

MAGARENG



MUNICIPALITY

FINAL BUDGET 2023/2024

**FINAL BUDGET OF
MARAGENG LOCAL
MUNICIPALITY**

**2023/2024 TO 2025/2026
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

Contents

PART 1 - FINAL BUDGET	1
1.1 Mayors Speech	2-5
1.2 Executive Summary	10-13
1.3 Operating Revenue Framework	13-16
1.4 Operating Expenditure Framework.....	16-19
1.5 Capital Expenditure.....	19
PART 2 - LIST OF TABLES	20
TABLE 1 A1 Budgeted Financial Performance (revenue and expenditure).....	20
TABLE 2 A2 Budgeted Financial Performance (Revenue and by function classification).....	21
TABLE 3 A3 Budgeted Financial Performance (Revenue & Expenditure by Municipal Vote).....	22
TABLE 4 A4 Budgeted Financial Performance (Revenue & Expenditure).....	23
Table 5 A5 Budgeted Capital Expenditure by vote.....	24
TABLE 6 A6 Budgeted Financial Position.....	25
TABLE 7 A7 Cash Backed Reserves / Accumulated Surplus Reconciliation.....	26
TABLE 8 A8 Cash Backed Reserves.....	27
PART 3 - QUALITY CERTIFICATE	
Municipal Manager's Quality Certificate	28

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 2023/2024 INTEGRATED DEVELOPMENT PLAN (IDP) AND MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) BUDGET

MAGARENG COUNCIL CHAMBER

30th MAY 2023

Honorable Speaker

Honorable Councillors present

Chief Whips of Political Parties

Acting Municipal Manager

Acting Chief Financial Officer

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 Integrated Development Plan (IDP) and budget for the 2023/24 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 was undertaken in all wards and this time around, I must say all these meetings were well attended by the masses of our communities.

As expected, our public participation meetings were 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. We need an amount of **R856 492 683.22**. For the next five financial years we will need **R 149 450 000, 00** to complete what I planned for our term in office.

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 focus will be on improving our current road network which is in a bad state, develop tarred roads re-seal of gravel roads. As the municipality we must find new ways of dealing with roads maintenance, installation of new electricity cables and transformers and maintenance of street lights to ensure a safer environment. In this instance, Frances Baard District Municipality donated their grader and a 6 cubic tipper truck to us. This are equipment needed to restore road network. Our sharp focus is to build internal capacity in order to conduct road maintenance and construction ourselves.

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 started with the process of conducting the feasibility study to relocate the current sewer plant from N12 road and complete the current upgrading of Water Treatment Plant to provide water throughout the municipality in a sustainable manner.

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 2022/2023 financial year our conditional grant performance has increased significantly. As a result, WSIG allocation moves from R5m to R19.515m (200%), 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 2022/2023 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 2023/24 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 2023/24 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 2023/2024 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 in Circular 123.

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 2023/2024 addresses improvements in the following services:

Warrenton: Bulk Water Supply in Ikhutseng (MIG)=R 12 452 000.00
 Upgrading of Magareng Water Treatment plant (RBIG)= R 20 000 000.00
 Water Service Infrastructure Grant (WSIG) = R 19 515 000.00
 Frances Baard District Municipality = R3 000 000

This capital program is funded mainly from external grant funding namely the MIG (Municipal Infrastructure Grant), Water Infrastructure Grant (WIG), RBIG (Regional Bulk Infrastructure Grant) and Frances Baard District Municipality.

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 increase 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 people.

MATERIAL AMENDMENTS MADE TO THE ANNUAL BUDGET

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 have not received confirmation from NERSA based on the new tariff applicable. It was confirmed the information will be readily available from the 1st April 2023 which will be applicable to the Final Budget for 2023/2024. The new tariff will be implemented immediately after the approval from NERSA.

% INCREASE

SERVICE	2023/2024
Water	5,3%
Electricity	15,10%%

Refuse	5,3%
Sewerage	5,3%
Property rates	5,3%

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 2023/2024

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 2023/2024 the municipality will draft a Service Delivery and Budget Implementation Plan (SDBIP) guided by the plans from the 2023/2024 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 councillors; 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 Final 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 123 on 03 March 2023 and MFMA Budget Circular No. 122 on 9 December 2023 to guide the compilation of the 2023/2024 MTREF.

The Final budget Expenditure for 2023/2024 amounts to **R 177 673 719**.

- Provision for bulk purchase of electricity amounts to **R 25 000 000.00**-Eskom
- Provision for bulk purchase of water amounts to **R2 500 000.00**– Vaalharts Water
- 5.4% increase in salaries for municipal staff which is in accordance with the bargaining collective agreement.
- Provision for depreciation on assets to the amount of **R 25 953 554**.
- Provision for payment of Auditor General Fees of **R 1 000 000**.
- Provision for bad debts **R 35 390 971**.

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 2 550 000** and Frances Baard District municipality is funding the municipality with **R 1 800 000** for **O & M** for 2023/24 which is 3% of operating expenditure.

The operational revenue budget for 2023/2024 amounts to **R 162 061 667 million** including operation grants.

