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Musina Local Municipality

2025/26 Budget And MTREF



## MUSINA LOCAL MUNICIPALITY BUDGET NARRATIVE REPORT 2025/26



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2025/26 Budget And MTREF

## 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

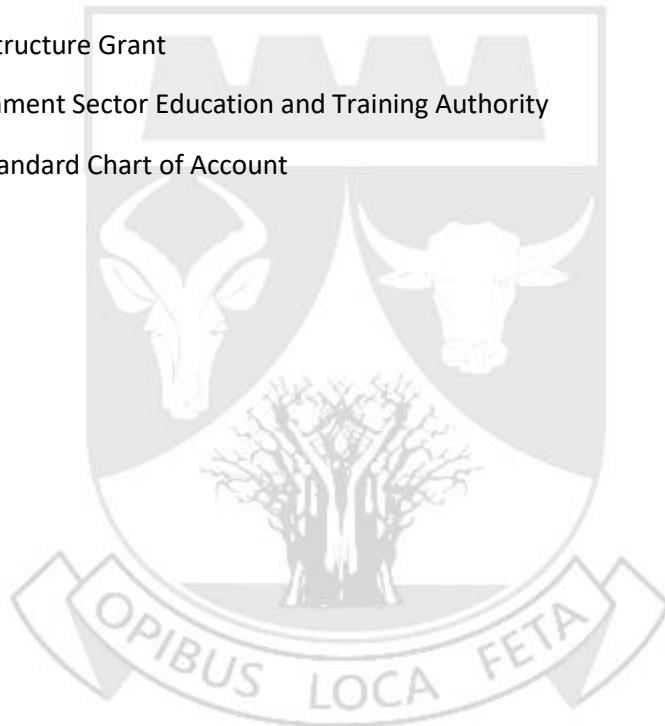
**FMG**-Finance Management Grant

**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 Draft budget speech as by His Worship Mayor of Musina Local Municipality, Councillor Nkhanedzeni Godfrey Mawela**

## DEPARTMENTAL BUDGET BY MAJOR VOTE

Executive and Council **R 53,703 Million**

Financial and Administration: **R 296, 914 Million**

Community and Public Safety: **R 113, 904 Million**

Economic and Environmental Services: **R 67,825 Million**

Trading Services: **R 21,028 Million**

**GRAND TOTAL OF THE FINAL BUDGET: R 580 366 Million**

GRANTS ARE AS PER DORA ALLOCATION:

Equitable Share: **R 232 657 Million**

FMG: **R 3 Million**

EPWP: **R 1 986 Million**

MIG: **R 35 242 Million**

GRAND TOTAL OF THE GRANTS;

- Operational Grants: **R237 643 Million**
- Capital Projects (MIG): **R 35 242 Million**
- Own Funding: **R 97 439 Million**

Council Resolution and Quality Certificate for the 2025/26 Final Budget attached.



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2025/26 Budget And MTREF

## MULTI-YEAR BUDGET 2025/26 – 2026/27 – 2027/28

### Report of the Chief Financial Officer

#### Purpose

The purpose of the report is to present the final budget Multi-year Budget 2025/26 – 2027/2028 to Council for approval.

#### Background

The IDP/Budget Process Plan to review the 2025/26 IDP/Budget was adopted on 30 August 2024 in terms of the provision of the Municipal Finance Management Act. The process plan outlines the key deadlines for the preparation, tabling and 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 year. 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 2025/26 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.129 was used to guide the compilation of the 2025/26 MTREF. In addition, this budget format and content incorporates the requirements of the Municipal Budget and Reporting Regulations.

##### The following budgeting 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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**The main CHALLENGES experienced during the compilation of the 2025/2026 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 2025/26 medium term budgets, in order confirm to National Treasury cost containment guidelines.

- Fuel, Overtime, Travelling, Catering, and
- Consultants are some of the costs that are closely monitored.

## OVERVIEW OF THE 2025/26 MTREF

Total budget for the 2025/2026 financial year is **R 677 805 Million** made up of an operating budget of **R580 366 Million** and a capital budget of **R 35 242 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:** charges proposed to increase by 11.6%.
- **Waste Removal:** charges proposed to increase by 5.5 %.
- **Assessment rates:** charges proposed to increase by 6 %

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 11.6% in line with National Treasury's inflation forecasts.
- **Salaries and allowances** have been increased by 6% subject to agreement at South African Local Government Bargaining Council.
- **Other Materials and Other expenses** will increase at rate CPIX



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**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 2025.

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 5KI 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 **R6.6Million**.

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

**In view of the aforementioned, the following tables are a consolidated overview of the 2025/26 medium-term Revenue and Expenditure Framework**



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## Musina Local Municipality

