,408	21,408	23,998	25,078	25,705
Waste water management		9,482	23,711	19,276	15,817	18,632	18,632	19,777	20,667	21,183
Waste management		1,150	6,878	9,652	3,648	6,200	6,200	6,327	6,611	6,777
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	181,310	165,728	207,686	164,908	186,482	186,482	183,006	189,717	194,395
Surplus/(Deficit) for the year		(27,253)	(5,803)	3,817	38,805	69,111	69,111	13,201	11,563	14,723

2.3 TableA3-Budgeted Financial Performance

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

Vote Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue by Vote	1									
Vote 01 - Executive & Council		54,507	59,064	65,798	66,243	66,691	66,691	67,612	67,668	70,720
Vote 02 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Corporate Services		-	382	175	-	-	-	-	-	-
Vote 04 - Financial Services		26,210	30,323	30,213	25,513	26,320	26,320	27,346	28,442	29,178
Vote 05 - Municipal Infrastructure		71,807	68,311	113,335	109,752	148,446	148,446	87,318	90,613	94,300
Vote 06 - Community Services		-	-	-	2,206	14,136	14,136	13,931	14,557	14,921
Vote 07 - Public Safety & Transport		1,533	1,844	1,982	-	-	-	-	-	-
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 Affairs		-	-	-	-	-	-	-	-	-
Vote 13 - Electricity Department		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	154,057	159,925	211,503	203,713	255,593	255,593	196,207	201,280	209,119
Expenditure by Vote to be appropriated	1									
Vote 01 - Executive & Council		11,458	12,418	12,761	11,703	13,292	13,292	12,287	11,451	11,737
Vote 02 - Office Of The Municipal Manager		1,839	658	920	2,159	2,745	2,745	2,438	2,547	2,611
Vote 03 - Corporate Services		12,037	15,075	15,141	17,241	17,255	17,255	19,093	19,952	20,451
Vote 04 - Financial Services		74,326	29,007	33,854	33,945	41,253	41,253	36,476	37,982	38,867
Vote 05 - Municipal Infrastructure		66,622	87,116	129,300	82,382	93,126	93,126	91,723	95,850	98,246
Vote 06 - Community Services		-	-	-	10,679	12,547	12,547	14,173	14,811	15,181
Vote 07 - Public Safety & Transport		9,717	14,468	8,784	587	0	0	-	-	-
Vote 08 - Sports, Arts, Parks, Culture		-	-	-	-	-	-	-	-	-
Vote 09 - Planning & Development		5,312	6,986	6,926	6,213	6,265	6,265	6,817	7,124	7,302
Vote 10 - Hunan Settlements		-	-	-	-	-	-	-	-	-
Vote 11 - Idp, Pms Department		-	-	-	-	-	-	-	-	-
Vote 12 - Spatial Development, Planning & Traditional Affairs		-	-	-	-	-	-	-	-	-
Vote 13 - Electricity Department		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	181,310	165,728	207,686	164,908	186,482	186,482	183,006	189,717	194,395
Surplus/(Deficit) for the year	2	(27,253)	(5,803)	3,817	38,805	69,111	69,111	13,201	11,563	14,723

