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Musina Local Municipality

2024/25 FINAL MTREF BUDGET



## MUSINA LOCAL MUNICIPALITY BUDGET NARRATIVE REPORT 2024/25



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## **ABBREVIATION**

**MFMA**-Municipal Finance Management Act 56 of 2003

**MBRR**-Municipal Budget and Reporting Regulations

**MTREF**-Medium Term Revenue and Expenditure Framework

**EPWP**-Expanded Public Works Programme

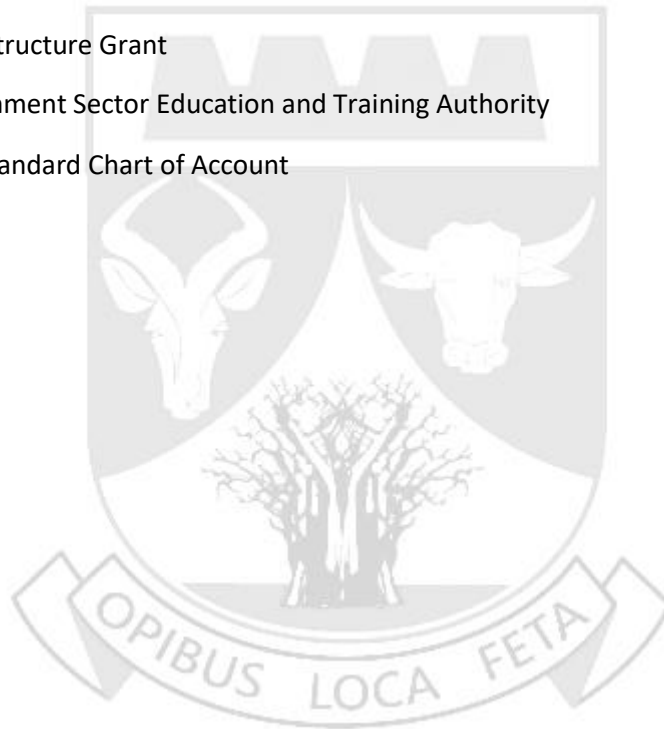
**FMG**-Finance Management Grant

**INEP**-Integrated National Electricity Program

**MIG**-Municipal Infrastructure Grant

**LGSETA**- Local Government Sector Education and Training Authority

**Mscoa** – Municipal Standard Chart of Account





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## MAYORS REPORT

See as a separate attached Final budget speech as by His Worship Mayor of Musina Local Municipality, Councillor Nkhanedzeni Godfrey Mawela

## DEPARTMENTAL BUDGET BY MAJOR VOTE

Executive and Council: **R 10 254 Million**

Financial and Administration: **R 243 652 Million**

Community and Public Safety: **R 240 244 Million**

Economic and Environmental Services: **R 8 774 Million**

Trading Services: **R 81 686 Million**

**GRAND TOTAL OF THE FINAL BUDGET: R 585 607 Million**

GRANTS ARE AS PER DORA ALLOCATION:

Equitable Share: **R 229 123 Million**

FMG: **R 3 Million**

EPWP: **R 1 975 Million**

MIG: **R 33 559 Million**

GRAND TOTAL OF THE GRANTS;

- Operational Grants: **R234 098 Million**
- Capital Projects (MIG): **R 33 559 Million**
- Own Funding: **R 67 731 Million**

Council Resolution and Quality Certificate for the 2024/25 Final Budget attached.



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## **MULTI-YEAR BUDGET 2024/25 – 2025/26 – 2026/27**

### **Report of the Chief Financial Officer**

#### **Purpose**

The purpose of the report is to present the final budget Multi-year Budget 2024/25 – 2026/2027 to Council for approval.

#### **Background**

The IDP/Budget Process Plan to review the 2024/25 IDP/Budget was adopted on 30 August 2023 in terms of the provision of the Municipal Finance Management Act. The process plan outlines the key deadlines for the preparation, approval of the annual budget.

#### **Discussion**

##### **Section 16 of the Municipal Finance Management Act stipulates the following:**

- (a) The Council of a municipality must for each financial year approve an annual budget for the In order for a municipality to comply with subsection (1), the Mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

##### **Section 24 further stipulates that the Council must at least 30 days before the start of the budget year consider approval of the annual budget. Municipality before the start of that financial year.**

This 2024/25 MTREF Budget places emphasis on inclusive growth, as well as a progressive programme of capital expenditures. The MTREF Budget also relies on practice of good governance and a public ethic that values honesty and fairness. If we act together, on these principles, as public representatives, civil servants, business people, youth, workers and citizens, we can overcome the challenges of tough economic times and difficult adjustments. National Treasury's MFMA Circular No.128 was used to guide the compilation of the 2024/25 MTREF. In addition, this budget format and content incorporates the requirements of the Municipal Budget and Reporting Regulations.

##### **The following final budget PRINCIPLES were applied in formulating the medium term budget:**

- Realistic and achievable collection rates.
- Sustainable, affordable, realistic and balanced budget
- Major tariffs to be cost reflective, realistic and affordable
- Budget to contribute to achieving strategic objectives of the IDP
- Balancing capital expenditure for social, economic, rehabilitation and support.
- Income/ revenue driven budget: affordability i.e. if funds do not materialise, review expenditure.

In this MTREF we have ensured that we eradicate non-priority spending and reprioritise expenditure to focus on core infrastructure and service delivery.



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2024/25 FINAL MTREF BUDGET

The main **CHALLENGES** experienced during the compilation of the Final Budget 2024/2025 MTREF are as follows:

- The ongoing difficulties in the national and local economy;
- Huge backlogs and further demands due to urbanization.
- Economic slowdown & unemployment: impacts on collection rates
- Limited available own funding to fund much needed infrastructure

The following are some of the **SEVERITY MEASURES** that will be applied to the 2024/25 medium term budgets, in order conform to National Treasury cost containment guidelines.

- Strategic approach to vacancies. Analysis of vacancies carried out.(to avoid ballooning of the organogram) we only budgeted for strategic positions and service delivery human capital as the town grows
- Adherence to staff regulations and the filling up of critical vacancies
- Fuel, Overtime, Travelling, Catering, and consultants are some of the costs that are closely monitored.

## OVERVIEW OF THE FINAL BUDGET 2024\_2025 MTREF

Total budget for the 2024/2025 financial year is **R 585 609 Million** made up of an operating budget of **R517 879 Million** and a capital budget of **R 33 559 Million**. The focus of this budget will be directed to the key areas in line with our promises to improve the lives of our people. Ensuring good governance in the City and ensuring the effective use of public funds and enhance accountability

The following assumptions were taken into account during the compilation of MTREF budget:

### 1. Revenue: Tariff increases:

- **Electricity:** Bulk Purchase is expected to be 15% (as per circular 126 point 3.11). in the meanwhile we are awaiting the increase of between 10% to 15% for service charges and distribution approval by NERSA is awaited
- **Waste Removal:** charges proposed to increase by 6.0 %.
- **Assessment rates:** charges proposed to increase by 6.0 %

The municipality will embark on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers and to ensure that all revenue due is billed correctly and collected efficiently.

### 2. Expenditure increases

- **Electricity bulk purchases** have been increased by 15.1% in line with National Treasury's inflation forecasts.



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## Musina Local Municipality

## 2024/25 FINAL MTREF BUDGET

- **Salaries and allowances** have been increased by 4.9% subject to agreement at South African Local Government Bargaining Council.
- **Other Materials** and **Other expenses** will increase at rate CPIX

### The following are general contributory factors for the increase in levels of rates and service charges:

- The cost of bulk purchases.
- Cost of the social package to indigents.
- Salary increase with effect from 1 July 2024.

The cost pressures of the electricity bulk purchases tariffs continue to grow faster than the inflation rate. Given that these tariff increases are determined by the external bodies; the impacts they have on the municipality's tariff are largely outside the control of the Municipality. Furthermore, the adverse impacts of the current economic climate coupled with unfavourable external pressures on services, make tariff increases higher than the CPI levels inevitable.

### Indigent subsidies

Provision is made in the operating budget for the subsidizing of indigent households. This subsidy includes a free 5Kl of water, 100 units of electricity, a 100% subsidy for refuse removal and sewerage charges. A 100% rebate on assessment rates will also be given for Indigent households. The subsidy allowed, exceeds the National norm and stretches the affordability threshold of the municipality.