## 2025/26 Budget And MTREF

### Operating revenue and expenditure by source:

LIM341 Musina - Table A1 Budget Summary

Description	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
	R thousands	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>Financial Performance</b>										
Property rates	23,252	24,857	28,758	39,050	39,050	39,050	39,050	37,925	39,013	41,493
Service charges	158,103	178,691	217,315	204,273	200,273	200,273	200,273	207,094	312,433	327,089
Investment revenue	—	—	1,276	897	2,397	2,397	2,397	2,514	2,637	2,767
Transfer and subsidies - Operational	159,192	198,323	225,307	235,068	239,026	239,026	239,026	240,827	240,921	251,894
Other own revenue	31,818	29,708	23,185	106,092	109,092	109,092	109,092	98,545	108,017	114,485
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>380,365</b>	<b>431,589</b>	<b>405,840</b>	<b>585,810</b>	<b>679,838</b>	<b>679,838</b>	<b>679,838</b>	<b>677,805</b>	<b>704,521</b>	<b>738,327</b>
Employee costs	142,809	149,315	159,131	174,124	174,124	174,124	174,124	182,656	191,006	200,995
Remuneration of councillors	10,097	10,380	11,387	10,963	11,963	11,963	11,963	12,549	13,164	13,809
Depreciation and amortization	—	—	—	35,316	35,316	35,316	35,316	26,259	38,862	40,766
Interest	15	—	709	1,800	1,800	1,800	1,800	1,888	1,981	2,078
Inventory consumed and bulk purchases	63,578	94,074	177,873	147,936	232,411	232,411	232,411	242,657	253,587	265,558
Transfers and subsidies	6,255	4,497	12,080	5,075	5,075	5,075	5,075	4,049	4,100	4,154
Other expenditure	57,515	70,495	85,086	139,956	124,740	124,740	124,740	124,740	115,486	120,940
<b>Total Expenditure</b>	<b>280,270</b>	<b>328,744</b>	<b>447,245</b>	<b>516,070</b>	<b>588,328</b>	<b>588,328</b>	<b>588,328</b>	<b>586,326</b>	<b>580,356</b>	<b>618,785</b>
<b>Surplus/(Deficit)</b>	<b>102,095</b>	<b>102,847</b>	<b>48,594</b>	<b>69,540</b>	<b>93,510</b>	<b>93,510</b>	<b>93,510</b>	<b>97,439</b>	<b>85,736</b>	<b>90,028</b>
Transfers and subsidies - capital (monetary allocations)	36,988	36,257	34,421	33,559	35,959	35,959	35,959	30,559	35,242	47,384
Transfers and subsidies - capital (In-kind)	4,383	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>143,447</b>	<b>139,114</b>	<b>83,015</b>	<b>103,099</b>	<b>129,469</b>	<b>129,469</b>	<b>129,469</b>	<b>124,059</b>	<b>132,681</b>	<b>139,456</b>
Share of surplus/Deficit attributable to Associate	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) for the year</b>	<b>143,447</b>	<b>139,114</b>	<b>83,015</b>	<b>103,099</b>	<b>129,469</b>	<b>129,469</b>	<b>129,469</b>	<b>124,059</b>	<b>132,681</b>	<b>139,456</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	31,701	35,905	54,619	101,299	129,093	129,093	129,093	54,749	122,931	137,434
Transfers recognized - capital	24,998	24,822	32,743	33,559	35,959	35,959	35,959	27,143	35,242	47,384
Borrowing	—	—	—	—	—	—	—	—	—	—
Internally generated funds	—	8,831	21,705	67,740	93,134	93,134	93,134	27,007	87,889	90,050
<b>Total sources of capital funds</b>	<b>24,998</b>	<b>33,653</b>	<b>54,448</b>	<b>101,299</b>	<b>129,093</b>	<b>129,093</b>	<b>129,093</b>	<b>54,749</b>	<b>122,931</b>	<b>137,434</b>
<b>Financial position</b>										
Total current assets	227,985	267,075	150,060	207,238	221,803	221,803	221,803	191,466	347,140	483,312
Total current assets	592,634	611,157	707,942	716,645	774,783	774,783	774,783	738,735	787,406	884,845
Total current liabilities	524,020	600,016	278,241	168,035	306,936	306,936	306,936	245,186	438,255	539,291
Total non current liabilities	29,182	31,871	36,074	41,920	40,625	40,625	40,625	40,625	40,625	40,625
Community wealth/Equity	266,797	238,546	543,888	716,900	649,005	649,005	649,005	642,986	659,886	768,241
<b>Cash flows</b>										
Net cash from (used) operating	257,039	90,051	18,751	146,115	163,260	163,260	163,260	163,124	148,925	155,926
Net cash from (used) investing	(20,633)	(40,712)	(47,006)	(100,929)	(128,723)	(128,723)	(128,723)	(130,696)	(147,633)	(154,974)
Net cash from (used) financing	—	—	(362)	—	—	—	—	—	—	—
<b>Cash/loan equivalents at the year end</b>	<b>259,872</b>	<b>72,172</b>	<b>(15,726)</b>	<b>58,005</b>	<b>44,864</b>	<b>44,864</b>	<b>44,864</b>	<b>40,252</b>	<b>43,544</b>	<b>44,497</b>
<b>Cash banking/surplus reconsolidation</b>										
Non current investments	—	5,579	12,439	52,305	45,294	45,294	45,294	5,053	—	0
Statutory requirements	(287,591)	(312,088)	(57,820)	(33,029)	(159,420)	(159,420)	(159,420)	(153,821)	7,100	38,457
Balance - surplus (shortfall)	287,591	318,587	70,265	85,334	204,720	204,720	204,720	159,774	(7,100)	(38,457)
<b>Asset management</b>										
Asset register summary (WDV)	592,634	611,157	697,211	708,915	761,594	761,594	761,594	774,239	871,676	976,454
Depreciation	—	—	—	35,316	35,216	35,216	35,216	26,259	38,862	40,766
Renewal and Upgrading of Existing Assets	6,050	3,972	10,067	—	14,355	14,355	14,355	37,382	40,626	42,405
Repairs and Maintenance	260	5,576	10,109	14,795	11,032	11,032	11,032	1,337	1,402	1,474
<b>Fee services</b>										
Cost of Free Basic Services provided	—	—	—	—	—	—	—	—	—	—
Revenue cost of fee services provided	50	—	572	2,162	—	—	—	5,622	6,755	7,200
Households below minimum service level	—	—	—	—	—	—	—	—	—	—
Water:	—	—	—	—	—	—	—	—	—	—
Sewerage/bearers:	—	—	—	—	—	—	—	—	—	—
Energy:	—	—	—	—	—	—	—	—	—	—
Refuse:	—	—	—	—	—	—	—	—	—	—

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;



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- 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