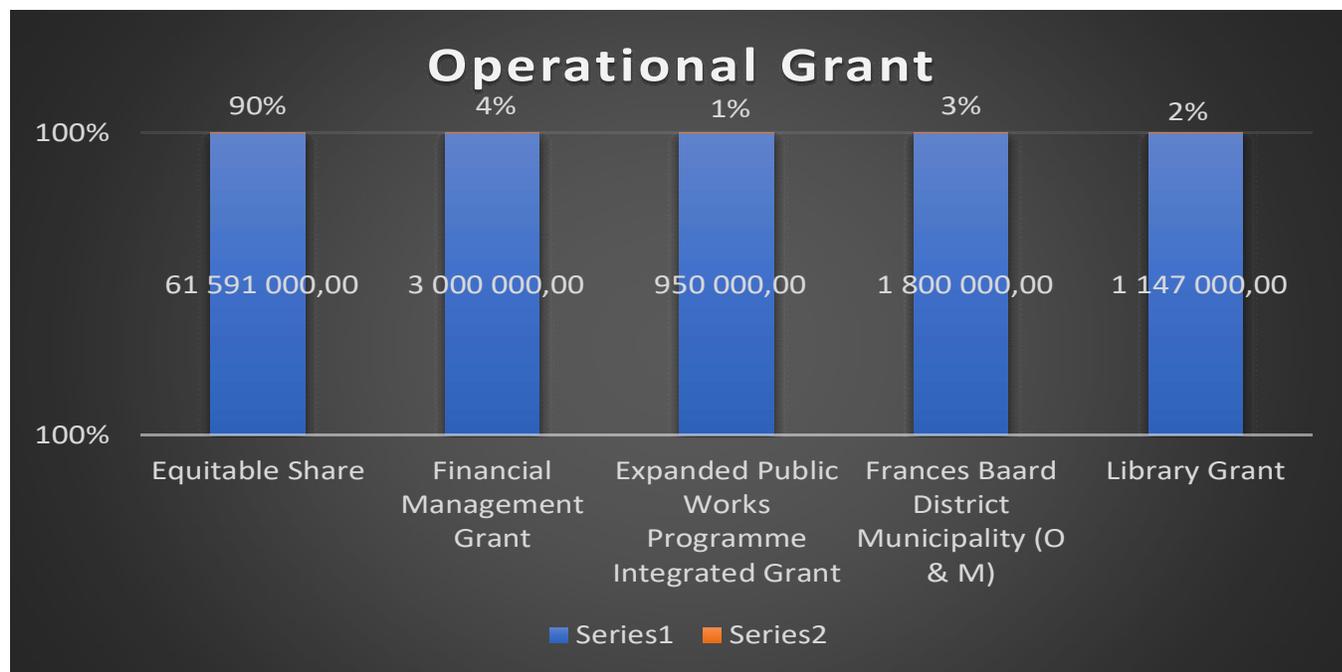
There are two budget circulars that was circulated by National Treasury on how municipalities should determine their increase on tariffs as the municipality waits for the NERSA tariff approval, and the municipalities should consider CPI of 5.3% therefore the municipality increased tariffs as follows:

- 5.3% increase : Water
- 5.3% increase : Sewerage
- 15,10% increase : Electricity
- 5,3% increase : Refuse

- Equitable share allocation amounts to **R 61 591 000** for 2023/2024 financial year
- 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.

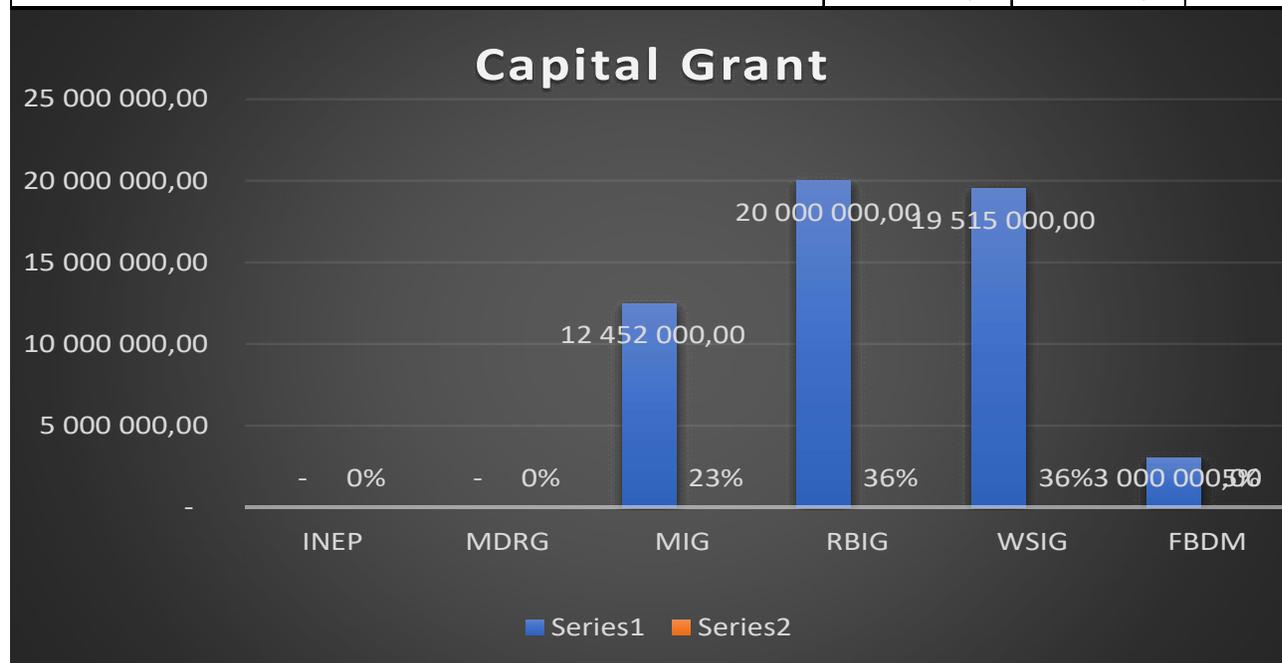
THE ALLOCATIONS OF THE MUNICIPAL OPERATIONAL GRANTS ARE ALLOCATED AS PER DORA AND FBDM.

Operating Transfers and Grants	2023-2024	2024-2025	2025-2026
National Government:	65 541 000,00	68 287 000,00	68 176 000,00
Local Government Equitable Share	61 591 000,00	65 287 000,00	65 176 000,00
Expanded Public Works Programme Integrated Grant	950 000,00	-	-
Local Government Financial Management Grant	3 000 000,00	3 000 000,00	3 000 000,00
Municipal Disaster Relief Grant	-	-	-
Provincial Government:	1 147 000,00	1 200 000,00	1 255 000,00
Library Services Transfers to Municipalities	1 147 000,00	1 200 000,00	1 255 000,00
District Municipality:	1 800 000,00	-	-
<i>Specify (Add grant description)</i>	1 800 000,00	-	-
Other grant providers:	-	-	-
<i>Education Training and Development Practices SETA</i>	-	-	-
<i>National Library South Africa</i>	-	-	-
<i>Post Retirement Benefit</i>	-	-	-
Total Operating Transfers and Grants	68 488 000,00	69 487 000,00	69 431 000,00



CAPITAL GRANTSASDORA AND FBDM.