To qualify as indigents, the household income must not exceed **R3 900**, the policy is reviewed to also cater for the child headed families and the qualifying people with disability. During the current financial year, the municipality is providing free services to more **3577** indigent families at a cost of over **R6 Million**.

The municipality further grants 75% rebates to owners of residential properties who depend on pensions or social grants provided the household income does not exceed **R 3 900**.

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





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2024/25 FINAL MTREF BUDGET

In view of the aforementioned, the following tables are a consolidated overview of the 2024\_2025 medium-term Revenue and Expenditure Framework Operating revenue and expenditure by source:

LIM341 Musina - Table A1 Budget Summary										
Description	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	24 787	14 929	26 814	26 950	26 950	26 950	26 950	39 050	40 807	42 685
Service charges	156 127	167 485	166 687	176 127	181 030	181 030	181 030	204 273	213 599	223 522
Investment revenue	–	–	167	555	855	855	855	897	938	980
Transfer and subsidies - Operational	196 394	176 378	199 830	220 628	227 135	227 135	227 135	235 098	237 062	235 886
Other own revenue	20 205	18 027	387 181	106 608	106 608	106 608	106 608	106 292	67 501	73 739
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>397 513</b>	<b>376 819</b>	<b>780 678</b>	<b>530 868</b>	<b>542 578</b>	<b>542 578</b>	<b>542 578</b>	<b>585 610</b>	<b>559 908</b>	<b>576 812</b>
Employee costs	149 504	150 650	153 904	164 268	164 268	164 268	164 268	174 124	180 243	188 354
Remuneration of councillors	10 526	10 177	10 372	11 428	11 428	11 428	11 428	10 963	11 467	11 983
Depreciation and amortisation	30 139	32 650	39 249	34 000	34 000	34 000	34 000	35 316	36 941	38 603
Interest	2 682	1 070	1 235	525	525	525	525	1 800	1 800	1 800
Inventory consumed and bulk purchases	120 611	142 119	129 377	149 493	149 493	149 493	149 493	147 936	161 660	168 934
Transfers and subsidies	4 689	5 827	6 111	4 987	11 494	11 494	11 494	5 975	4 100	4 200
Other expenditure	87 292	108 679	96 915	120 167	107 231	107 231	107 231	139 956	149 637	152 783
<b>Total Expenditure</b>	<b>405 443</b>	<b>451 172</b>	<b>437 163</b>	<b>484 868</b>	<b>478 439</b>	<b>478 439</b>	<b>478 439</b>	<b>516 070</b>	<b>545 847</b>	<b>566 657</b>
<b>Surplus/(Deficit)</b>	<b>(7 930)</b>	<b>(74 353)</b>	<b>343 516</b>	<b>46 000</b>	<b>64 139</b>	<b>64 139</b>	<b>64 139</b>	<b>69 540</b>	<b>14 061</b>	<b>10 155</b>
Transfers and subsidies - capital (monetary allocations)	37 793	31 409	30 941	34 036	42 307	42 307	42 307	33 559	41 653	47 177
Transfers and subsidies - capital (in-kind)	–	17 541	16 744	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>29 863</b>	<b>(25 403)</b>	<b>391 200</b>	<b>80 036</b>	<b>106 446</b>	<b>106 446</b>	<b>106 446</b>	<b>103 099</b>	<b>55 714</b>	<b>57 332</b>
Share of Surplus/Deficit attributable to Associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>29 863</b>	<b>(25 403)</b>	<b>391 200</b>	<b>80 036</b>	<b>106 446</b>	<b>106 446</b>	<b>106 446</b>	<b>103 099</b>	<b>55 714</b>	<b>57 332</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>60 289</b>	<b>49 152</b>	<b>60 044</b>	<b>80 036</b>	<b>97 903</b>	<b>97 903</b>	<b>97 903</b>	<b>101 299</b>	<b>80 789</b>	<b>101 477</b>
Transfers recognised - capital	58 508	42 778	47 970	34 036	45 447	45 447	45 447	33 559	41 653	47 177
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	(891)	8 831	46 000	52 455	52 455	52 455	67 740	39 136	54 300
<b>Total sources of capital funds</b>	<b>58 508</b>	<b>41 887</b>	<b>56 801</b>	<b>80 036</b>	<b>97 903</b>	<b>97 903</b>	<b>97 903</b>	<b>101 299</b>	<b>80 789</b>	<b>101 477</b>
<b>Financial position</b>										
Total current assets	186 936	196 135	242 944	178 390	204 797	204 797	204 797	207 238	224 417	228 688
Total non current assets	560 933	575 252	653 663	547 831	565 697	565 697	565 697	719 646	763 144	1 039 299
Total current liabilities	627 829	640 084	376 561	81 891	91 483	91 483	91 483	168 005	169 549	177 090
Total non current liabilities	21 900	31 871	41 920	6 500	6 500	6 500	6 500	41 920	41 920	41 920
Community wealth/Equity	123 350	109 899	490 553	637 830	672 511	672 511	672 511	716 960	776 093	1 048 978
<b>Cash flows</b>										
Net cash from (used) operating	166 662	193 539	45 560	125 617	117 522	117 522	117 522	141 815	94 750	99 390
Net cash from (used) investing	(30 125)	(20 535)	(29 981)	(80 036)	(97 903)	(97 903)	(97 903)	(100 929)	(80 614)	(99 151)
Net cash from (used) financing	945	(7 666)	(437)	–	–	–	–	–	–	–
<b>Cash/cash equivalents at the year end</b>	<b>137 297</b>	<b>188 868</b>	<b>10 266</b>	<b>51 296</b>	<b>32 438</b>	<b>32 438</b>	<b>32 438</b>	<b>53 705</b>	<b>67 841</b>	<b>68 080</b>
<b>Cash backing/surplus reconciliation</b>										
Non current investments	–	5 579	10 107	9 000	13 987	13 987	13 987	52 305	52 305	52 305
Statutory requirements	(398 506)	(414 746)	(102 925)	82 816	84 078	84 078	84 078	27 394	42 211	39 276
<b>Balance - surplus (shortfall)</b>	<b>398 506</b>	<b>420 325</b>	<b>113 032</b>	<b>(73 816)</b>	<b>(70 091)</b>	<b>(70 091)</b>	<b>(70 091)</b>	<b>24 911</b>	<b>10 093</b>	<b>13 029</b>
<b>Asset management</b>										
Asset register summary (WDV)	560 933	575 252	642 932	537 100	554 966	554 966	554 966	708 915	752 413	1 028 568
Depreciation	28 519	29 173	30 844	34 000	34 000	34 000	34 000	35 316	36 941	38 603
Renewal and Upgrading of Existing Assets	–	18 742	20 827	18 171	13 737	13 737	13 737	–	–	–
Repairs and Maintenance	174	513	6 518	13 755	13 255	13 255	13 255	14 795	15 476	16 172
<b>Free services</b>										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	6 874	6 989	6 951
Revenue cost of free services provided	39	2 083	2 018	6 487	6 487	6 487	6 487	6 668	6 780	6 745
<b>Households below minimum service level</b>										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–



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For Musina 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 ;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 86 per cent 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);
- Achievement of full cost recovery of specific user charges especially in relation to electricity;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality





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2024/25 FINAL MTREF BUDGET

The following Final is a summary of the 2024\_2025MTREF (classified by main revenue source):

LIM341 Musina - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	##	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<b>Revenue</b>											
<b>Exchange Revenue</b>											
Service charges - Electricity	2	143 707	153 222	147 424	160 630	160 630	160 630	160 630	180 843	189 162	197 863
Service charges - Water	2	(0)	2	0	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	0	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	12 420	14 261	19 263	15 497	20 400	20 400	20 400	23 429	24 437	25 689
Sale of Goods and Rendering of Services		1 264	819	1 012	1 994	1 994	1 994	1 994	2 561	2 679	2 799
Agency services		-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		3 377	4 436	6 586	5 767	5 767	5 767	5 767	6 049	6 328	6 612
Interest earned from Current and Non Current Assets		-	-	167	555	855	855	855	897	938	980
Dividends		494	469	1 419	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		25	16	9	588	588	588	588	616	645	674
Licence and permits		-	-	-	-	-	-	-	-	-	-
Operational Revenue		8 206	8 217	324 485	91 618	91 618	91 618	91 618	90 099	50 564	56 039
<b>Non-Exchange Revenue</b>											
Property rates	2	24 787	14 929	26 814	26 950	26 950	26 950	26 950	39 050	40 807	42 685
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		4 841	5 147	5 815	4 075	4 075	4 075	4 075	4 275	4 472	4 673
Licences or permits		186	3 112	3 224	2 565	2 565	2 565	2 565	2 691	2 815	2 942
Transfer and subsidies - Operational		196 394	176 378	199 830	220 628	227 135	227 135	227 135	235 098	237 062	235 886
Interest		-	-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	(1 880)	(3 674)	-	-	-	-	-	-	-
Other Gains		1 810	(2 310)	48 305	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers)</b>		<b>397 513</b>	<b>376 819</b>	<b>780 678</b>	<b>530 868</b>	<b>542 578</b>	<b>542 578</b>	<b>542 578</b>	<b>585 610</b>	<b>559 908</b>	<b>576 812</b>

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 misrepresent the calculation of the operating surplus.