### The following Final is a summary of the 2025/26 MTREF (classified by main revenue source):

LIM341 Musina - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	1 Audited Outcome	2021/22			2022/23			2023/24			Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28					
<b>Revenue</b>																
Exchange Revenue																
Service charges - Electricity	2	130,532	126,825	161,653	180,843	265,843	265,843	159,021	273,801	287,047	301,051					
Service charges - Water	2	22,158	30,089	31,731	—	—	—	25,564	—	—	—					
Service charges - Waste Water Management	2	1,044	2,398	2,695	—	—	—	1,228	—	—	—					
Service charges - Waste Management	2	14,369	19,379	21,237	23,429	24,429	24,429	14,463	24,192	25,386	26,637					
Sale of Goods and Rendering of Services		799	1,318	889	2,561	2,561	2,561	903	4,260	3,305	3,457					
Agency services		—	—	—	—	—	—	—	—	—	—					
Interest		—	—	—	—	—	—	—	—	—	—					
Interest earned from Receivables		25,069	22,681	9,749	6,049	7,549	7,549	6,300	7,874	8,259	8,664					
Interest earned from Current and Non Current Assets		—	—	1,276	897	2,397	2,397	1,253	2,514	2,637	2,767					
Dividends		105	130	378	—	—	—	—	—	—	—					
Rent on Land		—	—	—	—	—	—	—	—	—	—					
Rental from Fixed Assets		16	9	21	616	416	416	19	437	458	481					
Licence and permits		—	—	—	—	—	—	—	—	—	—					
Special Rating Levies		—	—	—	—	—	—	—	—	—	—					
Operational Revenue		3,066	2,341	4,412	90,099	91,599	91,599	3,516	79,046	89,625	94,247					
Non-Exchange Revenue																
Property rates	2	23,252	24,867	28,756	39,050	39,050	39,050	26,886	37,925	39,613	41,493					
Surcharges and Taxes		—	—	—	—	—	—	—	—	—	—					
Fines, penalties and forfeits		2,519	3,120	3,100	4,275	4,275	4,275	2,496	4,185	4,390	4,605					
Licences or permits		243	109	160	2,691	2,691	2,691	271	2,744	2,879	3,020					
Transfer and subsidies - Operational		159,192	198,323	225,307	235,098	239,026	239,026	237,158	240,827	240,921	251,894					
Interest		—	—	—	—	—	—	9,082	—	—	—					
Fuel Levy		—	—	—	—	—	—	—	—	—	—					
Operational Revenue		—	—	—	—	—	—	—	—	—	—					
Gains on disposal of Assets		—	—	4,477	—	—	—	—	—	—	—					
Other Gains		—	—	—	—	—	—	—	—	—	—					
Discontinued Operations		—	—	—	—	—	—	—	—	—	—					
<b>Total Revenue (excluding capital transfers and contrib)</b>		<b>382,365</b>	<b>431,589</b>	<b>495,840</b>	<b>585,610</b>	<b>679,838</b>	<b>679,838</b>	<b>488,158</b>	<b>677,805</b>	<b>704,521</b>	<b>738,327</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 mispresented the calculation of the operating surplus.

Operating Grants & Subsidies are the largest revenue source totalling in 2025/26 and increased from **R 232 657 Million** in 2026/27 to **R 234 798 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



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revenue the Service charges revenues comprise more than **49.55%** of the total revenue mix. This increases to **R335 918 Million**, **R352 046 Million** and **R 369 181 Million** in the respective financial years 2025/26 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 10.1 %, **R66 998 Million** which will be generated from the sale of 900 Rhino Ridged Stands.

The fourth and last revenue source is from revenue generated with 5.02% is from Fines, Licences and permits, rental income, interest and other revenue such as grave yards fees, tender documents, and library fees e.c.t.

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

### Summary of operating expenditure by standard classification item

Expenditure	2	142,809	149,315	159,131	174,124	174,124	174,124	147,663	182,556	191,606	200,995
Employee related costs	2	142,809	149,315	159,131	174,124	174,124	174,124	147,663	182,556	191,606	200,995
Remuneration of councillors		10,097	10,360	11,367	10,963	11,963	11,963	13,457	12,549	13,164	13,809
Bulk purchases - electricity	2	60,446	91,325	173,791	142,145	228,400	228,400	138,313	238,449	249,173	260,928
Inventory consumed	8	3,132	2,749	4,081	5,791	4,011	4,011	2,757	4,208	4,414	4,630
Debt impairment	3	—	—	—	12,225	10,725	10,725	—	—	—	—
Depreciation and amortisation		—	—	—	35,316	35,316	35,316	—	26,299	38,862	40,766
Interest	15	—	—	709	1,800	1,800	1,800	1,365	1,888	1,981	2,078
Contracted services	29,483	28,159	41,629	51,187	49,155	49,155	49,155	35,926	51,895	51,992	54,155
Transfers and subsidies	6,255	4,497	12,080	5,975	5,975	5,975	5,975	1,304	4,049	4,100	4,154
Irrecoverable debts written off	—	—	—	350	350	350	350	—	367	385	405
Operational costs	28,032	42,337	44,457	76,194	64,510	64,510	64,510	45,610	58,046	63,109	66,380
Losses on disposal of Assets	—	—	—	—	—	—	—	—	—	—	—
Other Losses	—	—	—	—	—	—	—	—	—	—	—
<b>Total Expenditure</b>	<b>280,270</b>	<b>328,742</b>	<b>447,245</b>	<b>516,070</b>	<b>586,328</b>	<b>586,328</b>	<b>586,328</b>	<b>386,395</b>	<b>580,366</b>	<b>618,785</b>	<b>648,299</b>
<b>Surplus/(Deficit)</b>	<b>102,095</b>	<b>102,847</b>	<b>48,594</b>	<b>69,540</b>	<b>93,510</b>	<b>93,510</b>	<b>101,763</b>	<b>97,439</b>	<b>85,736</b>	<b>90,028</b>	
Transfers and subsidies - capital (monetary)	6	36,988	36,267	34,421	33,559	35,959	35,959	30,559	35,242	47,384	49,428
Transfers and subsidies - capital (in-kind)	6	4,363	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>143,447</b>	<b>139,114</b>	<b>83,015</b>	<b>103,099</b>	<b>129,469</b>	<b>129,469</b>	<b>132,322</b>	<b>132,322</b>	<b>132,681</b>	<b>133,120</b>	<b>139,456</b>
Income Tax	—	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after income tax</b>	<b>143,447</b>	<b>139,114</b>	<b>83,015</b>	<b>103,099</b>	<b>129,469</b>	<b>129,469</b>	<b>132,322</b>	<b>132,322</b>	<b>132,681</b>	<b>133,120</b>	<b>139,456</b>
Share of Surplus/Deficit attributable to Joint Venture	—	—	—	—	—	—	—	—	—	—	—
Share of Surplus/Deficit attributable to Minorities	—	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) attributable to municipality</b>	<b>143,447</b>	<b>139,114</b>	<b>83,015</b>	<b>103,099</b>	<b>129,469</b>	<b>129,469</b>	<b>132,322</b>	<b>132,322</b>	<b>132,681</b>	<b>133,120</b>	<b>139,456</b>
Share of Surplus/Deficit attributable to Associate	7	—	—	—	—	—	—	—	—	—	—
Intercompany/Parent subsidiary transactions	—	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) for the year</b>	<b>1</b>	<b>143,447</b>	<b>139,114</b>	<b>83,015</b>	<b>103,099</b>	<b>129,469</b>	<b>129,469</b>	<b>132,322</b>	<b>132,681</b>	<b>133,120</b>	<b>139,456</b>

