



2024/25 MTREF DRAFT BUDGET SUMMARY

Total revenue budget is projected at R424 million which is inclusive of capital transfers of R79 million from the Municipal Infrastructure Grant (MIG); Integrated National Electrification Programme (INEP) and the department of Sports; Arts and Culture. The total budgeted operating revenue totals to R345 million which indicates an increase of R15 million for the 2024/25 financial year when compared to the 2023/24 budget.

Total operating expenditure for the 2024/25 financial year has been appropriated at R355 million, which indicates a deficit of R12,5 million. The deficit is inclusive of depreciation and debt Impairment of R38 million and R5 million respectively these non-cash items must be funded as per the National Treasury MFMA circular 115, the funding attached to the depreciation of assets is utilised as an asset's replacement reserve. These reserves will be utilised to replace assets at the end of their various useful life.

The capital expenditure budget is projected at R82 million for the 2024/25 which is made up of R62.6 million from Municipal Infrastructure Grant; R6.7 million from the Integrated National Electrification Programme; R10 million from the Department of Sports, Arts and Culture; R65 000 from the Library Grant and R3 million from Own funding. The municipality has decreased capital expenditure from own funds due to depleting reserves.

OPERATING REVENUE

Description	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
R thousand	Original Budget	Adjusted Budget	Total YTD Actual	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<u>Revenue By Source</u>							
Property rates	(44,172)	(44,172)	(29,301)	(14,872)	(44,172)	(46,292)	(48,607)
Service charges - electricity revenue	(6,055)	(6,055)	(2,346)	(3,709)	(1,944)	(2,046)	(2,153)
Service charges - water revenue	(1,148)	(1,148)	(604)	(544)	(1,870)	(1,964)	(2,066)
Service charges - sanitation revenue	(3,259)	(3,259)	(1,747)	(1,512)	(4,725)	(4,962)	(5,220)
Service charges - refuse revenue	(4,369)	(4,369)	(2,697)	(1,673)	(6,729)	(7,065)	(7,433)
Rental of facilities and equipment	(350)	(350)	(287)	(63)	(367)	(385)	(405)
Interest earned - external investments	(10,000)	(10,000)	(3,102)	(6,898)	(10,480)	(11,004)	(11,576)
Interest earned - outstanding debtors	(5,499)	(5,499)	(3,700)	(1,799)	(5,763)	(6,051)	(6,366)
Dividends received	–	–	–	–	–	–	–
Fines, penalties and forfeits	–	–	–	–	–	–	–
Licences and permits	–	–	–	–	–	–	–
Agency services	(250)	(250)	(36)	(214)	(400)	(420)	(442)
Transfers and subsidies	(254,670)	(254,190)	(187,332)	(67,038)	(267,422)	(264,574)	(255,326)
Other revenue	(1,111)	(1,111)	(830)	(280)	(1,730)	(1,817)	(1,911)
Gains	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	(330,883)	(330,403)	(231,982)	(98,601)	(345,602)	(346,581)	(341,504)

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

National Treasury continues to encourage municipalities to keep increases in rates tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases more than the upper boundary of the South African Reserve Bank's inflation target. The municipality increased the property rates tariff by 4% and increased refuse and sewer tariffs charges with 6%. The electricity will be increased by 12.72% as per NERSA guidelines and water tariff be 15%. Excessive increases are likely to be counterproductive resulting in higher levels of non-payment.

OPERATING EXPENDITURE

Description	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
R thousand	Original Budget	Adjusted Budget	Total YTD Actual	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<u>Expenditure By Type</u>							
Employee related costs	134,368	133,144	73,710	59,434	142,464	149,302	156,767
Remuneration of councillors	23,279	23,279	14,829	8,449	24,908	26,104	27,409
Bulk purchases - electricity	5,500	9,606	3,564	6,042	7,256	7,547	7,864
Inventory consumed	7,985	7,937	6,341	1,596	8,050	8,372	8,724
Debt impairment	5,500	5,500	–	5,500	5,000	5,200	5,500
Depreciation and amortisation	36,500	36,354	23,024	13,330	38,252	39,782	41,453
Interest	635	635	51	584	400	416	433
Other Materials	21,265	21,965	18,484	3,480	10,770	11,201	11,671
Contracted services	46,651	48,179	37,595	10,584	53,380	55,515	57,847
Transfers and subsidies	1,000	1,000	109	891	50	52	54
Irrecoverable debts written off	–	–	–	–	–	–	–
Operational costs	77,578	72,672	52,117	20,555	64,222	66,791	69,596
Losses on Disposal of Assets	–	–	–	–	–	–	–
Other Losses	–	–	–	–	–	–	–
Total Operating Expenditure	360,261	360,271	229,824	130,447	354,752	370,281	387,318

The total budgeted allocation for employee related costs for the 2024/25 financial year totals R 167 371 745 which equals 47% of the total operating expenditure.