Operating Grants & Subsidies are the largest revenue source totalling R216 341 million in 2023/24 and increased in 2024/25 to **R 229 132 Million**.

Revenue generated from rates, services charges and operational grants forms a significant percentage of the revenue basket for the Municipality. This being the Second biggest source of revenue the Service charges revenues comprise more than 34.88 % of the total revenue mix. This increases to **R204 272 Million**, **R 213 598 Million** and **R 223 522 085 Million** in the respective financial years 2024/25 of the MTREF. This growth can be mainly attributed to the increased in sale of electricity that adds to revenue mix, which in turn is due to rapid increases in the Eskom tariffs.

Sale of Stands is the third largest source of revenue with 13.66 %, **R80 Million** which will be generated from the sale of 900 Rhino Ridged Stands.

The fourth and last revenue source is from revenue generated from Fines, Licences and permits, rental income, interest and other revenue such as grave yards fees, tender documents, and library fees etc.





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## Musina Local Municipality

## 2024/25 FINAL MTREF BUDGET

The following table is a high level summary of the 2024\_2025 budget and MTREF (classified per main type of operating expenditure):

### Summary of operating expenditure by standard classification item

<b>Expenditure</b>												
Employee related costs	2	149 504	150 650	153 904	164 268	164 268	164 268	164 268	174 124	180 243	188 354	
Remuneration of councillors		10 526	10 177	10 372	11 428	11 428	11 428	11 428	10 963	11 467	11 983	
Bulk purchases - electricity	2	116 844	137 919	126 092	144 815	144 815	144 815	144 815	142 145	155 696	162 703	
Inventory consumed	8	3 767	4 200	3 285	4 678	4 678	4 678	4 678	5 791	5 963	6 231	
Debt impairment	3	-	-	-	-	-	-	-	12 225	12 787	13 363	
Depreciation and amortisation		30 139	32 650	39 249	34 000	34 000	34 000	34 000	35 316	36 941	38 603	
Interest		2 682	1 070	1 235	525	525	525	525	1 800	1 800	1 800	
Contracted services		23 716	35 198	34 316	39 279	40 316	40 316	40 316	51 187	60 234	58 286	
Transfers and subsidies		4 689	5 827	6 111	4 987	11 494	11 494	11 494	5 975	4 100	4 200	
Irrecoverable debts written off		30 798	41 885	13 770	45 000	25 000	25 000	25 000	350	366	383	
Operational costs		32 777	31 596	48 829	35 888	41 916	41 916	41 916	76 194	76 249	80 751	
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-	
Other Losses		-	-	-	-	-	-	-	-	-	-	
<b>Total Expenditure</b>		<b>405 443</b>	<b>451 172</b>	<b>437 163</b>	<b>484 868</b>	<b>478 439</b>	<b>478 439</b>	<b>478 439</b>	<b>516 070</b>	<b>545 847</b>	<b>566 657</b>	
<b>Surplus(Deficit)</b>		<b>(7 930)</b>	<b>(74 353)</b>	<b>343 516</b>	<b>46 000</b>	<b>64 139</b>	<b>64 139</b>	<b>64 139</b>	<b>69 540</b>	<b>14 061</b>	<b>10 155</b>	
Transfers and subsidies - capital (monetary)	6	37 793	31 409	30 941	34 036	42 307	42 307	42 307	33 559	41 653	47 177	
Transfers and subsidies - capital (in-kind)	6	-	17 541	16 744	-	-	-	-	-	-	-	
<b>Surplus(Deficit) after capital transfers &amp; contributions</b>		<b>29 863</b>	<b>(25 403)</b>	<b>391 200</b>	<b>80 036</b>	<b>106 446</b>	<b>106 446</b>	<b>106 446</b>	<b>103 099</b>	<b>55 714</b>	<b>57 332</b>	
Income Tax		-	-	-	-	-	-	-	-	-	-	
<b>Surplus(Deficit) after income tax</b>		<b>29 863</b>	<b>(25 403)</b>	<b>391 200</b>	<b>80 036</b>	<b>106 446</b>	<b>106 446</b>	<b>106 446</b>	<b>103 099</b>	<b>55 714</b>	<b>57 332</b>	
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-	
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-	
<b>municipality</b>		<b>29 863</b>	<b>(25 403)</b>	<b>391 200</b>	<b>80 036</b>	<b>106 446</b>	<b>106 446</b>	<b>106 446</b>	<b>103 099</b>	<b>55 714</b>	<b>57 332</b>	
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-	
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-	
<b>Surplus(Deficit) for the year</b>	<b>1</b>	<b>29 863</b>	<b>(25 403)</b>	<b>391 200</b>	<b>80 036</b>	<b>106 446</b>	<b>106 446</b>	<b>106 446</b>	<b>103 099</b>	<b>55 714</b>	<b>57 332</b>	

The budgeted allocation for employee related costs for the 2024\_2025 financial year totals **R174 124 Million**, Salary increases have been factored into this budget at a percentage increase of 6 per cent for the 2024\_2025 for the MTREF.

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 Municipality's budget. **R 10 963 Million** was budget for 2024\_2025 MTREF.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total **R 35 316 Million** for the 2024\_2025 financial.

Finance charges consist primarily on payment of interest paid to service lease for machinery of computer equipment. The budget for 2024\_2025 financial year is **R 1 800 Million**.

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. Bulk purchases make up 27.44 percent with a budget of **R142 145 Million** of operating expenditure.





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## Musina Local Municipality

## 2024/25 FINAL MTREF BUDGET

In 2023/24 financial year then adjusted budget for Contracted Services was **R42,3 Million** and 2024\_2025 anticipated to be **R 51,1 Million** . The following table will illustrate what is budgeted for in this Item. Dumping Site and Security Services are the Items biggest expenses.