Capital Transfers and Grants	2023-2024	2024-2025	2025-2026
National Government:	51 967 000,00	14 913 000,00	14 690 000,00
Integrated National Electrification Programme Grant	-	2 100 000,00	1 500 000,00
Municipal Disaster Relief Grant	-	-	-
Municipal Infrastructure Grant	12 452 000,00	12 813 000,00	13 190 000,00
Regional Bulk Infrastructure Grant	20 000 000,00	-	-
Water Services Infrastructure Grant	19 515 000,00	-	-
Provincial Government:	-	-	-
District Municipality:	3 000 000,00	-	-
<i>Frances Baard District Municipality Capital</i>	3 000 000,00	-	-
Other grant providers:	-	-	-
Total Capital Transfers and Grants	54 967 000,00	14 913 000,00	14 690 000,00
TOTAL RECEIPTS OF TRANSFERS & GRANTS	123 455 000,00	84 400 000,00	84 121 000,00



PLEASE NOTE THAT CASH-FLOW WILL BE DETERMINED BY THE REVENUE COLLECTION AND WILL BE ESTIMATED AND FORECASTED AT **35%** FOR THE COMING YEAR 2023/2024.

Table 1: consolidated Overview of the 2020/2021 MTREF Budget

NC093 : Overview Budgeted Financial Performance (Revenue & Expenditure)			
Description	2023/24 Medium Term Revenue & Expenditure Framework		
	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand			
Revenue			
Total Revenue (excluding capital transfers and contributions)	162 061 667,00	167 794 394,00	171 125 532,00
Total Expenditure	177 673 719,00	183 944 895,00	191 567 768,00
Surplus/(Deficit)	- 15 612 052,00	- 16 150 501,00	- 20 442 236,00
Transfers and subsidies - capital (monetary allocations)	51 967 000,00	14 913 000,00	14 690 000,00
Transfers and subsidies - capital (in-kind) Frances Baard District Municipality	3 000 000,00	-	-
Surplus/(Deficit) after capital transfers & contributions	39 354 948,00	- 1 237 501,00	- 5 752 236,00
Surplus/(Deficit) for the year	39 354 948,00	- 1 237 501,00	- 5 752 236,00

Table 1: consolidated Overview of the 2023/2024 MTREF Budget

The following budget principle informed the compilation of the 2023/2024 MTREF:

- Consumer Price Inflation (CPI) 5,3% in 2023/2024, 4.7% in 2024/2025 and 4.9 in 2025/2026 financial years.
- The National Energy Regulator of South Africa (NERSA) has determined a tariff increase for Warrenton of 15,10% and an increase in Warrenton Bulk purchases of 18,49%.
- The salary and wages increase of 5,4% for the 2023/2024 financial year, as per the Collectives Agreement/ As per municipal affordability.
- Management aims to ensure a 35 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 Municipal and continued economic development;
- Efficient revenue management, which aims to ensure a 35 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.

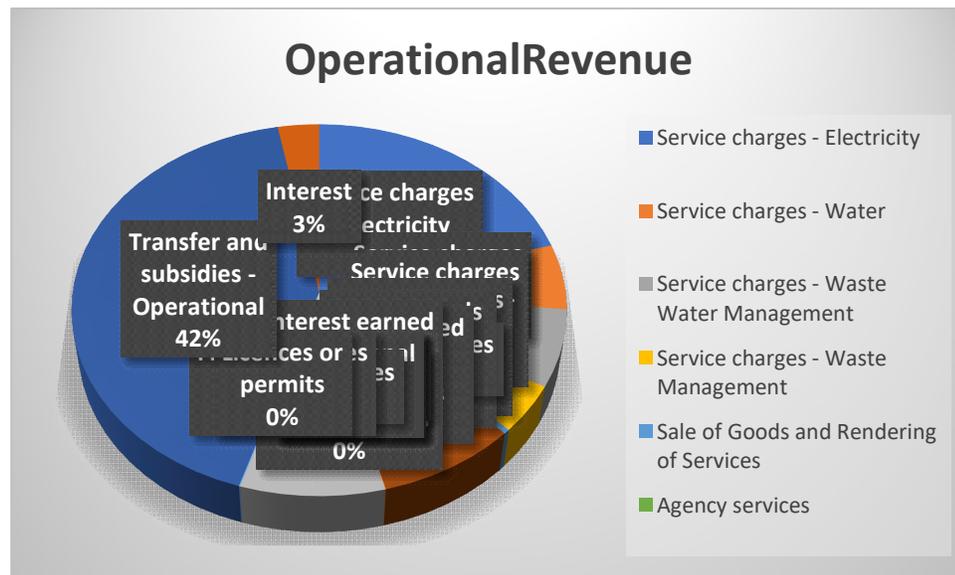
NC093 Magareng - Table A4 Budgeted Financial Performance (revenue and expenditure)						
Description	2023/24 Medium Term Revenue & Expenditure Framework					
	Budget Year 2023/24		Budget Year +1 2024/25		Budget Year +2 2025/26	
R thousand						
Revenue						
Exchange Revenue						
Service charges - Electricity	33 713 077,00	21%	35 550 460,00	21%	35 881 263,00	21%
Service charges - Water	9 155 580,00	6%	9 604 210,00	6%	10 055 610,00	6%
Service charges - Waste Water Management	10 832 260,00	7%	11 363 040,00	7%	11 897 090,00	7%
Service charges - Waste Management	6 683 250,00	4%	7 010 730,00	4%	7 340 230,00	4%
Sale of Goods and Rendering of Services	623 640,00	0%	654 190,00	0%	684 950,00	0%
Agency services	-	0%	-	0%	-	0%
Interest		0%		0%		0%
Interest earned from Receivables	13 631 696,00	8%	14 272 387,00	9%	14 971 734,00	9%
Interest earned from Current and Non Current Assets	-	0%	-	0%	-	0%
Dividends		0%		0%		0%
Rent on Land	3 310,00	0%	3 480,00	0%	3 640,00	0%
Rental from Fixed Assets	2 730,00	0%	2 870,00	0%	3 000,00	0%
Licence and permits	-	0%	-	0%	-	0%
Operational Revenue	70 500,00	0%	73 950,00	0%	77 440,00	0%
Non-Exchange Revenue						
Property rates	13 925 520,00	9%	14 607 880,00	9%	15 362 622,00	9%
Surcharges and Taxes				0%		0%
Fines, penalties and forfeits	134 600,00	0%	141 210,00	0%	147 840,00	0%
Licences or permits	-	0%	-	0%	-	0%
Transfer and subsidies - Operational	68 488 000,00	42%	69 487 000,00	41%	69 431 000,00	41%
Interest	4 797 504,00	3%	5 022 987,00	3%	5 269 113,00	3%
Fuel Levy		0%		0%		0%
Operational Revenue		0%		0%		0%
Gains on disposal of Assets	-	0%	-	0%	-	0%
Other Gains		0%		0%		0%
Discontinued Operations				0%		0%
Total Revenue (excluding capital transfers and cont	162 061 667,00	100%	167 794 394,00	100%	171 125 532,00	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 2023/24 financial year, revenue from rates and services charges totaled R74,9 million or 46 per cent. This increases to R78, 8 million, R81,2 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 46% in 2023/24 to 47% per cent in 2024/25 and 47% in 2025/26. 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 second largest of the revenue source totaling 21 per cent or R33,7 millionrand 2023/24. The largest sources is 'transfers and subsidies' which consists of our operational grants FMG R 3 000 000, Equitable share R 61 591 000, EPWP R950 000, Library Grant R 1 147 000 and FBDM M& O R 1800 000.