The budgeted allocation for employee related costs for the 2025/26 financial year totals **R182 655 Million**, Salary increases have been factored into this budget at a percentage increase of 6 per cent for the 2025/26 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 12 549Million** was budget for 2025/26 MTREF.

The provision of debt impairment was determined based on an annual collection rate and the Debt Write-off Policy of the Municipality as well as the write off of the Vhembe District Debt. For the



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## Musina Local Municipality

## 2025/26 Budget And MTREF

2025/26 financial year **R367 Thousand** was budget. 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 Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total **R 26 259 Million** for the 2025/26 financial.

Finance charges consist primarily on payment of interest paid to service lease for machinery of computer equipment. The budget for 2025/26 financial year is **R1 888 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 41% percent with a budget of **R 238 499 Million** of operating expenditure.

Contracted services such as research and development have been identified as a cost saving area for the Municipality. In 2025/26 financial year it increased to **R51 895 Million** for 2024/25. The following table will illustrate what is budgeted for this Item. Dumbing Site and Security Services are the Items biggest expenses.





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## Musina Local Municipality

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CONSULTANTS, CONTRACTOR, PROFESSIONAL AND OUTSOURCED		2025/26
<b>CONSULTANTS</b>		
Asset Management:Asset Management		
Governance Function:Governance	Business and Advisory: Accounting and Auditing	1 419 600.00
Information Technology:Information Technology	Business and Advisory: Audit Committee New	321 552.00
Core Function:Human Resources	Business and Advisory: Business and Financial Management	1 942 984.00
Core Function:Human Resources	Business and Advisory: Medical Examinations	2 573 500.00
Mayor and Council:Mayor	Business and Advisory: Occupational Health and Safety	1 088 032.08
Core Function:Human Resources	Consultants and Professional Fees	-
Economic Development/Planning:Economic Development and Planning	Business and Advisory: Organisational consultant and professional	104 400.00 208 800.00
Core Function:Finance	Business and Advisory Quality ControlNew	2 962 474.00
Core Function:Administrative and Corporate Support	Business and Advisory: Quality Control	354 900.00
Licensing and Regulation:Licensing and Regulation	Business and Advisory: Quality Control	86 652.00
Administrative and Corporate Support:Administrative and Corporate support	Business and Advisory: Research and Advisory	114 840.00
Legal Services:Legal Services	Business and Advisory: Valuer and Assessors	2 088 000.00
Legal Services:Legal Services	Legal Cost: Legal Advice and Litigation	2 622 500.00
Core Function:Finance	Auctioner	514 700.00
Non-core Function:Disaster Management	Catering	156 600.00
Core Function:Finance	Contractors:Catering Services	104 400.00
Disaster Management:Disaster Management	catering services	-
Mayor and Council:Mayor and Council	Contractors: Catering Services New	422 000.00
Town Planning; Building Regulations and Enforcement; and City Engineer:Town	Contractors:Catering Services	278 498.30
Municipal Manager; Town Secretary and Chief Executive:Municipal Manage and	Contractors:Catering Services	93 960.00
Economic Development/Planning:Economic Development and Planning	Contractors:Catering Services	41 760.00
Administrative and Corporate Support:Administrative and Corporate support	Contractors:Catering Services	104 400.00
Disaster Management:Disaster Management	Contractors:Catering Services	156 600.00
<b>CONTRACTOR</b>		
Economic Development/Planning:Technical Services	Maintenance of Municipal Buildings Use	317 600.00
Information Technology:Information Technology	Contractors: Maintenance of Equipment	125 280.00
Economic Development/Planning:Technical Services	Maintenance of Equipment Use	83 520.00
Police Forces; Traffic and Street Parking Control:Parking Control	Maintanance of Machinery and Equipment	62 640.00
Administrative and Corporate Support:Administrative and Corporate support	Contractors: Maintenance of Equipment	626 400.00
Roads:Roads	Contractors: Maintenance of Equipment	625 880.00
Water Distribution:Whembe-Water0m	Repairs and maintenance	270 000.00
Asset Management:Stores	Contractors: Maintenance of Unspecified Assets	208 800.00
Fleet Management:Fleet Management	Maintenance of Vehicles Use	313 200.00
Roads:Roads	Maintenance of Roads use	334 700.00
Core Function:Police Forces; Traffic and Street Parking Control	Maintenance of vehicles-new	26 100.00
<b>OUTSOURCED</b>		
Mayor and council	Burial of paupers	208 800.00
Solid Waste Disposal (Landfill Sites):Solid Waste Disposal	Outsourced Services:Drivers Licence Cards	417 600.00
Security Services:Security Services	Dumping Site Maintenance	10 677 328.00
	Outsourced Services: Security Services	19 836 000.00
		51 895 000.38

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 **10.0%** percent with a budget of **R 58 046 Million** of operating expenditure.