Contractors, Consultants and Professional and Outsourced Services		
<b>Consultants</b>		
Administrative and Corporate Support:Administrative and Corporate support	Business and Advisory: Research and Advisory	110 000.00
Asset Management:Asset Management	Business and Advisory: Accounting and Auditing	400 000.00
Budget and Treasury Office: Budget and Treasury	Business and Advisory: Quality Control	500 000.00
Core Function:Finance	Business and Advisory: Quality ControlNew	4 626 449.00
Economic Development/Planning:Economic Development and Planning	consultant and professional	200 000.00
Governance Function:Governance	Business and Advisory: Audit Committee New	308 000.00
Human Resources:Human Resources	Business and Advisory: Medical Examinations	1 800 000.00
Human Resources:Human Resources	Business and Advisory: Occupational Health and Safety	83 920.00
Human Resources:Human Resources	Business and Advisory: Organisational	100 000.00
Information Technology:Information Technology	Business and Advisory: Business and Financial Management	5 799 999.96
Legal Services:Legal Services	Business and Advisory: Valuer and Assessors	1 100 000.00
Legal Services:Legal Services	Legal Cost: Legal Advice and Litigation	1 850 000.00
Licensing and Regulation:Licensing and Regulation	Business and Advisory: Quality Control	83 000.00
<b>Contractor</b>		
Roads:Roads	Contractors: Maintenance of Equipment	120 000.00
Asset Management:Stores	Contractors: Maintenance of Unspecified Assets	1 200 000.00
Core Function:Finance	Contractors:Catering Services	100 000.00
Economic Development/Planning:Economic Development and Planning	Contractors:Catering Services	40 000.00
Disaster Management:Disaster Management	Catering	400 000.00
Core Function:Police Forces Traffic and Street Parking Control	Maintenance of vehicles-new	25 000.00
Economic Development/Planning:Technical Services	Maintenance of Municipal Buildings Use	1 200 000.00
Economic Development/Planning:Technical Services	Maintenance of Equipment Use	650 000.00
Fleet Management:Fleet Management	Maintenance of Vehicles Use	750 000.00
Information Technology:Information Technology	Contractors:Maintenance of Equipment	560 400.00
Mayor and Council:Mayor and Council	Contractors: Catering Services New	750 000.00
Municipal Manager Town Secretary and Chief Executive:Municipal Manage and To	Contractors:Catering Services	100 000.00
Roads:Roads	Maintenance of Roads use	1 640 202.00
Administrative and Corporate Support:Administrative and Corporate support	Contractors:Maintenance of Equipment	3 000 000.00
Mayor and Council:Mayor and Council	Burial of paupers	300 000.00
Corporate Wide Strategic Planning (IDPs LEDs):Communication	Catering	35 000.00
Museums and Art Galleries	Catering	35 000.00
Economic Development/Human Settlement	Contractors:Catering Services	40 000.00
<b>Outsourced</b>		
Police Forces Traffic and Street Parking Control:Parking Control	Outsourced Services:Drivers Licence Cards	480 000.00
Security Services:Security Services	Outsourced Services: Security Services	15 000 000.00
Solid Waste Disposal (Landfill Sites):Solid Waste Disposal	Dumping Site Maintenance	7 800 000.00
		51 186 970.00

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. Printing and stationary, subsistence and travelling, attending of conferences and workshops have significantly been upwards. Other expenditure makes up **15.06** percent with a budget of **R 77 994 Million** of operating expenditure.

**See Table below for breakdown of other expenditure.**





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## Musina Local Municipality

## 2024/25 FINAL MTREF BUDGET

Advertising Publicity and Marketing: Corporate and Municipal	235 731.28
Seminars Conferences Workshops and Events: National	530 000.00
Own Transport	100 000.00
Seminars Conferences Workshops and Events: National	50 000.00
GRAP Training	1 510 622.00
Expenditure: Operational Cost: Printing Publications and Boo	600 000.00
Seminars Conferences Workshops and Events: National	100 000.00
Operational Lease Machinery and Equipment	170 000.00
Advertising Publicity and Marketing: Corporate and Municipal	50 000.00
Bank Admin Fees	503 276.00
Communication: Postage/Stamps/Franking Machines	300 000.00
Communication: Telephone Fax Telegraph and Telex	500 000.00
Expenditure: Operational Cost: External Audit Fees	4 800 000.00
Expenditure: Operational Cost: Indigent Relief	5 500 000.00
Insurance Underwriting: Premiums	9 000 000.00
Domestic: Accommodation	450 000.00
Domestic: Daily Allowance	75 000.00
Domestic: Incidental Cost	7 500.00
Public Transport: Air Transport	150 000.00
Transport without Operator: Car Rental	25 000.00
Transport without Operator: Own Transport	400 000.00
Daily Allowance	33 000.00
Bank Charges Facility and Card Fees:Bank Accounts	582 000.00
Seminars Conferences Workshops and Events NationalNew	600 000.00
Toll gate fees	15 000.00
Fuel-new	4 800 000.00
Advertising Publicity and Marketing: Corporate and Municipal	60 000.00
Advertising Publicity and Marketing: Municipal Newsletters	60 000.00
Advertising Publicity and Marketing: Signs	800 000.00
Communication: SMS Bulk Message Service	240 000.00
Communication: Telephone Fax Telegraph and Telex	37 200.00
Expenditure: Operational Cost: Printing Publications and Boo	28 000.00
Seminars Conferences Workshops and Events: National	40 000.00
Advertising Publicity and Marketing: Corporate and Municipal	110 000.00
Mayors Social Responsibility	50 000.00
Seminars Conferences Workshops and Events: National	40 000.00
Seminars Conferences Workshops and Events: National	850 000.00
Domestic: Accommodation	100 000.00
Membership Fees	5 000.00
Conference and Convention	60 000.00



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## 2024/25 FINAL MTREF BUDGET

Toll gate fees-new	16 000.00
Domestic: Daily Allowance	85 000.00
S&T Daily Allowance	50 000.00
Expenditure: Operational Cost: Printing Publications and Boo	3 500.00
Flights	120 000.00
Domestic: Daily Allowance New	3 200.00
Operating Lease Land-new	82 000.00
Operating Lease Land	30 000.00
Training of BTO Management and Staff	60 000.00
Training Accomodation inc S and T	50 000.00
Licences: Motor Vehicle Licence and Registrations	300 000.00
Transport without Operator: Own Transport	250 000.00
Communication: Telephone Fax Telegraph and Telex New	38 000.00
Expenditure: Operational Cost: Printing Publications and Boo	3 000.00
Expenditure: Operational Cost: Professional Bodies Membershi	32 000.00
Transport without Operator: Own Transport New	50 000.00
Seminars Conferences Workshops and Events: National New	18 000.00
Domestic: Daily Allowance New	6 000.00
Transport without Operator: Own Transport New	12 000.00
Registration Fees:Professional and Regulatory Bodies	9 100.00
Advertising Publicity and Marketing: Bursaries (Non-employee	1 100 000.00
Seminars Conferences Workshops and Events:National	200 000.00
Domestic: Accommodation	90 000.00
Domestic: Daily Allowance	147 739.00
Transport without Operator:Own Transport	162 429.00
Expenditure: Operational Cost: Uniform and Protective Clothi	8 700 000.00
Operating lease DIDO	1 800 000.00
Communication: Telephone Fax Telegraph and Telex	1 000 000.00
External Computer Service: Information Services	3 338 457.00
External Computer Service: Software Licences	2 400 000.00
Domestic: Daily Allowance	3 000.00
Communication: Postage/Stamps/Frinking Machines	40 000.00
Expenditure: Operational Cost: Printing Publications and Boo	170 000.00
Domestic: Accommodation	50 000.00
Domestic: Incidental Cost	4 000.00
Advertising Publicity and Marketing: Corporate and Municipal	37 783.00
Mayor's Car wash	3 805.00
Daily Allowance	20 315.00
Own Transport	53 046.00





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## 2024/25 FINAL MTREF BUDGET

Entertainment MAYOR-new	71 013.00
Toll gate fees	50 000.00
S&T Accomodation	455 000.00
S&T Flights	20 000.00
S&T Car Rental	771 368.00
Operating Leases:Community Assets	50 000.00
Property rental	43 000.00
Expenditure: Operating Leases: Machinery and Equipment	99 000.00
Communication: Postage/Stamps/Franking Machines	2 000.00
Communication: Telephone Fax Telegraph and Telex	2 062 265.00
Entertainment: Councillors	5 000.00
Bursaries	1 800 000.00
Seminars Conferences Workshops and Events: National	107 614.00
Expenditure: Operational Cost: Workmen's Compensation Fund	1 800 000.00
Transport Provided as Part of Departmental Activities: Munic	1 995 407.75
Domestic: Accommodation	1 419 716.00
Domestic: Daily Allowance	539 556.00
Rental of Equipment and Machinery	100 000.00
Domestic: Incidental Cost New	15 023.00
Transport without Operator: Car Rental New	2 255 462.00
Public Transport: Air Transport	261 345.00
Public Transport: Air Transport	200 000.00
Seminars Conferences Workshops and Events: National	150 000.00
Membership Fees -SALGA	2 646 944.81
Ward Committe stipends	2 500 000.00
Communication: Telephone Fax Telegraph and Telex	57 000.00
Expenditure: Operational Cost: Printing Publications and Boo	234 000.00
Expenditure: Operational Cost: Signage	200 000.00
Domestic: Daily Allowance	60 000.00
Domestic: Incidental Cost	60 000.00
Transport without Operator: Own Transport	320 000.00
Operational Cost: Printing Publications and Books RD	15 000.00
Expenditure: Operational Cost: Printing Publications and Boo	130 000.00
Seminars Conferences Workshops and Events: National	25 000.00
Domestic: Incidental Cost	15 000.00
Transport without Operator: Own Transport	230 000.00
Communication: Telephone Fax Telegraph and Telex	4 200.00
Advertising Publicity and Marketing: Corporate and Municipal	153 706.82
Communication: Postage/Stamps/Franking Machines New	141 854.17
Toll gate fees	3 000.00
Domestic: Daily Allowance	12 000.00
Communication: Telephone Fax Telegraph and Telex Use	143 053.18