2.4 TableA4-Budgeted Financial Performance

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

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand	1										
Revenue											
Exchange Revenue											
Service charges - Electricity	2	15,185	13,907	14,600	18,637	18,637	18,637	11,554	19,458	20,333	20,841
Service charges - Water	2	8,426	6,010	3,264	3,663	5,196	5,196	3,316	5,424	5,668	5,810
Service charges - Waste Water Management	2	7,569	8,041	8,059	11,363	9,363	9,363	6,061	9,775	10,215	10,470
Service charges - Waste Management	2	5,666	4,509	6,050	7,045	7,045	7,045	4,500	7,355	7,686	7,878
Sale of Goods and Rendering of Services		576	517	531	773	1,171	1,171	653	1,223	1,278	1,310
Agency services		76	-	-	-	-	-	-	-	-	-
Interest											
Interest earned from Receivables		2,749	6,048	19,311	24,389	24,389	24,389	13,715	25,462	26,608	27,273
Interest earned from Current and Non Current Assets		6,296	10,912	357	-	44	44	22	46	48	49
Dividends											
Rent on Land		8	2	9	2	36	36	21	38	39	40
Rental from Fixed Assets		4	1	6	3	149	149	10	158	165	169
Licence and permits		-	-	-	-	-	-	-	-	-	-
Special rating levies											
Operational Revenue		6,105	3,698	8,405	298	298	298	315	732	765	785
Non-Exchange Revenue											
Property rates	2	11,674	12,263	12,916	14,608	14,608	14,608	9,008	15,251	15,937	16,335
Surcharges and Taxes											
Fines, penalties and forfeits		127	586	395	586	586	586	-	612	640	656
Licences or permits		(2,194)	(2,251)	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		62,864	69,502	76,049	72,942	73,390	73,390	49,978	70,612	70,668	73,820
Interest		-	-	5,986	7,146	7,146	7,146	4,614	7,461	7,796	7,991
Fuel Levy											
Operational Revenue		-	-	208	-	-	-	-	-	-	-
Gains on disposal of Assets		196	382	175	-	-	-	-	-	-	-
Other Gains											
Discontinued Operations											
Total Revenue (excluding capital transfers and contributions)		125,327	134,129	156,319	161,455	162,058	162,058	103,770	163,606	167,846	173,428
Expenditure											
Employee related costs	2	49,810	48,606	47,180	54,352	54,377	54,377	33,556	60,103	62,780	64,335
Remuneration of councillors		4,263	4,673	5,257	5,587	5,365	5,365	3,528	5,270	5,507	5,645
Bulk purchases - electricity	2	22,499	23,257	26,694	25,000	25,000	25,000	8,766	25,000	26,125	26,778
Inventory consumed	8	-	-	-	13,333	13,128	13,128	150	10,350	10,771	11,015
Debt impairment	3	-	-	-	17,056	31,865	31,865	21,243	28,148	29,415	30,150
Depreciation and amortisation		26,674	23,788	18,423	23,541	23,541	23,541	15,694	23,541	24,600	25,215
Interest		5,447	7,549	1,958	1,887	1,415	1,415	146	600	627	643
Contracted services		5,752	5,922	11,680	7,750	11,422	11,422	6,877	13,389	13,945	14,294
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		35,391	17,960	63,729	-	-	-	-	-	-	-
Operational costs		8,776	12,826	19,054	15,824	19,901	19,901	12,079	16,001	15,316	15,674
Losses on disposal of Assets		-	4,503	3,105	-	-	-	-	-	-	-
Other Losses		-	-	-	579	579	579	-	604	631	647
Total Expenditure		158,612	149,084	197,080	164,908	186,592	186,592	102,039	183,006	189,717	194,395
Surplus/(Deficit)		(33,286)	(14,955)	(40,762)	(3,453)	(24,535)	(24,535)	1,731	(19,400)	(21,871)	(20,968)
Transfers and subsidies - capital (monetary allocations)	6	25,034	24,071	50,290	42,258	93,535	93,535	-	32,601	33,434	35,691
Transfers and subsidies - capital (in-kind)	6	3,696	1,725	4,894	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(4,556)	10,841	14,423	38,805	69,001	69,001	1,731	13,201	11,563	14,723
Income Tax											
Surplus/(Deficit) after income tax		(4,556)	10,841	14,423	38,805	69,001	69,001	1,731	13,201	11,563	14,723
Share of Surplus/Deficit attributable to Joint Venture											
Share of Surplus/Deficit attributable to Minorities											
Surplus/(Deficit) attributable to municipality		(4,556)	10,841	14,423	38,805	69,001	69,001	1,731	13,201	11,563	14,723
Share of Surplus/Deficit attributable to Associate											
Intercompany/Parent subsidiary transactions	7										
Surplus/(Deficit) for the year	1	(4,556)	10,841	14,423	38,805	69,001	69,001	1,731	13,201	11,563	14,723