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



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## Musina Local Municipality

## 2025/26 Budget And MTREF

Segment Desc	New Budget
Transport without Operator: Own Transport	60 880.00
Telephone; Fax; Telegraph and Telex	6 264.00
Domestic: Incidental Cost	3 132.00
Operational Cost:Toll Gate Fees	3 132.00
Domestic Daily Allowance	12 528.00
Operational Cost:Printing; Publications and Books	21 470.00
Own Transport	546 924.00
GRAP Training	2 047 205.00
Seminars Conferences Workshops and Events: National	52 200.00
Seminars Conferences Workshops and Events: National New	104 410.00
Communication: Telephone Fax Telegraph and Telex	10 213.00
Registration Fees:Professional and Regulatory Bodies	9 500.00
Transport without Operator: Car Rental	17 377.00
Primary Vote (change name)	525 420.00
Postage/Stamps/Franking Machines	313 086.00
Transport without Operator: Own Transport	78 269.00
Public Transport: Air Transport	80 892.00
Telephone; Fax; Telegraph and Telex	517 073.00
Corporate and Municipal Activities	52 200.00
Domestic: Incidental Cost	7 830.00
Domestic: Accommodation	194 371.00
Domestic Daily Allowance	78 300.00
Expenditure: Operational Cost: Printing Publications and Boo	41 760.00
Transport without Operator: Own Transport	2 296 800.00
Seminars Conferences Workshops and Events: National	100 835.00
Communication: Telephone Fax Telegraph and Telex	1 020 980.00
Advertising Publicity and Marketing: Corporate and Municipal	157 916.00
Domestic: Accommodation	31 320.00
Domestic: Daily Allowance	156 600.00
Domestic:Daily Allowance	3 132.00
Expenditure: Operational Cost: Professional Bodies Membershi	23 568.00
Expenditure: Operational Cost: Printing Publications and Boo	3 132.00
Transport without Operator: Own Transport New	12 528.00
Public Transport: Air Transport New	5 220.00





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## Musina Local Municipality

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Seminars Conferences Workshops and Events: National New	18 792.00
Communication: Telephone Fax Telegraph and Telex New	39 672.00
Toll Gates Fees	3 132.00
Domestic: Daily Allowance New	6 264.00
Printing; Publications and Books	8 352.00
Transport without Operator: Own Transport	6 264.00
Domestic: Daily Allowance	626.00
Fuel-new	3 731 087.00
Transport without Operator Car RentalNew	87 698.00
Expenditure Operational Cost Printing Publications and BooNe	21 470.00
Bank Admin Fees	607 608.00
Communication Postage Stamps Franking MachinesNew	22 098.00
Transport without Operator Own TransportNew	379 259.00
Public Transport Air TransportNew	77 799.00
Seminars Conferences Workshops and Events NationalNew	261 000.00
Communication Telephone Fax Telegraph and TelexNew	1 005 245.00
Domestic Incidental CostNew	7 028.00
Expenditure Operational Cost External Audit FeesNew	3 000 000.00
Domestic AccommodationNew	62 149.00
Mayors Social Responsibility	52 200.00
Operational Cost:Toll Gate Fees	15 660.00
Domestic Daily AllowanceNew New	60 749.00
Bank Charges Facility and Card Fees: Bank Accounts New-new	495 900.00
Training of BTO Management and Staff	1 125 880.00
Training Accomodation inc S and T	52 200.00
Domestic: Accommodation	221 591.00
Domestic: Daily Allowance	69 195.00
Transport without Operator: Own Transport	284 486.00
Toll Gates Fees	14 146.00
Expenditure: Operational Cost: Bursaries (Employees)	1 000 000.00
Seminars; Conferences; Workshops and Events	352 450.00
Operational Cost:Printing Publications and Books	145 466.00
Transport without Operator: Own Transport	139 478.00
Expenditure: Operational Cost: Signage	207 800.00
Telephone; Fax; Telegraph and Telex	54 604.00
Domestic: Incidental Cost	10 440.00
Domestic: Daily Allowance	20 880.00
Printing Publications and Books	83 520.00
Transport without Operator:Own Transport	93 960.00
Telephone Fax Telegraph and Telex	5 220.00
Domestic:Daily Allowance	62 640.00
Expenditure: Operational Cost: Printing Publications and Boo	3 654.00
Transport without Operator: Own Transport New	52 200.00
Corporate and Municipal Activities	114 840.00
Domestic: Daily Allowance New	3 341.00
Seminars; Conferences; Workshops and Events	1 041 960.00
Advertising Signs	229 680.00
Municipal Newsletters	941 960.00
Printing; Publications and Books	19 372.00
SMS Bulk Message Service	250 560.00
Seminars; Conferences; Workshops and Events	1 041 960.00
Telephone; Fax; Telegraph and Telex	38 837.00
Corporate and Municipal Activities	62 640.00
Domestic: Daily Allowance New	3 132.00
Transport without Operator: Car Rental New	6 264.00
Transport without Operator: Own Transport	52 200.00
Expenditure: Operational Cost: Printing Publications and Boo	53 041.00
Communication: Postage/Stamps/Frinking Machines	29 598.00
Transport without Operator: Own Transport	208 800.00
Domestic: Incidental Cost	4 176.00
Domestic: Accommodation	49 465.00

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Expenditure: Operational Cost: Printing Publications and Boo	31 320.00
Transport without Operator: Own Transport	72 320.00
Seminars Conferences Workshops and Events: National	52 200.00
Communication: Telephone Fax Telegraph and Telex	31 320.00
Advertising	36 540.00
Domestic: Incidental Cost	36 540.00
Skills Development Training	219 240.00
Toll Gates Fees	10 440.00
Domestic: Daily Allowance	45 616.00
Licences: Motor Vehicle Licence and Registrations	141 267.00
Transport without Operator: Own Transport	79 343.00
Asset Storage	12 528.00
Daily Allowance	2 861.00
Transport without Operator: Own Transport	62 640.00
Domestic: Daily Allowance	12 528.00
Own Transport	36 540.00
Toll gate fees New	1 566.00
Daily Allowance	18 223.00
Bursaries	1 660 755.00
Expenditure: Operational Cost: Wet Fuel New	2 146 049.00
Transport without Operator: Car Rental New	526 192.00
Communication: Postage/Stamps/Frinking Machines	202 098.00
Transport without Operator: Own Transport New	1 461 600.00
Transport Provided as Part of Departmental Activities: Munic	1 448 199.00
Public Transport: Air Transport	221 797.00
Seminars Conferences Workshops and Events: National	608 698.00
Communication: Telephone Fax Telegraph and Telex Use	1 213 266.00
Domestic: Incidental Cost New	12 468.00
Entertainment: Councillors Use	272 398.00
Domestic: Accommodation	1 719 815.00
Domestic: Accommodation New	784 000.00
Domestic: Daily Allowance New	321 296.00
S&T Car Rental	74 508.00
Mayor's Car Wash New	3 972.00
S&T Flights	20 880.00
Ward Committe stipends	2 531 431.00
Advertising Corporate and Municipal Activities	39 445.00
S&T Accomodation	457 295.00
Entertainment MAYOR-new	94 241.00