Operating grants and transfers totals R 68.4 in 2023/24 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

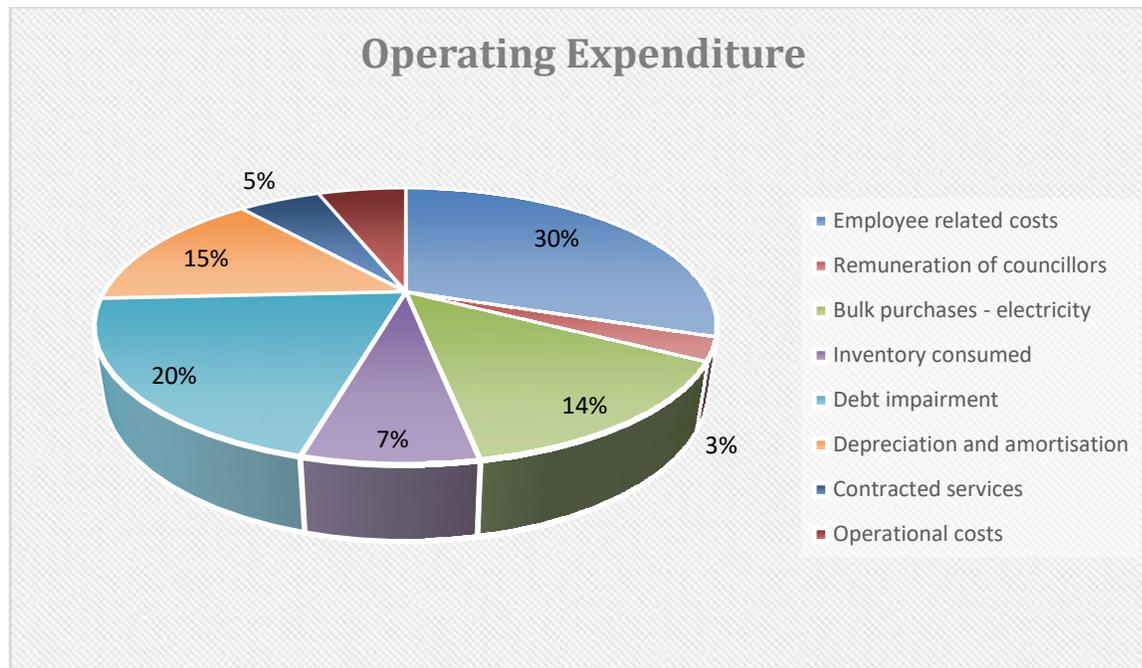
The Municipal's expenditure framework for the 2023/24 budget and MTREF is informed by the following:

- 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 2023/24 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	2023/24 Medium Term Revenue & Expenditure Framework					
	Budget Year 2023/24		Budget Year +1 2024/25		Budget Year +2 2025/26	
R thousand						
Expenditure						
Employee related costs	53 708 754,00	30%	56 091 353,00	30%	58 177 571,00	30%
Remuneration of councillors	4 807 054,00	3%	5 108 673,00	3%	5 428 779,00	3%
Bulk purchases - electricity	25 000 000,00	14%	26 225 000,00	14%	27 457 580,00	14%
Inventory consumed	12 920 000,00	7%	12 138 630,00	7%	12 669 606,00	7%
Debt impairment	35 390 971,00	20%	37 054 347,00	20%	38 409 834,00	20%
Depreciation and amortisation	25 953 554,00	15%	27 173 604,00	15%	28 505 110,00	15%
Interest	-	0%	-	0%	-	0%
Contracted services	9 593 930,00	5%	10 373 200,00	6%	10 704 640,00	6%
Transfers and subsidies	-	0%	-	0%	-	0%
Irrecoverable debts written off	-	0%	-	0%	-	0%
Operational costs	10 299 456,00	6%	9 780 088,00	5%	10 214 648,00	5%
Losses on disposal of Assets	-	0%	-	0%	-	0%
Other Losses	-	0%	-	0%	-	0%
Total Expenditure	177 673 719,00	100%	183 944 895,00	100%	191 567 768,00	100%



The budgeted allocation for employee related costs for the 2023/24 financial year totals R53.7 million, which equals 33 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 5.4 per cent for the 2023/24 financial year. An annual increase of 5.4 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 R1,9 million in the 2023/24 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 65 per cent and the Credit control and debt collection policy (Debt Write-off) Policy of the Municipal. For the 2023/24 financial year this amount equates to R25.9 million and escalates to R27.2 million by 2024/25. 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 2023/24 the appropriation against this group of expenditure has increased by 6.2 per cent (R10.3million) and continues to 5.6 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 2023/24 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2023/24 financial year, this group of expenditure totals R9.6 million. For the two outer years growth has been limited to 6per 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:

2023/24 Medium-term capital budget per vote

Capital Transfers and Grants	2023-2024		2024-2025		2025-2026	
National Government:	51 967 000,00		14 913 000,00		14 690 000,00	
Integrated National Electrification Programme Grant	-	0%	2 100 000,00	14%	1 500 000,00	10%
Municipal Disaster Relief Grant	-	0%	-	0%	-	0%
Municipal Infrastructure Grant	12 452 000,00	23%	12 813 000,00	86%	13 190 000,00	90%
Regional Bulk Infrastructure Grant	20 000 000,00	36%	-	0%	-	0%
Water Services Infrastructure Grant	19 515 000,00	36%	-	0%	-	0%
		0%		0%		0%
Provincial Government:	-	0%	-	0%	-	0%
		0%		0%		0%
District Municipality:	3 000 000,00		-		-	
<i>Frances Baard District Municipality Capital</i>	3 000 000,00	5%	-	0%	-	0%
Other grant providers:	-		-		-	
Total Capital Transfers and Grants	54 967 000,00	100%	14 913 000,00	100%	14 690 000,00	100%