2.5 TableA5–Budgeted Capital Expenditure by vote

Vote Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 03 - Corporate Services		–	–	–	–	368	368	367	1,210	1,264	1,296
Vote 04 - Financial Services		–	–	–	–	–	–	–	–	–	–
Vote 05 - Municipal Infrastructure		–	–	–	–	–	–	–	100	105	107
Vote 06 - Community Services		–	–	–	–	20	20	–	450	470	482
Vote 15 - Other		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	–	–	–	–	388	388	367	1,760	1,839	1,885
Single-year expenditure to be appropriated	2										
Vote 01 - Executive & Council		–	–	–	–	–	–	–	–	–	–
Vote 02 - Office Of The Municipal Manager		–	–	–	–	–	–	–	–	–	–
Vote 03 - Corporate Services		261	–	–	–	–	–	–	600	627	643
Vote 04 - Financial Services		–	–	–	–	–	–	–	–	–	–
Vote 05 - Municipal Infrastructure		25,639	25,368	51,549	42,258	93,536	93,536	38,644	33,001	28,714	35,903
Vote 06 - Community Services		–	–	–	–	–	–	–	1,000	1,045	1,071
Capital single-year expenditure sub-total		25,900	25,368	51,549	42,258	93,536	93,536	38,644	34,601	30,386	37,616
Total Capital Expenditure - Vote		25,900	25,368	51,549	42,258	93,924	93,924	39,011	36,361	32,225	39,502
Capital Expenditure - Functional											
Governance and administration		261	–	–	–	368	368	367	1,810	1,891	1,939
Executive and council		–	–	–	–	–	–	–	–	–	–
Finance and administration		261	–	–	–	368	368	367	1,810	1,891	1,939
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		–	–	–	–	20	20	–	1,450	1,515	1,553
Community and social services		–	–	–	–	20	20	–	300	314	321
Sport and recreation		–	–	–	–	–	–	–	1,150	1,202	1,232
Public safety		–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		–	–	–	–	–	–	–	–	–	–
Planning and development		–	–	–	–	–	–	–	–	–	–
Road transport		–	–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		25,639	25,368	51,549	42,258	93,536	93,536	38,644	33,101	28,818	36,010
Energy sources		207	–	–	–	–	–	–	500	1,417	1,470
Water management		24,039	23,885	34,482	22,258	73,536	73,536	21,655	22,601	13,210	13,540
Waste water management		1,394	1,482	17,067	20,000	20,000	20,000	16,989	10,000	14,192	21,000
Waste management		–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	25,900	25,368	51,549	42,258	93,924	93,924	39,011	36,361	32,225	39,502
Funded by:											
National Government		16,039	23,885	36,794	42,258	91,536	91,536	38,644	32,601	28,296	35,474
Provincial Government		–	–	–	–	–	–	–	–	–	–
District Municipality		1,180	–	–	–	2,000	2,000	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Deparm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		6,559	–	14,755	–	–	–	–	–	–	–
Transfers recognised - capital	4	23,778	23,885	51,549	42,258	93,536	93,536	38,644	32,601	28,296	35,474
Borrowing											
Internally generated funds	6	2,122	1,482	–	–	388	388	367	3,760	3,929	4,027
Total Capital Funding	7	25,900	25,368	51,549	42,258	93,924	93,924	39,011	36,361	32,225	39,502