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## Musina Local Municipality

## 2025/26 Budget And MTREF

Toll gate fees New	36 573.00
Seminars; Conferences; Workshops and Events	1 052 450.00
Primary Vote (change name)	6 264.00
Primary Vote (change name)	173 316.00
Primary Vote (change name)	122 868.00
Transport without Operator:Own Transport	234 449.00
Seminars Conferences Workshops and Events:National	74 096.00
Telephone Land Line	1 062 940.00
Registration Fees:Professional and Regulatory Bodies	9 500.00
Licence and Registrations	10 000.00
Car Hire	20 880.00
Flights	24 844.00
Conference and Convention	62 640.00
Membership Fees	5 220.00
S&T Accomodation	12 528.00
Toll gate fees-new	10 560.00
S&T Daily Allowance	3 591.00
Transport without Operator: Car Rental	6 264.00
Expenditure: Operational Cost: Printing Publications and Boo	21 470.00
Transport without Operator: Own Transport	125 280.00
Communication: Telephone Fax Telegraph and Telex	760 262.00
Domestic: Incidental Cost	10 440.00
Domestic: Accommodation	167 920.00
Domestic: Daily Allowance	32 431.00
Transport without Operator: Car Rental New	24 301.00
Expenditure: Operational Cost: Printing Publications and Boo Use	37 462.00
Communication: Postage/Stamps/Frinking Machines New	104 052.00
Transport without Operator: Own Transport use	638 291.00
Transport without Operator: Own Transport	124 862.00
Public Transport: Air Transport	43 520.00
Seminars Conferences Workshops and Events: National New	63 035.00
Communication: Telephone Fax Telegraph and Telex Use	149 347.00
Advertising Publicity and Marketing: Corporate and Municipal	55 925.00
Domestic: Incidental Cost New	2 088.00
Skills Development Levy Use	1 252 800.00
Domestic: Accommodation New	1 359 527.00
Domestic: Daily Allowance New	29 680.00
External Computer Service: Software Licences	2 054 706.00
Communication: Telephone Fax Telegraph and Telex	1 020 823.00
Information Services	1 397 349.00
External Computer Service: Information Services	2 200 000.00
	58 046 000.00





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## Musina Local Municipality

## 2025/26 Budget And MTREF

LIM341 Musina- Table A5 Budgeted Capital Expenditure by vote, functional classification and funding										2024/25 Medium Term Revenue & Expenditure Framework			
Description	Ref	2021/22		2022/23		2023/24		Current Year 2024/25		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 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>Capital Expenditure - Functional</b>													
<i>Governance and administration</i>		7 265		(9 063)		4 300	27 049	32 339	32 339	32 339	24 763	22 436	39 540
Executive and council		6 050		1 150		–	–	–	–	–	–	–	–
Finance and administration		1 215		(10 213)		4 300	27 049	32 339	32 339	32 339	24 763	22 436	39 540
Internal audit		–		–		–	–	–	–	–	–	–	–
<i>Community and public safety</i>		3 643		1 788		10 180	–	–	–	–	940	1 009	1 250
Community and social services		3 643		1 780		5 180	–	–	–	–	–	–	–
Sport and recreation		–		–		5 000	–	–	–	–	–	–	–
Public safety		–		–		8	–	–	–	–	940	1 009	1 250
Housing		–		–		–	–	–	–	–	–	–	–
Health		–		–		–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		24 319		37 301		33 103	45 400	57 468	57 468	57 468	95 122	96 940	89 009
Planning and development		25 210		15 818		18 036	32 140	38 743	38 743	38 743	62 722	35 053	26 228
Road transport		(891)		21 483		15 067	13 260	18 725	18 725	18 725	32 400	61 887	62 781
Environmental protection		–		–		–	–	–	–	–	–	–	–
<i>Trading services</i>		430		4 816		43 000	28 850	39 286	39 286	39 286	11 310	27 041	25 200
Energy sources		430		4 816		35 000	26 200	37 136	37 136	37 136	4 410	17 250	7 550
Water management		–		–		–	–	–	–	–	–	–	–
Waste water management		–		–		–	–	–	–	–	–	–	–
Waste management		–		–		8 000	2 650	2 150	2 150	2 150	6 900	9 791	17 650
<i>Other</i>		–		–		–	–	–	–	–	–	–	–
<b>Total Capital Expenditure - Functional</b>	<b>3</b>	<b>35 657</b>		<b>34 842</b>		<b>90 583</b>	<b>101 299</b>	<b>129 093</b>	<b>129 093</b>	<b>129 093</b>	<b>132 135</b>	<b>147 426</b>	<b>154 999</b>
<b>Funded by:</b>													
National Government		28 853		38 484		42 307	33 559	35 959	35 959	35 959	35 242	47 177	49 453
Provincial Government		–		–		–	–	–	–	–	–	–	–
District Municipality		–		–		–	–	–	–	–	–	–	–
Other transfers and grants		6 804		–		–	–	–	–	–	–	–	–
<i>Transfers recognised - capital</i>	<b>4</b>	<b>35 657</b>		<b>38 484</b>		<b>42 307</b>	<b>33 559</b>	<b>35 959</b>	<b>35 959</b>	<b>35 959</b>	<b>35 242</b>	<b>47 177</b>	<b>49 453</b>
<i>Public contributions &amp; donations</i>	<b>5</b>	–		–		–	–	–	–	–	–	–	–
<i>Borrowing</i>	<b>6</b>	–		–		–	–	–	–	–	–	–	–
<i>Internally generated funds</i>		(891)		8 831		46 000	67 740	93 134	93 134	93 134	96 893	100 249	105 546
<b>Total Capital Funding</b>	<b>7</b>	<b>34 766</b>		<b>47 315</b>		<b>88 307</b>	<b>101 299</b>	<b>129 093</b>	<b>129 093</b>	<b>129 093</b>	<b>132 135</b>	<b>147 426</b>	<b>154 999</b>

## 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 at **R 132 681 Million** with MIG allocation of **R35 242 Million** and **R 97 439 Million** for Own Capital Projects for the 2025/26. The capital budget continues to reflect consistent efforts to address backlogs in basic services and the renewal of the infrastructure of existing network services.