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Musina Local Municipality

2024/25 FINAL MTREF BUDGET

Domestic: Incidental Cost	3 000.00
Transport without Operator: Own Transport	155 000.00
Expenditure: Operational Cost: Printing Publications and Boo Use	5 245.00
Seminars Conferences Workshops and Events: National New	107 878.00
Fuel-new	68 074.86
Expenditure: Operational Cost: Municipal Services	255 081.00
Seminars Conferences Workshops and Events: National	100 000.00
Awareness Campaings	30 000.00
Seminars Conferences Workshops and Events: National	40 000.00
Domestic: Accommodation	40 000.00
Domestic: Accommodation	60 000.00
Transport	100 000.00
Expenditure: Operational Cost: Printing Publications and Boo Use	40 000.00
Seminars Conferences Workshops and Events: National New	20 000.00
Domestic: Accommodation New	50 000.00
Domestic: Daily Allowance New	3 000.00
Domestic: Incidental Cost New	2 000.00
Public Transport: Air Transport New	5 000.00
Transport without Operator: Car Rental New	6 000.00
Transport without Operator: Own Transport use	6 000.00
Transport without Operator: Own Transport use	146 000.00
Toll Gates Fees	3 000.00
Transport without Operator: Own Transport use	205 439.00
Communication: Telephone Fax Telegraph and Telex	9 783.39
Operational Cost:Printing; Publications and Books	30 000.00
Registration Fees:Professional and Regulatory Bodies	9 100.00
Seminars; Conferences; Workshops and Events:National	200 000.00
Domestic: Accommodation	90 000.00
Domestic: Daily Allowance	147 738.99
Transport without Operator: Own Transport	162 428.72
Domestic: Accommodation	50 000.00
Domestic: Daily Allowance	50 000.00
Transport without Operator: Own Transport	40 000.00
Toll Gates Fees	15 000.00
Seminars Conferences Workshops and Events: National New	300 000.00
Toll Gates Fees	10 000.00
Skills Development Training	65 000.00
Advertising	35 000.00
	77 994 000.00



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## Musina Local Municipality

## 2024/25 FINAL MTREF BUDGET

LIM341 Musina - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	###	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
₹ thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		1 781	7 265	4 350	4 300	9 250	9 250	9 250	27 049	22 436	39 540
Executive and council		-	6 050	1 115	-	-	-	-	-	-	-
Finance and administration		1 781	1 215	3 235	4 300	9 250	9 250	9 250	27 049	22 436	39 540
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	9 676	4 090	1 780	1 780	1 780	1 780	-	-	-
Community and social services		-	3 643	4 083	-	-	-	-	-	-	-
Sport and recreation		-	6 033	-	-	-	-	-	-	-	-
Public safety		-	-	8	1 780	1 780	1 780	1 780	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		32 594	31 295	46 788	31 456	48 434	48 434	48 434	45 400	40 303	21 822
Planning and development		32 594	25 528	25 304	8 765	19 697	19 697	19 697	32 140	35 053	16 462
Road transport		-	5 767	21 483	22 691	28 736	28 736	28 736	13 260	5 250	5 360
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		25 914	916	4 816	42 500	38 439	38 439	38 439	28 850	18 050	40 115
Energy sources		2 363	916	4 816	35 000	29 608	29 608	29 608	26 200	17 250	24 894
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		23 551	0	-	7 500	8 831	8 831	8 831	2 650	800	15 221
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	60 289	49 152	60 044	80 036	97 903	97 903	97 903	101 299	80 789	101 477
<b>Funded by:</b>											
National Government		56 145	42 348	47 970	34 036	45 447	45 447	45 447	33 559	41 653	47 177
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		2 363	430	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	58 508	42 778	47 970	34 036	45 447	45 447	45 447	33 559	41 653	47 177
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		-	(891)	8 831	46 000	52 455	52 455	52 455	67 740	39 136	54 300
<b>Total Capital Funding</b>	7	58 508	41 887	56 801	80 036	97 903	97 903	97 903	101 299	80 789	101 477

## Capital Budget

The capital budget flows from the IDP process and contains information obtained from relevant stakeholders through extensive public participation processes as well as ward committee processes where applicable.

Capital expenditure is budgeted is budget at **R 101 299 Million** with MIG allocation of **R 33 559 Million** and **R 67 740 Million** for Own Capital Projects for the 2024/25. The capital budget continues to reflect consistent efforts to address backlogs in basic services and the renewal of the infrastructure of existing network services.



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Musina Local Municipality

2024/25 FINAL MTREF BUDGET

The following project will be covered with the **MIG allocation** budget:

<b>MIG Projects</b>		
PMU	Road Shakadza street paving ward 11	6 000 000.00
PMU	Construction of bridge at Tshikotoni	6 000 000.00
PMU	Masisi Street Paving Phase 1	9 180 700.00
PMU	Paving of Nancefield ext 9 and 10 phase 3	6 000 000.00
PMU	Paving of Nancefield phase 6 and 12	2 681 053.30
PMU	PMU Admin Fees	1 677 950.00
Waste Management	Waste removal trucks	2 019 297.70
		<b>33 559 001.00</b>

### Own funding Capital projects

<b>FINAL CAPITAL BUDGET 2024/2025</b>		
	<b>2024/2025 CAPITAL</b>	
<b>DEPARTMENT</b>	<b>DESCRIPTION</b>	<b>2024/25</b>
<b>Own Funded Projects</b>		
<b>Corporate Services</b>		
Administrative and Corporate	Purchase of furniture	2 200 000
Legal Services	Gazette and promulgate By Laws	200 000
Legal Services	Development and Review By Laws	120 000
Human Resources	Organisational strategy and re-engineering	450 000
Human Resources	Fire exit plan alarm and detectors	1 300 000
Human Resources	Shelving and Storing Capacity	180 000
Information Technology	Intergrated ICT Infrastructure	6 700 000
Information Technology	ICT infrastructure uninterrupted power supply unit	1 200 000
Information Technology	ITC business continuity plan development	350 000
Information Technology	Purchase of computer hardware	1 500 000
Records Management	Performance Management System	1 200 000
Records Management	Records Management System	1 900 000
Records Management	Storage Capacity for record and Archive	380 000
Records Management	Demarcation of Registry	400 000
		<b>18 080 000</b>
<b>Community Services</b>		
Waste Management	Heavy duty men propelled lawn mower	300 000
Waste Management	Skip Bins x12	400 000
Waste Management	Procurement of Tractors x1	950 000
Waste Management	Procurement of Bakkie	700 000
Disaster Management	Disaster response recovery and rehabilitation	2 000 000
Disaster Management	Coordination of Disaster Management Services	400 000
Traffic and Policing	Signage/signs/info/directions	200 000
Traffic and Policing	Road Block Trailer	300 000
		<b>5 250 000</b>
<b>Finance</b>		
Fleet Mangement	Pool Vehicles	2 000 000
Fleet Mangement	Branding of Vehicles and Bluelights	300 000
Finance	Appointmnet of Independent Reviewer	500 000
		<b>2 800 000</b>



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## Musina Local Municipality