PART B- LIST OF TABLES

Table A1 - Budgeted Financial Performance (revenue and expenditure)

NC093 Magareng - Table A1 Budget Summary

Description	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousands										
Financial Performance										
Property rates	11 265	11 554	11 674	12 319	12 319	12 319	11 254	13 926	14 608	15 363
Service charges	35 436	33 207	36 845	43 325	43 364	43 364	27 997	60 384	63 528	65 174
Investment revenue	3 269	9 582	6 296	3 122	-	-	9 970	-	-	-
Transfer and subsidies - Operational	55 611	61 440	62 864	64 964	65 964	65 964	59 415	68 488	69 487	69 431
Other own revenue	15 112	8 094	7 647	7 186	13 425	13 425	6 392	19 264	20 171	21 158
Total Revenue (excluding capital transfers and contributions)	120 692	123 876	125 327	130 916	135 072	135 072	115 028	162 062	167 794	171 126
Employee costs	43 771	48 576	49 810	53 078	44 475	44 475	40 667	53 709	56 091	58 178
Remuneration of councillors	3 708	3 598	4 263	4 675	5 466	5 466	4 283	4 807	5 109	5 429
Depreciation and amortisation	12 991	32 271	26 674	30 431	25 974	25 974	23 811	25 954	27 174	28 505
Interest	7 882	4 319	5 447	-	-	-	-	-	-	-
Inventory consumed and bulk purchases	20 180	21 199	22 499	27 450	27 450	27 450	7 439	37 920	38 364	40 127
Transfers and subsidies	-	35	-	20	-	-	-	-	-	-
Other expenditure	60 753	54 289	49 919	55 509	51 045	51 045	41 062	55 284	57 208	59 329
Total Expenditure	149 286	164 286	158 612	171 164	154 410	154 410	117 262	177 674	183 945	191 568
Surplus/(Deficit)	(28 593)	(40 410)	(33 286)	(40 248)	(19 339)	(19 339)	(2 234)	(15 612)	(16 151)	(20 442)
Transfers and subsidies - capital (monetary allocations)	22 842	61 231	25 034	23 612	45 888	45 888	23 043	51 967	14 913	14 690
Transfers and subsidies - capital (in-kind)	-	-	3 696	-	1 500	1 500	-	3 000	-	-
Surplus/(Deficit) after capital transfers & contributions	(5 752)	20 821	(4 556)	(16 636)	28 050	28 050	20 809	39 355	(1 238)	(5 752)
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(5 752)	20 821	(4 556)	(16 636)	28 050	28 050	20 809	39 355	(1 238)	(5 752)
Capital expenditure & funds sources										
Capital expenditure	27 006	55 426	25 900	23 612	47 388	47 388	23 111	55 257	15 217	15 009
Transfers recognised - capital	27 006	55 426	23 778	23 612	47 388	47 388	23 111	54 967	14 913	14 690
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	2 122	-	-	-	-	290	304	319
Total sources of capital funds	27 006	55 426	25 900	23 612	47 388	47 388	23 111	55 257	15 217	15 009
Financial position										
Total current assets	57 923	(15 847)	(29 986)	(111 637)	(55 299)	(55 299)	71 136	20 515	18 969	309 635
Total non current assets	320 239	372 032	376 452	324 339	348 115	348 115	375 752	306 151	277 903	290 566
Total current liabilities	263 166	411 289	429 314	238 246	274 391	274 391	376 480	356 086	370 426	388 207
Total non current liabilities	1 450	7 359	11 444	1 402	1 402	1 402	11 444	11 911	12 463	13 134
Community wealth/Equity	129 954	162 876	145 568	(16 636)	28 050	28 050	143 679	(41 630)	(86 013)	199 169
Cash flows										
Net cash from (used) operating	-	-	-	275 601	349 912	349 912	7 522	272 930	199 743	203 423
Net cash from (used) investing	1	(1)	-	(23 611)	(47 388)	(47 388)	(14 149)	(52 256)	(15 217)	(15 009)
Net cash from (used) financing	-	-	-	331	331	331	16	-	-	-
Cash/cash equivalents at the year end	578	210	6 674	252 898	303 431	303 431	(6 612)	219 503	404 029	592 444
Cash backing/surplus reconciliation										
Cash and investments available	213	(80 049)	(96 228)	(191 852)	(135 514)	(135 514)	(546)	(138 558)	(148 560)	135 498
Application of cash and investments	236 364	382 365	396 068	148 360	186 281	186 281	258 682	283 527	294 554	308 453
Balance - surplus (shortfall)	(236 152)	(462 414)	(492 297)	(340 212)	(321 795)	(321 795)	(259 228)	(422 085)	(443 114)	(172 955)
Asset management										
Asset register summary (WDV)	317 859	369 392	374 250	324 338	348 114	348 114	303 949	275 597	288 147	288 147
Depreciation	12 991	32 271	26 674	30 431	25 974	25 974	25 954	27 174	28 505	28 505
Renewal and Upgrading of Existing Assets	25 826	60 633	23 778	23 612	47 388	47 388	55 257	13 117	13 509	13 509
Repairs and Maintenance	894	-	6 770	4 800	6 729	6 729	3 304	3 460	-	-
Free services										
Cost of Free Basic Services provided	2 433	4 254	857	8 325	8 325	8 325	-	11 284	9 582	10 033
Revenue cost of free services provided	945	987	987	1 128	1 129	1 129	-	1 102	1 156	1 210
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	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue - Functional	1									
Governance and administration		78 526	85 555	80 717	80 404	83 514	83 514	84 422	88 083	88 981
Executive and council		47 350	57 743	54 507	59 064	59 064	59 064	62 541	65 287	65 176
Finance and administration		31 176	27 812	26 210	21 340	24 450	24 450	21 881	22 796	23 805
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1 600	1 443	1 533	1 329	1 337	1 337	1 393	1 458	1 525
Community and social services		477	1 089	1 216	1 189	1 189	1 189	1 264	1 322	1 383
Sport and recreation		156	-	58	-	-	-	-	-	-
Public safety		967	354	258	140	147	147	130	136	142
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		1 690	-	(3 731)	450	700	700	450	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1 690	-	(3 731)	450	700	700	450	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		61 718	98 110	75 538	72 344	96 909	96 909	130 764	93 166	95 309
Energy sources		21 138	19 902	15 546	21 361	21 611	21 611	35 848	39 415	39 232
Water management		29 343	64 407	44 059	33 037	57 102	57 102	50 145	27 744	28 834
Waste water management		6 615	6 281	8 985	9 101	9 351	9 351	35 402	16 186	16 955
Waste management		4 621	7 520	6 948	8 845	8 845	8 845	9 368	9 821	10 289
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	143 534	185 107	154 057	154 528	182 460	182 460	217 029	182 707	185 816
Expenditure - Functional										
Governance and administration		104 053	118 183	100 622	48 038	40 020	40 020	57 910	59 981	62 564
Executive and council		12 248	13 634	14 323	13 024	12 080	12 080	13 006	12 686	13 197
Finance and administration		91 805	104 550	86 298	35 015	27 940	27 940	44 904	47 296	49 367
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		10 290	12 510	12 770	12 438	11 356	11 356	12 754	13 320	13 471
Community and social services		1 188	2 703	2 526	2 850	2 605	2 605	2 571	2 707	2 598
Sport and recreation		3 316	4 354	3 390	4 212	3 533	3 533	5 218	5 433	5 647
Public safety		4 734	4 650	4 001	4 230	4 116	4 116	3 747	3 903	3 889
Housing		1 052	802	2 854	1 146	1 102	1 102	1 219	1 278	1 337
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		4 625	3 665	6 198	7 222	6 272	6 272	24 739	25 500	26 895
Planning and development		2 728	2 639	3 787	5 832	4 443	4 443	6 164	6 519	6 969
Road transport		1 897	1 026	2 411	1 390	1 829	1 829	18 575	18 981	19 926
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		47 808	43 053	61 720	114 616	108 628	108 628	82 271	85 139	88 638
Energy sources		23 652	23 273	26 683	44 824	44 315	44 315	35 688	36 916	38 620
Water management		18 183	14 559	24 405	28 868	28 397	28 397	24 970	26 144	26 934
Waste water management		3 673	3 603	9 482	21 149	19 660	19 660	17 115	17 367	18 142
Waste management		2 301	1 617	1 150	19 774	16 255	16 255	4 498	4 712	4 942
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	166 777	177 412	181 310	182 313	166 276	166 276	177 674	183 940	191 568
Surplus/(Deficit) for the year		(23 243)	7 696	(27 253)	(27 786)	16 184	16 184	39 355	(1 233)	(5 752)