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



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Musina Local Municipality

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<b>MIIG Projects</b>			
PMU	Nancefield ext 9& 10 paved road phase 3	Nancefield ext 9&10	6 517 502
PMU	Masisi paved streets phase 1	Masisi	8 000 000
PMU	Shakadza access streets	Shakadza	7 436 810
PMU	Tshikotoni bridge	Tshikotoni	11 442 088
PMU	PMU admin		1 845 600
			<b>35 242 000</b>

### Own funding Capital projects 2025/26

<b>FUNCTION</b>	<b>PROJECT NAME</b>	<b>LOCATION</b>	<b>BUDGET as at 13052025</b>
Office Facilities & Auxillary Services	Install Cleaning & Hygiene Equipment	Municipal Facilities	400 000
Office Facilities & Auxillary Services	Revamp of Reception	Civic Centre	700 000
Office Facilities & Auxillary Services	Revamp of Kitchen/Dining Hall	Civic Centre	1 500 000
Office Facilities & Auxillary Services	Renovation of Council Chamber	Civic Centre	1 600 000
Office Facilities & Auxillary Services	Renovation of Old Traffic Offices	Old Traffic Offices	3 500 000
Office Facilities & Auxillary Services	Fire exit plan, alarm, and detectors	Civic centre, Workshop & Traffic	2 050 000
Human Resources Management	Organisational Structure System	Civic Centre	200 000
			<b>9 950 000</b>
MM Office	Perfomance Management system		<b>2 200 000</b>
			-
ICT	Internet & Email Services(40Mbps		289 500
ICT	Emergency Power Supply		200 000
ICT	Provision of VoIP infrastructure for buildings	Civic Centre	3 052 000
ICT	Virtual servers		2 178 000
ICT	Provision of bio-metric system	Civic Centre	1 400 000
ICT	Call centre		500 000
ICT	Server Room Fire Supression Equipment		120 000
ICT	MS Office 365		3 000 000
ICT	Development of ITC Business Continuity Plan	Civic Centre	350 000
Communications	Communication Equipment		320 000
			<b>11 409 500</b>





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Finance	Paypoints Installation		350 000
Finance	AFS reviewer		550 000
Finance	Data cleansing		1 400 000
			<b>2 300 000</b>
Fleet Management	2 x Double cab Bakkie (Pool Vehicles)		1 200 000
Fleet Management	2 x Sedan (Pool Vehicles)		1 000 000
			<b>2 200 000</b>
EDP	LED projectss infrastructure development (SMME Support)		850 000
EDP	Urban Renewal Plan/ Strategy		2 000 000
EDP	Transfer of former MTD properties to beneficiaries		4 000 000
EDP	Township Establishment Portion of portion 39 and Remainder of Farm Messina		4 000 000
EDP	Rezoning		300 000
Housing	Compilation of Human Settlement Plan		500 000
			<b>11 650 000</b>
PMU	Eagle landing street	town	6 000 000
PMU	Refurbishment of Nancefield building	town	6 400 000
PMU	Infrastructure for Musina Landfill Site (Wei	Musina	2 500 000
PMU	Enhancing security feature		4 000 000
			<b>18 900 000</b>
Waste	Purchase skip bins	Musina	280 000
Waste	Purchase 4 ton truck	Musina	700 000
Waste	Purchase bakkie	Musina	800 000
Waste	Develop a climate change response and imp	Musina	800 000
Waste	Review Environmental Management Plan	Musina	350 000
Waste	Develop a wetland rehabilitation plan	Musina	350 000
Waste	Purchase of compactor truck		2 080 000
Waste	Street bins X80	Musina	120 000
Recreation	Upgrade showground and connect to main	Musina	500 000
			<b>5 980 000</b>
Traffic	Tow truck		1 500 000
Licensing	Bulk filling System/ X5 Cabinet	Musina	250 000
			<b>1 750 000</b>
Electricity	Electrification of Nancefield Rhino Ridge development		6 000 000
Electricity	Replacing BEC 11/23/conventional meters and install smart meters		3 500 000
Electricity	Installation of LED light in Municipal buildings		-
Electricity	Construction of MV Pumpstation line.		-
Electricity	Replacement of copper cables to aluminium cables		-
Electricity	Installation of Substation capacitor banks		3 500 000
	and reconstruction of new feeder lines		
Electricity	along the Road		800 000
Electricity	Procurement of 1X LDV(NEXT 1 TO BE PURCHASED NEXT Year		800 000
Electricity	Installation of Supervisory Control and Data Acquisition (SCADA) system		-
Electricity	Purchase of a cable fault locator		-
Electricity	Construction and Equipping of Secure Electrical Bulk Storage Hanger		-
			<b>14 600 000.00</b>
Civil	Additional motor grader		5 000 000
Civil	18kl- Water tanker		3 000 000
Civil	Pavement rehabilitation: 2km per year		7 000 000
Civil	Construction of walkway: 1.5km per year		1 500 000
			<b>16 500 000</b>
<b>Total Own Funding Projects</b>			<b>97 439 500.29</b>