## 2024/25 FINAL MTREF BUDGET

<b>Technical services</b>		
Civil Roads	Potholes repairs ward 2,3,4,5,6&12	390 000
Civil Roads	Culverts	1 200 000
Civil Roads	Construction of soil conservativon structures (gabions)	500 000
Civil Roads	Procurement of concrete mixer x1	100 000
Civil Roads	Procurement of 4Ton	850 000
Civil Roads	Procurement of air compressor jack hammer x1	100 000
Civil Roads	Procurement of plate compacter x1	120 000
Civil Roads	Design of eagles landing road	2 000 000
Civil Roads	Refurbishment of Nancefield building	8 000 000
Electricity	Enhancing security features of main office and old traffic office	10 000 000
Electricity	Electrification of Nancefield Rhino Ridge development	6 000 000
Electricity	Installation of LED light in Municipal building	250 000
Electricity	Installation of substation capacitor banks	3 000 000
Electricity	DTI roll over	1 000 000
Electricity	Installation of supervisory control and data acquisition	1 000 000
Electricity	Installation of pre paid metres	600 000
Electricity	Procurement of 200 kva phase standby generator set at workshop	550 000
Electricity	Procurement of 24 kv pressure tester x2	200 000
Electricity	Double Cab Bakkie x1	1 050 000
Electricity	Procurement of 200kva 3 phase generator	600 000
Electricity	Procurement of 2x 11 kv indoor switch gears	1 200 000
Electricity	Procurement of retic master similar design software	50 000
Electricity	Construction and equipment of messina substation guard house	700 000
Electricity	Construction and equiping of secure electrical bulk storage hanger	600 000
		<b>40 060 000</b>
<b>Economic Planning Development</b>		
LED	Development of LED strategy	200 000.00
LED	LED projects infrastructure development	850 000.00
Economic Planning Development	Re-surveying of 500 Nancefiled Stands	300 000.00
Economic Planning Development	Sub division of portion 39 of the farm messina 4MT	200 000.00
		<b>1 550 000.00</b>
<b>TOTAL OWN FUNDING</b>		<b>67 740 000.00</b>



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## Musina Local Municipality

## 2024/25 FINAL MTREF BUDGET

### Funding of Operating Budget

Funding is obtained from various sources, the major sources being service charges such as electricity, refuse collection, property rates, grants and subsidies received from National government.

LIM341 Musina - Table A6 Budgeted Financial Position

Description		##	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year	Budget Year +1	Budget Year +2
ASSETS												
Current assets												
Cash and cash equivalents			23 204	16 446	12 819	51 296	32 438	32 438	32 438	53 705	67 841	68 080
Trade and other receivables from exchange transactions	1		33 550	30 262	60 406	47 787	87 275	87 275	87 275	71 983	73 736	75 625
Receivables from non-exchange transactions	1		15 818	9 997	17 295	23 352	23 352	23 352	23 352	21 200	21 376	21 564
Current portion of non-current receivables			-	-	-	-	-	-	-	-	-	-
Inventory	2		31 288	29 361	25 664	24 688	30 466	30 466	30 466	25 852	25 852	25 852
VAT			83 076	110 149	126 801	31 267	31 267	31 267	31 267	34 499	35 612	37 567
Other current assets			-	(80)	(41)	-	-	-	-	-	-	-
Total current assets			186 936	196 135	242 944	178 390	204 797	204 797	204 797	207 238	224 417	228 688
Non current assets												
Investments			-	-	10 731	10 731	10 731	10 731	10 731	10 731	10 731	10 731
Investment property			173 984	156 564	203 449	169 854	169 854	169 854	169 854	203 449	203 449	203 449
Property, plant and equipment	3		386 875	418 356	439 037	367 005	384 871	384 871	384 871	502 015	536 813	803 372
Biological assets			-	-	-	-	-	-	-	-	-	-
Living and non-living resources			-	-	-	-	-	-	-	-	-	-
Heritage assets			65	65	65	65	65	65	65	65	65	65
Intangible assets	8		-	266	381	176	176	176	176	3 386	12 086	21 682
Trade and other receivables from exchange transactions			-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions			-	-	-	-	-	-	-	-	-	-
Other non-current assets			-	-	-	-	-	-	-	-	-	-
Total non current assets			560 933	575 252	653 663	547 831	565 697	565 697	565 697	719 646	763 144	1 039 299
TOTAL ASSETS			747 869	771 387	896 607	726 221	770 494	770 494	770 494	926 884	987 562	1 267 987
LIABILITIES												
Current liabilities												
Bank overdraft			338	513	483	-	-	-	-	-	-	-
Financial liabilities			594	(7 072)	362	437	437	437	437	362	362	362
Consumer deposits			4 804	5 108	5 269	5 084	5 084	5 084	5 084	5 232	5 232	5 232
Trade and other payables from exchange transactions	4		487 102	490 870	208 061	40 952	45 557	45 557	45 557	76 933	77 078	83 131
Trade and other payables from non-exchange transactions	5		-	5 579	10 107	9 000	13 987	13 987	13 987	52 305	52 305	52 305
Provision			22 741	22 481	29 736	-	-	-	-	2 532	2 532	2 532
VAT			93 127	100 855	122 208	26 419	26 419	26 419	26 419	30 641	32 040	33 528
Other current liabilities			19 123	21 750	335	-	-	-	-	-	-	-
Total current liabilities			627 829	640 084	376 561	81 891	91 483	91 483	91 483	168 005	169 549	177 090
Non current liabilities												
Financial liabilities	6		589	7 871	-	6 500	6 500	6 500	6 500	-	-	-
Provision	7		21 311	24 000	22 556	-	-	-	-	41 920	41 920	41 920
Long term portion of trade payables			-	-	-	-	-	-	-	-	-	-
Other non-current liabilities			-	-	19 364	-	-	-	-	-	-	-
Total non current liabilities			21 900	31 871	41 920	6 500	6 500	6 500	6 500	41 920	41 920	41 920
TOTAL LIABILITIES			649 729	671 955	418 481	88 391	97 983	97 983	97 983	209 925	211 468	219 010
NET ASSETS			98 140	99 432	478 126	637 830	672 511	672 511	672 511	716 960	776 093	1 048 978
COMMUNITY WEALTH/EQUITY												
Accumulated surplus/(deficit)	8		123 272	109 820	490 553	637 830	672 511	672 511	672 511	716 960	776 093	1 048 978
Reserves and funds	9		79	79	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY			123 350	109 899	490 553	637 830	672 511	672 511	672 511	716 960	776 093	1 048 978

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

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





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## Musina Local Municipality

## 2024/25 FINAL MTREF BUDGET

- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

LIM341 Musina - Table A7 Budgeted Cash Flows

Description	##	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year	Budget Year +1	Budget Year +2
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		-	-	-	25 037	25 037	25 037	25 037	35 145	36 727	38 416
Service charges		69 150	72 168	74 789	160 112	145 528	145 528	145 528	183 845	192 239	201 170
Other revenue		94 611	95 500	98 838	95 813	95 813	95 813	95 813	115 444	75 602	83 505
Transfers and Subsidies - Operational	1	3 943	129 975	4 756	215 641	227 135	227 135	227 135	235 098	237 062	235 886
Transfers and Subsidies - Capital	1	-	-	-	34 036	42 307	42 307	42 307	33 559	41 653	47 177
Interest		-	-	-	555	855	855	855	6 903	7 220	7 545
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(1 042)	(104 104)	(132 823)	(405 052)	(418 628)	(418 628)	(418 628)	(461 404)	(490 953)	(509 509)
Interest		-	-	-	(525)	(525)	(525)	(525)	(1 800)	(1 800)	(1 800)
Transfers and Subsidies	1	-	-	-	-	-	-	-	(4 975)	(3 000)	(3 000)
<b>NET CASH FROM(USED) OPERATING</b>		<b>166 662</b>	<b>193 539</b>	<b>45 560</b>	<b>125 617</b>	<b>117 522</b>	<b>117 522</b>	<b>117 522</b>	<b>141 815</b>	<b>94 750</b>	<b>99 390</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		1 936	1 991	1 525	-	-	-	-	-	-	-
VAT Control (receipts)		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	10 731	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		(32 061)	(22 525)	(42 237)	(80 036)	(97 903)	(97 903)	(97 903)	(100 929)	(80 614)	(99 151)
<b>NET CASH FROM(USED) INVESTING</b>	<b>A</b>	<b>(30 125)</b>	<b>(20 535)</b>	<b>(29 981)</b>	<b>(80 036)</b>	<b>(97 903)</b>	<b>(97 903)</b>	<b>(97 903)</b>	<b>(100 929)</b>	<b>(80 614)</b>	<b>(99 151)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of borrowing		945	(7 666)	(437)	-	-	-	-	-	-	-
<b>NET CASH FROM(USED) FINANCING</b>	<b>A</b>	<b>945</b>	<b>(7 666)</b>	<b>(437)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE( DECREASE) IN CASH</b>		<b>137 481</b>	<b>165 338</b>	<b>15 143</b>	<b>45 581</b>	<b>19 619</b>	<b>19 619</b>	<b>19 619</b>	<b>40 886</b>	<b>14 136</b>	<b>240</b>
Cash/cash equivalents at the year begin:	2	(185)	23 530	(4 877)	5 715	12 819	12 819	12 819	12 819	53 705	67 841
Cash/cash equivalents at the year end:	2	137 297	188 868	10 266	51 296	32 438	32 438	32 438	53 705	67 841	68 080





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## Musina Local Municipality

## 2024/25 FINAL MTREF BUDGET

Municipalities play a critical role in furthering government's objective of providing services to all. Cities are also driving South Africa's growth and development. However, to play these roles, cities need to be supported and funded. Local Government conditional grants are being reformed to provide targeted support to different types of municipalities.