2.6 TableA6- Budgeted Financial Position

NC093 Magareng - Table A6 Budgeted Financial Position

Description		Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 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 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
ASSETS												
Current assets												
Cash and cash equivalents			242	734	1,104	63,861	21,044	21,044	2,105	(97,188)	(33,818)	(111,243)
Trade and other receivables from exchange transactions	1		7,863	23,459	(20,998)	32,176	64,926	64,926	(13,896)	4,245	4,436	4,546
Receivables from non-exchange transactions	1		5,102	8,952	1,878	16,277	16,078	16,078	12,227	23,313	24,362	24,971
Current portion of non-current receivables												
Inventory	2		164	116	121	(1,036)	(1,036)	(1,036)	(29)	(2,245)	(3,508)	(4,802)
VAT			54,920	59,352	67,344	49,413	45,569	45,569	65,108	55,988	57,642	60,054
Other current assets			(1,810)	(1,270)	(1,953)	(1,814)	(1,862)	(1,862)	(1,913)	(1,270)	(1,327)	(1,360)
Total current assets			66,481	91,343	47,495	158,876	144,719	144,719	63,603	(17,156)	47,787	(27,834)
Non current assets												
Investments												
Investment property			23,831	24,867	24,867,499.72	23,831	23,831	23,831	24,867	24,868	25,987	26,636
Property, plant and equipment	3		352,230	428,519	455,660	371,544	406,347	406,347	478,977	483,585	429,479	518,534
Biological assets												
Living and non-living resources												
Heritage assets			371	371	371	371	371	371	371	371	388	397
Intangible assets			20	10	13	10	7	7	13	213	222	228
Trade and other receivables from exchange transactions												
Non-current receivables from non-exchange transactions			0	0	0	0	0	0	0	0	0	0
Other non-current assets												
Total non current assets			376,452	453,767	480,911	395,757	430,556	430,556	504,228	509,036	456,075	545,795
TOTAL ASSETS			442,933	545,110	528,406	554,633	575,274	575,274	567,831	491,879	503,862	517,962
LIABILITIES												
Current liabilities												
Bank overdraft												
Financial liabilities			165	-	-	0	0	0	-	-	-	-
Consumer deposits			1,303	1,309	1,330	1,309	1,309	1,309	1,363	1,332	1,392	1,427
Trade and other payables from exchange transactions	4		258,264	284,643	273,155	347,263	325,709	325,709	214,673	214,673	224,560	230,013
Trade and other payables from non-exchange transactions	5		15,920	9,019	805	3,236	11,417	11,417	60,590	9,019	9,425	9,661
Provision			7,741	7,219	8,962	7,404	7,404	7,404	8,893	8,837	9,235	9,466
VAT			24,009	23,743	24,960	24,362	28,007	28,007	27,690	19,678	20,564	21,078
Other current liabilities												
Total current liabilities			307,403	325,933	309,212	383,573	373,845	373,845	313,210	253,540	265,176	271,644
Non current liabilities												
Financial liabilities	6		-	794	730	794	858	858	730	1,085	1,134	1,162
Provision	7		11,444	6,744	6,910	7,285	7,285	7,285	6,910	6,855	7,163	7,342
Long term portion of trade payables			-	-	-	-	-	-	-	-	-	-
Other non-current liabilities												
Total non current liabilities			11,444	7,538	7,640	8,079	8,143	8,143	7,640	7,940	8,297	8,504
TOTAL LIABILITIES			318,847	333,471	316,852	391,651	381,987	381,987	320,850	261,479	273,473	280,148
NET ASSETS			124,086	211,639	211,554	162,982	193,287	193,287	246,982	230,400	230,389	237,814
COMMUNITY WEALTH/EQUITY												
Accumulated surplus/(deficit)	8		145,568	226,962	222,160	161,676	191,871	191,871	213,285	230,203	231,345	240,000
Reserves and funds	9		-	-	-	-	-	-	-	-	-	-
Other												
TOTAL COMMUNITY WEALTH/EQUITY	10		145,568	226,962	222,160	161,676	191,871	191,871	213,285	230,203	231,345	240,000