The Salary and Wage Collective Agreement for the period 01 July 2021 to 30 June 2024 has come to an end and a new agreement is under consultation, which is anticipated to consider the current fiscal constraints faced by government.

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 considered in compiling the Municipality's budget.

The provision of debt impairment for the 2024/25 financial year equates to R5 000 000. While this expenditure is a non-cash flow item it informed the total cost associated with rendering the services of the municipality this relates to the amounts

that the municipality considers might not be recovered from the consumers due to non-payments of the services as well as the municipality's realistically anticipated revenues. Debt impairment budget was done based on prior period information i.e. prior audited financial statements however due to improved debt collection strategies improved collection rate in the current year and the appointment of the municipal debt collector it is expected that the final budget will possibly reflect a lower provision of debt impairment the budgeting for this line item will be reviewed will possibly significantly decrease the anticipated deficit.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R38 252 000 for the 2024/25 financial and equates to 11 per cent of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on finance leases; interests on landfill sites; interest on post-employment (current and non-current) and interest on overdue accounts. Finance charges make up one per cent (R400 000) of operating expenditure.

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

Other materials comprise of amongst others the purchase of fuel diesel materials for maintenance and cleaning materials. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure.

Contracted services are made up of business advisory (consultants); repairs and maintenance and catering.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

CAPITAL EXPENDITURE

DETAILED MIG CAPITAL PROJECTS EXPENDITURE

Description R thousand	2024/25 Medium Term Revenue & Expenditure Framework		
	Budget Year 2024/25	Budget Year 2025/26	Budget Year 2026/27
MUNICIPAL INFRASTRUCTURE GRANT - CAPITAL EXPENDITURE			
Construction of Extension 7 Access Road Phase 2	4,500	4,725	4,961
Construction of Kgomotso Access Road	4,135	4,342	4,559
Construction of Molelema Access Road	2,967	3,115	3,271
Construction of Picong Storm-water channel	2,920	3,066	3,219
High mast Light Phase 7	10,080	10,584	11,113
Construction of Seoding Access Road	11,450	12,023	12,624
Construction of Tlapeng 2 Access Road	10,456	10,979	11,528
Construction of Vaaltyn Access Road	10,250	10,763	11,301
Rietfontein Storm-water Phase 2	3,408	3,578	3,757
Closure of Pudimoe Landfill Sites	2,500	2,625	2,756
Total	62,666	65,799	69,089

DETAILED OWN FUNDING CAPITAL PROJECTS EXPENDITURE

Description R thousand	2024/25 Medium Term Revenue & Expenditure Framework		
	Budget Year 2024/25	Budget Year 2025/26	Budget Year 2026/27
INTERNNALY GENERATED FUNDS/OWN FUNDING - CAPITAL			
Computer Equipment	2,500	2,620	2,751
Office Furniture	100	105	110
Construction of Reivilo Pavement	–	–	–
Cleaning Machines for Halls	250	262	275
Machinery and Equipment: Other	150	157	165
Total	3,000	3,144	3,301

DETAILED INEP FUNDING CAPITAL PROJECTS EXPENDITURE

Description R thousand	2024/25 Medium Term Revenue & Expenditure Framework		
	Budget Year 2024/25	Budget Year 2025/26	Budget Year 2026/27
INEP - CAPITAL EXPENDITURE			
Household Electrification	5,200	–	–
	–	–	–
Upgrading of Transformers	1,500	–	–
Total	6,700	–	–

DETAILED DSAC FUNDING CAPITAL PROJECT EXPENDITURE

Description R thousand	2024/25 Medium Term Revenue & Expenditure Framework		
	Budget Year 2024/25	Budget Year 2025/26	Budget Year 2026/27
SPORTS; ARTS AND CULTURE			
Construction of Modimong Sports Facility	10,000	–	–
	–	–	–
Total	10,000	–	–

Capital expenditure funded by own funding amounts R3 million whereas R62 million relates to the Municipal Infrastructure Grant. The INEP will be implemented at Reivilo and DSAC will be implemented at Modimong for a Sports facility.

The municipality has identified capital needs which are both service delivery and administrative of nature, these should not be prioritized if they may hamper with efficient and effective service delivery.



MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, Andrew **Motlhaleitsemang Makuapane**, the Municipal Manager of **Greater Taung Local Municipality (NW394)** hereby certify that this Operating and Capital Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act (MFMA) and the regulations made under the Act and that the 2024/2025 Operating and Capital Budget and the MTREF and supporting documents are consistent with the Integrated Development Plan (IDP) of the Municipality.

Signature: _____

Date : _____