The following projected grant allocations to the municipality in terms of the 2024/25 Division of Revenue Bill have been included in this medium term budget.

### Operating Transfers and Grant Receipts:

LIM341 Musina - Supporting Table SA18 Transfers and grant receipts										
Description	###	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		186 594	175 443	194 767	220 628	232 122	214 355	235 098	237 062	235 886
Expanded Public Works Programme Integrated Grant		–	–	–	1 287	6 274	–	1 975	–	–
Infrastructure Skills Development Grant		–	–	–	–	6 507	–	1 000	1 100	1 200
Local Government Financial Management Grant		–	–	–	3 000	3 000	–	3 000	3 000	3 000
Municipal Infrastructure Grant		(4 372)	5 579	974	–	–	–	–	–	–
Equitable Share		190 966	169 864	193 793	216 341	216 341	214 355	229 123	232 962	231 686
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	186 594	175 443	194 767	220 628	232 122	214 355	235 098	237 062	235 886
<u>Capital Transfers and Grants</u>										
National Government:		–	–	3 554	34 036	42 307	–	33 559	41 653	47 177
Municipal Disaster Relief Grant		–	–	3 554	–	10 547	–	–	–	–
Municipal Infrastructure Grant		–	–	–	34 036	31 760	–	33 559	35 053	37 833
Integrated National Electrification Programme Grant		–	–	–	–	–	–	–	6 600	9 344
Provincial Government:		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	–	–	3 554	34 036	42 307	–	33 559	41 653	47 177
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	186 594	175 443	198 321	254 664	274 429	214 355	268 657	278 715	283 063

### Capital Infrastructure Grants Allocation for 2024/25 Financial Year

The capital budget is directly informed by the needs submitted by the community through the IDP process. The ability of the Municipality to deliver services depends greatly on its funding sources, own resources. For the 2024/25 financial year, the budgeted service delivery is summarised as follows:



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Musina Local Municipality

2024/25 FINAL MTREF BUDGET

LIM341 Musina - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand												
KPA 1 Basic Service Delivery and Infrastructure Development	KPA1: To initiate and improve the quantity and quality of municipal infrastructure Services			39 216	165 857	352 663	334 689	332 413	332 413	345 586	311 052	317 693
KPA 2 Good Governance and Public Participation	KPA2: To Deepen democracy and promote accountability			10 234	17 539	21 355	7 613	7 613	7 613	10 254	10 726	11 209
KPA 3 Municipal Transformation and Organisational Development	KPA3: To Increase Institutional Capacity, Efficiency and Effectiveness			23 121	15 512	25 814	26 991	26 991	26 991	39 094	40 853	42 732
KPA 4 Financial Viability and Management	KPA4: To enhance compliance with legislation and improve financial viability			348 345	212 088	362 679	178 562	189 972	189 972	205 558	221 598	234 378
KPA 5 Local Economic Development	KPA5: To create a conducive environment for sustainable economic growth			4 633	8 017	5 027	7 769	7 769	7 769	8 774	7 112	7 432
KPA 6 Social and Justice	KPA6: To improve Quality of life through social Development and provision of effective community services			9 756	6 756	60 826	9 280	20 127	20 127	9 903	10 220	10 545
Allocations to other priorities				2								
Total Revenue (excluding capital transfers and contributions)			1	435 305	425 769	828 364	564 904	584 885	584 885	619 169	601 561	623 989

## 2024/25-2025/2026 Service Delivery Impact of MTREF

To increase the number of household with access to basic services such as Water, Electricity, roads and Sanitation in predominantly rural areas while planning and implementing catalytic projects over the next few years which will create investment and employment opportunities, some of them will transform the town's landscape and growth patterns forever while cementing the Musina town.

### Job creation through the EPWP program

The Expanded Public Works Programme (EPWP) is a Nation-Wide Government Programme aimed at drawing significant numbers of unemployed into productive work, so that, they increase their capacity to earn an income.

Job creation and skills development remain the key priorities of the South African Government. The Expanded Public Works Programme (EPWP) is a programme initiated by the South African Government aimed at creating **4.5 Million** work opportunities by 2014. This programme is implemented by all spheres of government, across four (4) defined sectors, namely the Infrastructure, Social, Non-State and Environment and Culture sectors. The Programme's overall coordinator is the National Department of Public Works (DPW), as mandated by Cabinet.

The persistently high rate of unemployment in South Africa is one of the most pressing socio-economic challenges facing government and Musina Local Municipality is not immune to these challenges. High youth unemployment in particular means, young people are not acquiring the skills



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or experience needed to drive the economy forward. Therefore, job creation and skills development will remain the key priority of Musina Local Municipality and Government in general.

The municipality implements its capital program through the EPWP programme to improve creation of job opportunities.

## OVERVIEW OF ALIGNMENT OF FINAL BUDGET WITH IDP

Integrated Development Planning is a process through which municipalities prepare a strategic development plan which extends over a five-year period. The Integrated Development Plan (IDP) is a product of the IDP process. The IDP is the principal strategic planning instrument which guides and informs all planning, budgeting, management and decision-making processes in a municipality.

Integrated development planning necessitates the involvement of all relevant stakeholders. Musina municipality was able to:

- Identify its key development priorities;
- Formulate a clear vision, mission and values;
- Formulate appropriate strategies;

Develop the appropriate organizational structure and systems to realize the vision; and mission; and align resources with the development priorities.

All the planning within the Municipality should be guided by what the pillars want to achieve i.e.

- Economy;
- Environment;
- Governance;
- Living condition
- Mobility; and
- People.

## 2. KEY NATIONAL AND PROVINCIAL GUIDING DOCUMENTS

Section 24 (1) of the Municipal Systems Act 32 of 2000 requires that the planning undertaken by a municipality must be aligned with, and complement, the development plans and strategies of other affected municipalities and other organs of state so as to give effect to the principles of co-operative government contained in section 41 of the Constitution.

It must be noted that a variety of International, National and Provincial priorities and outcomes were considered during the strategic planning phase, namely: 2030 Goals for Sustainable Development,



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National Development Plan, Medium Term Strategic Framework (MTSF) 2014-2019 Priorities, Back to Basics, Limpopo Development Plan (LDP) 2015-2019 and the Local Government Manifesto 2016.

## OVERVIEW OF FINAL BUDGET RELATED POLICIES

The MFMA and the Municipal Budget and Reporting Regulations require budget related policies to be reviewed, and where applicable, to be updated on an annual basis. The main purpose of budget related policies is to govern and guide the budget process and inform the projections of the medium term.

The following are Final budget related policies which have been approved by Council, or have been reviewed /amended and / or are currently being reviewed / amended in line with National Guidelines and other legislation

### Cash Management and Investment Policy

The objectives of the Investment Policy are: -to manage the investments of the municipality in such a manner that it will not tie up the municipality's scarce resources required to improve the quality of life of the citizens; that sufficient cash resources are available to finance the capital and operating budgets of the municipality; and to gain the highest possible return on investments during periods when excess funds are not being used, without unnecessary risk.

### Leave Policy

To ensure that employees know their entitlement with regard to the allocation of leave, the responsibility to apply for leave in the prescribed manner(s) and for good governance of leave in the Musina Local Municipality.