Table A3 -Budgeted Financial Performance

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

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23			2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue by Vote	1									
Vote 01 - Executive & Council		47 350	57 743	54 507	59 064	59 064	59 064	62 541	65 287	65 176
Vote 02 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Corporate Services		23	-	-	-	-	-	-	-	-
Vote 04 - Financial Services		31 153	27 812	26 210	21 340	24 450	24 450	21 881	22 796	23 805
Vote 05 - Municipal Infrastructure		63 407	98 110	71 807	72 794	93 609	93 609	131 214	93 166	95 309
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		1 600	1 443	1 533	1 329	1 337	1 337	1 393	1 458	1 525
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 - Maluti Water		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	143 534	185 107	154 057	154 528	178 460	178 460	217 029	182 707	185 816
Expenditure by Vote to be appropriated	1									
Vote 01 - Executive & Council		9 611	10 425	11 458	10 987	11 057	11 057	10 836	10 415	10 983
Vote 02 - Office Of The Municipal Manager		2 243	2 563	1 839	2 037	993	993	2 169	2 270	2 214
Vote 03 - Corporate Services		8 581	11 742	12 037	14 279	8 866	8 866	15 806	17 045	17 838
Vote 04 - Financial Services		83 298	92 872	74 326	20 736	19 074	19 074	29 098	30 251	31 529
Vote 05 - Municipal Infrastructure		50 379	45 196	66 622	119 589	112 542	112 542	104 180	107 628	112 392
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		9 121	11 352	9 717	11 292	10 254	10 254	11 535	12 042	12 134
Vote 08 - Sports, Arts, Parks, Culture		-	-	-	-	-	-	-	-	-
Vote 09 - Planning & Development		3 543	3 261	5 312	3 394	3 490	3 490	4 048	4 288	4 478
Vote 10 - Hunan Settlements		-	-	-	-	-	-	-	-	-
Vote 11 - Idp, Pms Department		-	-	-	-	-	-	-	-	-
Vote 12 - Spatial Development, Planning & Traditional Affairs		-	-	-	-	-	-	-	-	-
Vote 13 - Electricity Department		-	-	-	-	-	-	-	-	-
Vote 14 - Maluti Water		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	166 777	177 412	181 310	182 313	166 276	166 276	177 674	183 940	191 568
Surplus/(Deficit) for the year	2	(23 243)	7 696	(27 253)	(27 786)	12 184	12 184	39 355	(1 233)	(5 752)