2.7 Table A7: Cashflow Statement

NC093 Magareng - Table A7 Budgeted Cash Flows

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		8 124	7 365	6 993	7 742	7 742	7 742	2 742	9 150	9 562	9 801
Service charges		47 635	31 256	45 907	21 576	21 328	21 328	13 111	25 207	26 341	27 000
Other revenue		67 327	(30 573)	2 379	238 939	8 273	8 273	24 342	2 950	3 082	3 160
Transfers and Subsidies - Operational	1	7 675	67 209	65 921	72 942	73 390	73 390	52 993	70 612	72 057	75 244
Transfers and Subsidies - Capital	1	13 383	46 224	53 439	42 258	93 535	93 535	55 542	32 601	33 434	35 691
Interest		1 033	-	357	-	-	-	240	461	481	493
Dividends								-	-	-	-
Payments											
Suppliers and employees		(123 596)	(121 100)	(106 149)	(67 169)	(23 367)	(23 367)	(94 953)	(130 113)	(134 444)	(137 741)
Interest		-	-	-	(1 887)	(1 415)	(1 415)	-	(600)	(627)	(643)
Transfers and Subsidies	1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		21 581	382	68 849	314 401	179 485	179 485	54 017	10 268	9 887	13 005
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	175	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(25 900)	(16 406)	(51 549)	(42 258)	(93 924)	(93 924)	(39 011)	(41 487)	(36 716)	(45 076)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(25 900)	(16 406)	(51 374)	(42 258)	(93 924)	(93 924)	(39 011)	(41 487)	(36 716)	(45 076)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits		-	(5)	(14)	5	5	5	34	23	24	25
Payments											
Repayment of borrowing		(27)	319	-	319	319	319	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(27)	314	(14)	325	325	325	34	23	24	25
NET INCREASE/ (DECREASE) IN CASH HELD		(4 346)	(15 711)	17 461	272 467	85 885	85 885	15 039	(31 196)	(26 805)	(32 045)
Cash/cash equivalents at the year begin:	2	6 674	242	734	69	69	69	-	100	(31 096)	(57 901)
Cash/cash equivalents at the year end:	2	2 329	(15 469)	18 194	272 537	85 954	85 954	15 039	(31 096)	(57 901)	(89 947)

2.8 TableA8– Cash backed reserves.

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

Description		Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 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 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Cash and investments available												
Cash/cash equivalents at the year end		1	2,329	(15,469)	18,194	272,537	85,954	85,954	15,039	(61,006)	(51,214)	(124,161)
Other current investments > 90 days			(2,087)	16,203	(17,090)	(208,676)	(64,911)	(64,911)	(12,934)	(36,181)	17,395	12,918
Non current Investments		1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:			242	734	1,104	63,861	21,044	21,044	2,105	(97,188)	(33,818)	(111,243)
Application of cash and investments												
Unspent conditional transfers			15,920	9,019	805	3,236	11,417	11,417	60,590	9,019	9,425	9,661
Unspent borrowing												
Statutory requirements		2	(30,911)	(36,341)	(42,384)	(25,051)	(17,562)	(17,562)	(37,417)	(37,043)	(37,844)	(39,760)
Other working capital requirements		3	246,153	282,447	279,598	250,577	303,196	303,196	253,492	210,988	189,456	230,148
Other provisions			7,741	7,219	8,962	7,404	7,404	7,404	8,893	8,837	9,235	9,466
Long term investments committed		4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		5										
Total Application of cash and investments:			238,904	262,344	246,982	236,165	304,454	304,454	285,557	191,802	170,273	209,514
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits			(238,662)	(261,611)	(245,878)	(172,304)	(283,411)	(283,411)	(283,452)	(288,990)	(204,091)	(320,757)
Creditors transferred to Debt Relief - Non-Current portion			-	-	-	-	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits			(238,662)	(261,611)	(245,878)	(172,304)	(283,411)	(283,411)	(283,452)	(288,990)	(204,091)	(320,757)

3 PART 3 QUALITY CERTIFICATE

MAGARENG



MUNICIPALITY

Acting Municipal Manager's quality certificate

I **Tumelo Thage**, Acting Municipal Manager of Magareng Local Municipality, hereby certify that the Draft Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Name: Mr. Tumelo Thage

Acting Municipal Manager of Magareng Local Municipality

Signature:

Date : *31 March 2025*