### Integrated Customer Policy

The objective of this policy is to provide a policy framework for the circumstances under which deposit must be paid, the determination of the amount of the deposit that must be paid and the refund or forfeiture of deposit

### Assets Management Policy

The objective of this policy is to ensure the effective and efficient control of the municipality's assets through proper recording of assets from authorisation to acquisition and to subsequent disposal; providing for safeguarding procedures, setting proper guidelines as to authorised utilisation and prescribing for proper maintenance. To assist officials in understanding their legal and managerial responsibilities with regard to assets.



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### Budget and Virement Policy

- The budget and virement policy sets out the budgeting principles which Musina Municipality will follow in preparing each annual budget. The policy aims to give effect to the requirements and stipulations of the Municipal Finance Management Act in terms of the planning, preparation and approval of the annual budgets.
- The policy shall apply to all the relevant parties within the Musina Municipality that are involved throughout the budget process.
- The policy shall establish and maintain procedures to ensure adherence to the IDP review and budget processes

### Indigent and Social Assistance Policy

The objectives of this Policy are to: -

- Provide a framework within which the Municipality can exercise its executive and legislative authority with regard to the implementation of financial aid to indigent and poor households in respect of their municipal account;
- Determine the criteria for qualification of Indigent and poor households;
- Ensure that the criteria are applied correctly and fairly to all applicants;
- Allow the municipality to conduct in loco visits to the premises of applicants to verify the actual status of the household with respect to meeting the criteria on an indigent household.
- Allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies (financial aid in respect of the Municipal Services account)

### Supply Chain Management Policy

The objective of the supply chain management policy is

- To give effect to the provisions of section 217 of the Constitution of the Republic of South Africa, 1996;
- To give effect to the provisions of the Local Government: Municipal Finance Management Act, (Act No. 56 of 2003)





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- To give effect to the provisions of the Preferential Procurement Policy Act 5 of 2000 and regulations 2011
- To give effect to the Municipal Supply Chain Management Regulations
- The Broad Based Black Economic Empowerment Act 53 of 2003
- The prevention and combating of corruption Activities Act 12 of 2004.

#### **Credit Control and Debt Collection Policy**

- The objectives of Credit Control Policy are:
- To provide procedures and mechanisms to collect all the monies due and payable to the Municipality arising out of the supply of services and annual levies, in order to ensure financial sustainability and delivery of municipal services in the interest of the community
- To limit risk levels by means of effective management tools.
- To provide for restrictions, limitations, termination of services for non-payment.
- The objective of Debt Collection Policy is:
- To implement procedures which ensure the collection of debt, meeting of service targets and the prevention of escalation in arrear debt

#### **Tariff Policy**

- To comply with the provisions of section 74 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000).
- To prescribe procedures for calculating tariffs where the Municipality wishes to appoint service providers in terms of section 76(b) of the Act.
- To give guidance to the Portfolio Committee for Finance regarding tariff proposals that must be submitted to Council annually during the budgetary process.
- To ensure that there is consistency in how the tariffs are applied throughout the Municipality.
- To ensure municipal services are financially sustainable, affordable and equitable.
- Determining cost effective tariff as far as possible.
- To ensure affordability of basic services to the community.





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## Property Rates Policy

The key objectives of the policy are to:

- ensure that all owners of rateable property are informed about their liability to pay assessment rates;
- specify relief measures for ratepayers who may qualify for relief or partial relief in respect of the payment of rates through exemptions, reductions and rebates contemplated in section 8 of this policy and section 15 of the Act;
- set out the criteria to be applied by the Council if it increases rates and levies differential rates on different categories of property;
- provide for categories of public benefit organisations, approved in terms of Section 30(1) of the Income Tax Act, 1962 (Act no 58 of 1962) as amended, which ratepayers are eligible for exemptions, reductions and rebates and therefore may apply to the Council for relief from rates;
- recognise the state, organs of state and owners of public service infrastructure as property owners;
- not discourage the development of property;
- ensure that all persons liable for rates are treated equitably as required by the Act;
- determine the level of increases in rates; and
- Provide for exemption, rebates and reductions

## Subsistence and Travel Policy

- Subject to the provisions of the standard Conditions of Services and any other Agreement with the Bargaining Council applicable to the Council of its employees, the objective of the policy is:
- To fairly compensate persons / employees representing the Council for essential additional expenses incurred by them in the execution of their official duties.
- To ensure uniformity in the payment of subsistence and traveling allowances.



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### **MSCOA Steering committee establishment**

Consequently, the Minister of Finance has, in terms of section 168 of the Local Government: Municipal Finance Management Act, 2003 (Act No.56 of 2003), and acting with the concurrence of the Minister of Cooperative Governance and Traditional Affairs gazetted the Municipal Regulations on Standard Chart of Accounts (mSCOA) into effect on 22 April 2014. Municipal SCOA provides a uniform and standardised financial transaction classification framework. Essentially this means that mSCOA prescribes the method (the how) and format (the look) that municipalities and their entities should use to record and classify all expenditure (capital and operating), revenue, assets and liabilities, policy outcomes and legislative reporting. This is done at transactional level and ensures that a municipality and its entities have minimum business processes in place. This will result in an improved understanding of the role of local government in the broader national policy framework and linkage to other government functions.

The Regulations apply to all municipalities and municipal entities and indicate its applicability and relevance to each specific municipal environment while accommodating organizational uniqueness and structural differences. The Regulation provides for a three year preparation and readiness window and all 278 municipalities must be compliant to the mSCOA classification framework by 1 July 2017.

The Municipal Manager in terms of the MFMA can delegate some of these responsibilities. The Municipal Manager has tasked the mSCOA Steering Committee in writing, to advise the Municipal Manager and to drive and oversee the successful implementation of the Municipal Regulations on Standard Chart of Accounts in the municipality.

On the 27<sup>th</sup> of March 2024, the council resolved on the establishment of mscoa steering committee with its terms of reference and must be noted that frequency of meetings has been highlighted and will be adhered to accordingly



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2024/25 FINAL MTREF BUDGET

## RECOMMENDATION

### Part B Legislative Mandate

#### 1. Legislative Mandate

Section 16 of Municipal Systems Act (32 of 2000) mandate municipalities to develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose encourage, and create conditions for, the local community to participate in the affairs of the municipality, including in:

- The preparation, implementation and review of its Integrated Development Plan (IDP).
- The establishment, implementation and review of its Performance Management System(PMS);
- Monitoring and review of its performance, including the outcomes and impact of such performance;
- The preparation of its budget;
- Strategic decision relating to the provision of municipal services.

Section 152 of the Constitution (108 of 1996) provides objectives of local government. One of the objectives is to **encourage the involvement of communities and community organizations in the matters of local government.**

In line with the above-mentioned legislative mandate, Musina Local Municipality undertook the IDP/Budget review consultation process from the **01<sup>st</sup> April 2024 – 10<sup>th</sup> April 2025.**

All our 12 wards will be covered through the established 3 clusters, which was necessitated by cost saving methodology

Musina Municipality IDP & Budget Public Participation Cluster Meetings.

CLUSTER 1: Ward 2,3,4,5 & 6 @ Nancefield Multipurpose Centre on 02 April 2024 @ 10am.

CLUSTER 2: Ward 1, 7, 8 & 11 @ Muswodi Dipeni sports ground on 03 April @ 10am.

CLUSTER 3: Ward 9, 10 & 12 @ Manenzhe sports ground on 04 April @ 10am.

For effective and efficient public participation process, the **2024/25 IDP/Budget** underwent the Process as indicated in the Process Plan and time schedule as reflected on the table below:



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PLANNING ACTIVITY	TIME SCHEDULE
Approval of Budget time schedule	30 August 2023
Income Budget Submission	27/28 September 2023
Departmental Budget Submission (Budget and business Plans)	17 October 2023
Departmental Budget meeting with Municipal manager	14 November 2023
Budget meeting	8 March 2024
Tabling of first draft Budget, SDBIP (Service delivery Budget implementation plan)	28 March 2024
Provincial Treasury session on draft budget	To be announced
Upload budget on municipal website and SMS distribution for budget reviews and public input at satellite offices and municipal offices.	1 April 2024 -30 April 2024
Provincial Treasury budget engagements	May 2024
Tabling Final Budget, SDBIP	24 May 2024
Budget speech and Approval of Budget and SDBIP	End June 2024





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