Table A4 - Budgeted of Financial Performance

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

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Revenue											
Exchange Revenue											
Service charges - Electricity	2	16 867	15 625	15 185	20 897	20 897	20 897	10 416	33 713	35 550	35 881
Service charges - Water	2	7 831	7 453	8 426	8 975	9 014	9 014	6 179	9 156	9 604	10 056
Service charges - Waste Water Management	2	6 117	5 725	7 569	7 016	7 016	7 016	7 384	10 832	11 363	11 897
Service charges - Waste Management	2	4 621	4 404	5 666	6 437	6 437	6 437	4 019	6 683	7 011	7 340
Sale of Goods and Rendering of Services		560	774	576	1 782	1 819	1 819	471	624	654	685
Agency services		56	57	76	-	-	-	-	-	-	-
Interest											
Interest earned from Receivables		12 323	5 886	2 749	5 223	11 418	11 418	5 296	13 632	14 272	14 972
Interest earned from Current and Non Current Assets		3 269	9 582	6 296	3 122	-	-	9 970	-	-	-
Dividends											
Rent on Land		8	14	8	6	6	6	2	3	3	4
Rental from Fixed Assets		5	4	4	3	3	3	1	3	3	3
Licence and permits		-	-	-	-	-	-	-	-	-	-
Operational Revenue		1 879	1 194	6 105	126	126	126	543	71	74	77
Non-Exchange Revenue											
Property rates	2	11 265	11 554	11 674	12 319	12 319	12 319	11 254	13 926	14 608	15 363
Surcharges and Taxes											
Fines, penalties and forfeits		569	229	127	46	53	53	79	135	141	148
Licences or permits		(232)	(117)	(2 194)	-	-	-	-	-	-	-
Transfer and subsidies - Operational		55 611	61 440	62 864	64 964	65 964	65 964	59 415	68 488	69 487	69 431
Interest		-	-	-	-	-	-	-	4 798	5 023	5 269
Fuel Levy											
Operational Revenue											
Gains on disposal of Assets		(56)	53	196	-	-	-	-	-	-	-
Other Gains											
Discontinued Operations											
Total Revenue (excluding capital transfers and contributions)		120 692	123 876	125 327	130 916	135 072	135 072	115 028	162 062	167 794	171 126
Expenditure											
Employee related costs	2	43 771	48 576	49 810	53 078	44 475	44 475	40 667	53 709	56 091	58 178
Remuneration of councillors		3 708	3 598	4 263	4 675	5 466	5 466	4 283	4 807	5 109	5 429
Bulk purchases - electricity	2	20 180	21 199	22 499	24 750	24 750	24 750	7 439	25 000	26 225	27 458
Inventory consumed	8	-	-	-	2 700	2 700	2 700	-	12 920	12 139	12 670
Debt impairment	3	-	-	-	-	-	-	-	35 391	37 054	38 410
Depreciation and amortisation		12 991	32 271	26 674	30 431	25 974	25 974	23 811	25 954	27 174	28 505
Interest		7 882	4 319	5 447	-	-	-	-	-	-	-
Contracted services		2 405	4 405	5 752	6 720	6 221	6 221	3 031	9 594	10 373	10 705
Transfers and subsidies		-	35	-	20	-	-	-	-	-	-
Irrecoverable debts written off		46 788	37 955	35 391	37 815	35 391	35 391	32 442	-	-	-
Operational costs		11 298	11 929	8 776	10 974	9 433	9 433	5 590	10 299	9 780	10 215
Losses on disposal of Assets		261	-	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-	-
Total Expenditure		149 286	164 286	158 612	171 164	154 410	154 410	117 262	177 674	183 945	191 568
Surplus/(Deficit)		(28 593)	(40 410)	(33 286)	(40 248)	(19 339)	(19 339)	(2 234)	(15 612)	(16 151)	(20 442)
Transfers and subsidies - capital (monetary allocations)	6	22 842	61 231	25 034	23 612	45 888	45 888	23 043	51 967	14 913	14 690
Transfers and subsidies - capital (in-kind)	6	-	-	3 696	-	1 500	-	-	3 000	-	-
Surplus/(Deficit) after capital transfers & contributions		(5 752)	20 821	(4 556)	(16 636)	28 050	28 050	20 809	39 355	(1 238)	(5 752)
Income Tax											
Surplus/(Deficit) after income tax		(5 752)	20 821	(4 556)	(16 636)	28 050	28 050	20 809	39 355	(1 238)	(5 752)
Share of Surplus/Deficit attributable to Joint Venture											
Share of Surplus/Deficit attributable to Minorities											
Surplus/(Deficit) attributable to municipality		(5 752)	20 821	(4 556)	(16 636)	28 050	28 050	20 809	39 355	(1 238)	(5 752)
Share of Surplus/Deficit attributable to Associate											
Intercompany/Parent subsidiary transactions											
Surplus/(Deficit) for the year	1	(5 752)	20 821	(4 556)	(16 636)	28 050	28 050	20 809	39 355	(1 238)	(5 752)

Table A5–Budgeted Capital expenditure by vote

Vote Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
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, Prms Department		-	-	-	-	-	-	-	-	-	-
Vote 12 - Spatial Development, Planning & Traditional Affairs		-	-	-	-	-	-	-	-	-	-
Vote 13 - Electricity Department		-	-	-	-	-	-	-	-	-	-
Vote 14 - Maluf 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	304	319
Vote 04 - Financial Services		-	-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Infrastructure		27 006	55 426	25 639	23 612	43 388	43 388	23 111	54 967	14 913	14 690
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, Prms Department		-	-	-	-	-	-	-	-	-	-
Vote 12 - Spatial Development, Planning & Traditional Affairs		-	-	-	-	-	-	-	-	-	-
Vote 13 - Electricity Department		-	-	-	-	-	-	-	-	-	-
Vote 14 - Maluf Water		-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		27 006	55 426	25 900	23 612	43 388	43 388	23 111	55 257	15 217	15 009
Total Capital Expenditure - Vote		27 006	55 426	25 900	23 612	43 388	43 388	23 111	55 257	15 217	15 009
Capital Expenditure - Functional											
Governance and administration				261	-	-	-	-	290	304	319
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		-	-	261	-	-	-	-	290	304	319
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		27 006	55 426	25 639	23 612	43 388	43 388	23 111	54 967	14 913	14 690
Energy sources		1 180	(5 207)	207	-	-	-	-	-	2 100	1 500
Water management		25 826	60 633	24 039	23 612	43 388	43 388	23 111	35 452	12 813	13 190
Waste water management		-	-	1 394	-	-	-	-	19 515	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other											
Total Capital Expenditure - Functional	3	27 006	55 426	25 900	23 612	43 388	43 388	23 111	55 257	15 217	15 009
Funded by:											
National Government		27 006	(71)	16 039	23 612	23 612	23 612	22 285	31 967	14 913	14 690
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	1 180	-	1 500	1 500	-	3 000	-	-
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov		-	-	-	-	-	-	-	-	-	-
Department Agencies, Households, Non-profit Institutions, Private		-	-	-	-	-	-	-	-	-	-
Enterprises, Public Corporations, Higher Educ Institutions)		-	55 497	6 559	-	18 276	18 276	826	20 000	-	-
Transfers recognised - capital	4	27 006	55 426	23 778	23 612	43 388	43 388	23 111	54 967	14 913	14 690
Borrowing	6										
Internally generated funds		-	-	2 122	-	-	-	-	290	304	319
Total Capital Funding	7	27 006	55 426	25 900	23 612	43 388	43 388	23 111	55 257	15 217	15 009

Table A6 - Budgeted Financial Position

NC093 Magareng - Table A6 Budgeted Financial Position

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
ASSETS											
Current assets											
Cash and cash equivalents		213	(80 049)	(96 228)	(191 852)	(135 514)	(135 514)	(546)	(138 558)	(148 560)	135 498
Trade and other receivables from exchange transactions	1	6 691	9 942	7 863	16 780	16 780	16 780	2 222	90 110	95 613	98 974
Receivables from non-exchange transactions	1	2 320	3 745	5 102	11 622	11 622	11 622	14 365	15 690	16 440	17 233
Current portion of non-current receivables											
Inventory	2	174	166	166	463	463	463	166	163	(128)	(399)
VAT		46 982	48 793	54 920	49 806	49 806	49 806	56 931	54 920	57 502	60 319
Other current assets		1 545	1 557	(1 810)	1 545	1 545	1 545	(2 001)	(1 810)	(1 898)	(1 991)
Total current assets		57 923	(15 847)	(29 986)	(111 637)	(55 299)	(55 299)	71 136	20 515	18 969	309 635
Non current assets											
Investments											
Investment property		23 831	23 831	23 831 200,00	23 831	23 831	23 831	23 831	23 831	24 951	26 174
Property, plant and equipment	3	295 957	347 790	352 230	300 056	323 833	323 833	351 530	281 929	252 542	263 963
Biological assets											
Living and non-living resources											
Heritage assets		371	371	371	371	371	371	371	371	388	407
Intangible assets		79	40	20	79	79	79	20	20	21	22
Trade and other receivables from exchange transactions		1	0	0	1	1	1	0	-	-	-
Non-current receivables from non-exchange transactions											
Other non-current assets											
Total non current assets		320 239	372 032	376 452	324 339	348 115	348 115	375 752	306 151	277 903	290 566
TOTAL ASSETS		378 162	356 185	346 466	212 702	292 816	292 816	446 889	326 666	296 871	600 201
LIABILITIES											
Current liabilities											
Bank overdraft											
Financial liabilities		484	484	191	-	-	-	165	165	172	181
Consumer deposits		1 231	1 271	1 303	1 254	1 254	1 254	1 319	611	639	671
Trade and other payables from exchange transactions	4	215 222	365 068	380 148	196 207	232 352	232 352	320 290	320 290	333 367	348 804
Trade and other payables from non-exchange transactions	5	21 142	17 296	15 920	13 273	13 273	13 273	22 398	(264)	(712)	(219)
Provision		6 442	7 583	7 741	6 442	6 442	6 442	7 741	9 051	9 477	9 941
VAT		18 645	19 585	24 009	21 070	21 070	21 070	24 567	24 009	25 154	26 386
Other current liabilities		-	-	-	-	-	-	-	2 224	2 329	2 443
Total current liabilities		263 166	411 289	429 314	238 246	274 391	274 391	376 480	356 086	370 426	388 207
Non current liabilities											
Financial liabilities	6	-	-	-	-	-	-	-	-	-	-
Provision	7	1 450	7 359	11 444	1 402	1 402	1 402	11 444	11 911	12 463	13 134
Long term portion of trade payables											
Other non-current liabilities											
Total non current liabilities		1 450	7 359	11 444	1 402	1 402	1 402	11 444	11 911	12 463	13 134
TOTAL LIABILITIES		264 616	418 647	440 758	239 648	275 793	275 793	387 924	367 997	382 889	401 341
NET ASSETS		113 546	(62 462)	(94 292)	(26 946)	17 024	17 024	58 964	(41 331)	(86 017)	198 861
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	129 954	162 876	145 568	(16 636)	28 050	28 050	143 679	(41 630)	(86 013)	199 169
Reserves and funds	9	-	-	-	-	-	-	-	-	-	-
Other											
TOTAL COMMUNITY WEALTH/EQUITY	10	129 954	162 876	145 568	(16 636)	28 050	28 050	143 679	(41 630)	(86 013)	199 169

Table A7 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NC093 Magareng - Table A7 Budgeted Cash Flows

Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	-	4 312	4 312	4 312	6 157	4 874	5 090	5 329
Service charges		-	-	-	15 509	15 547	15 547	23 718	20 261	20 955	21 940
Other revenue		-	-	-	238 520	231 217	231 217	(1 045)	786	819	859
Transfers and Subsidies - Operational	1	-	-	-	64 964	65 964	65 964	56 640	68 488	69 487	69 431
Transfers and Subsidies - Capital	1	-	-	-	23 612	47 388	47 388	27 612	54 967	14 913	14 690
Interest		-	-	-	3 122	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		-	-	-	(74 437)	(14 516)	(14 516)	(105 560)	123 554	88 479	91 175
Interest		-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	275 601	349 912	349 912	7 522	272 930	199 743	203 423
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		1	(1)	-	1	-	-	-	1	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		-	-	-	(23 612)	(47 388)	(47 388)	(14 149)	(52 257)	(15 217)	(15 009)
NET CASH FROM/(USED) INVESTING ACTIVITIES		1	(1)	-	(23 611)	(47 388)	(47 388)	(14 149)	(52 256)	(15 217)	(15 009)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	331	331	331	16	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	331	331	331	16	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		1	(1)	-	252 321	302 854	302 854	(6 612)	220 674	184 526	188 415
Cash/cash equivalents at the year begin:	2	577	211	6 674	577	577	577	-	(1 171)	219 503	404 029
Cash/cash equivalents at the year end:	2	578	210	6 674	252 898	303 431	303 431	(6 612)	219 503	404 029	592 444

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

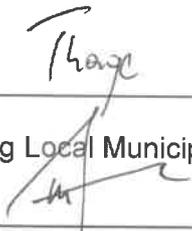
Description	Ref	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
Cash and investments available											
Cash/cash equivalents at the year end	1	578	210	6 674	252 898	303 431	303 431	(6 612)	219 503	404 029	592 444
Other current investments > 90 days		(365)	(80 259)	(102 902)	(444 750)	(438 945)	(438 945)	6 066	(358 061)	(552 589)	(456 946)
Non current Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		213	(80 049)	(96 228)	(191 852)	(135 514)	(135 514)	(546)	(138 558)	(148 560)	135 498
Application of cash and investments											
Unspent conditional transfers		21 142	17 296	15 920	13 273	13 273	13 273	22 398	(264)	(712)	(219)
Unspent borrowing											
Statutory requirements	2										
Other working capital requirements	3	215 222	365 068	380 148	135 087	173 009	173 009	236 284	283 791	295 266	308 672
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		236 364	382 365	396 068	148 360	186 281	186 281	258 682	283 527	294 554	308 453
Surplus(shortfall)		(236 152)	(462 414)	(492 297)	(340 212)	(321 795)	(321 795)	(259 228)	(422 085)	(443 114)	(172 955)

Municipal manager's quality certificate

I Tumelo Thage....., 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 Final budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name Tumelo Thage

Municipal manager of Magareng Local Municipality

Signature 

Date 30 MAY 2023