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## 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	R thousand	2021/22		2022/23		2023/24		Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28		
<b>ASSETS</b>													
Current assets													
Cash and cash equivalents		20,550	36,773	12,027	53,705	43,954	43,954	17,778	39,894	39,199	67,544		
Trade and other receivables from exchange transactions	1	41,518	43,517	74,323	71,983	87,970	87,970	100,859	197,685	310,762	429,411		
Receivables from non-exchange transactions	1	22,354	18,669	22,415	21,200	22,218	22,218	26,923	24,038	32,484	41,360		
Current portion of non-current receivables		–	–	–	–	–	–	–	–	–	–		
Inventory	2	30,701	29,862	24,528	25,852	24,528	24,528	24,039	24,528	24,528	24,528		
VAT		112,842	138,535	16,910	34,499	43,124	43,124	19,692	58,813	74,158	93,362		
Other current assets		0	(80)	758	–	–	–	2,174	2,181	2,181	2,181		
<b>Total current assets</b>		<b>227,965</b>	<b>267,275</b>	<b>150,960</b>	<b>207,238</b>	<b>221,803</b>	<b>221,803</b>	<b>191,465</b>	<b>347,140</b>	<b>483,312</b>	<b>658,386</b>		
Non current assets													
Investments		–	–	10,731	10,731	13,169	13,169	16,169	13,169	13,169	13,169		
Investment property		173,984	156,564	203,109	203,449	205,010	205,010	205,010	205,010	205,010	205,010		
Property, plant and equipment	3	418,185	453,982	493,485	502,015	548,810	548,810	517,088	567,460	663,536	766,904		
Biological assets		–	–	–	–	–	–	–	–	–	–		
Living and non-living resources		–	–	–	–	–	–	–	–	–	–		
Heritage assets		65	65	65	65	65	65	65	65	65	65		
Intangible assets		399	546	552	3,386	7,709	7,709	404	1,705	3,065	4,485		
Trade and other receivables from exchange transactions		–	–	–	–	–	–	–	–	–	–		
Non-current receivables from non-exchange transactions		–	–	–	–	–	–	–	–	–	–		
Other non-current assets		–	–	–	–	–	–	–	–	–	–		
<b>Total non current assets</b>		<b>592,434</b>	<b>611,157</b>	<b>707,942</b>	<b>719,646</b>	<b>774,763</b>	<b>774,763</b>	<b>738,735</b>	<b>787,408</b>	<b>884,845</b>	<b>989,633</b>		
<b>TOTAL ASSETS</b>		<b>820,599</b>	<b>878,433</b>	<b>858,902</b>	<b>926,884</b>	<b>996,566</b>	<b>996,566</b>	<b>930,201</b>	<b>1,134,549</b>	<b>1,368,157</b>	<b>1,648,019</b>		
<b>LIABILITIES</b>													
Current liabilities													
Bank overdraft		338	513	426	–	–	–	0	504	504	504		
Financial liabilities		594	(7,072)	0	362	–	–	–	–	–	–		
Consumer deposits		5,027	5,222	6,493	5,232	6,135	6,135	7,692	6,188	6,188	6,188		
Trade and other payables from exchange transactions	4	365,576	433,081	214,126	76,933	223,597	223,597	191,294	351,317	403,331	488,340		
Trade and other payables from non-exchange transactions	5	–	5,579	12,439	52,305	45,294	45,294	5,953	–	0	–		
Provision		22,741	22,481	29,621	2,532	3,389	3,389	30,612	30,612	30,612	30,612		
VAT		110,821	126,451	14,639	30,641	28,521	28,521	9,658	49,655	98,657	150,097		
Other current liabilities		19,123	21,750	497	–	–	–	–	–	–	–		
<b>Total current liabilities</b>		<b>524,620</b>	<b>608,015</b>	<b>278,241</b>	<b>168,005</b>	<b>306,936</b>	<b>306,936</b>	<b>245,189</b>	<b>438,256</b>	<b>539,291</b>	<b>675,741</b>		
Non current liabilities													
Financial liabilities	6	7,871	7,871	–	–	–	–	–	–	–	–		
Provision	7	21,311	24,000	22,589	41,920	40,625	40,625	26,240	26,240	26,240	26,240		
Long term portion of trade payables		–	–	–	–	–	–	–	–	–	–		
Other non-current liabilities		–	–	14,385	–	–	–	14,385	14,385	14,385	14,385		
<b>Total non current liabilities</b>		<b>29,182</b>	<b>31,871</b>	<b>36,974</b>	<b>41,920</b>	<b>40,625</b>	<b>40,625</b>	<b>40,625</b>	<b>40,625</b>	<b>40,625</b>	<b>40,625</b>		
<b>TOTAL LIABILITIES</b>		<b>553,802</b>	<b>639,887</b>	<b>315,214</b>	<b>209,925</b>	<b>347,561</b>	<b>347,561</b>	<b>285,813</b>	<b>478,880</b>	<b>579,916</b>	<b>716,366</b>		
<b>NET ASSETS</b>		<b>266,797</b>	<b>238,546</b>	<b>543,688</b>	<b>716,960</b>	<b>649,005</b>	<b>649,005</b>	<b>644,388</b>	<b>655,668</b>	<b>788,241</b>	<b>931,654</b>		
<b>COMMUNITY WEALTH/EQUITY</b>													
Accumulated surplus/(deficit)	8	266,718	238,467	543,688	716,960	649,005	649,005	642,985	655,668	788,241	931,654		
Reserves and funds	9	79	79	–	–	–	–	–	–	–	–		
Other		–	–	–	–	–	–	–	–	–	–		
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	10	<b>266,797</b>	<b>238,546</b>	<b>543,688</b>	<b>716,960</b>	<b>649,005</b>	<b>649,005</b>	<b>642,985</b>	<b>655,668</b>	<b>788,241</b>	<b>931,654</b>		

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

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;



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## Musina Local Municipality

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- 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.

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 2025/26 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 R thousand	###	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28	
RECEIPTS:	1,2									
<u>Operating Transfers and Grants</u>										
National Government:										
Expanded Public Works Programme Integrated Grant		153,257	192,995	216,341	235,098	239,026	229,145	240,827	240,921	251,894
Infrastructure Skills Development Grant		–	–	–	1,975	1,975	–	1,986	–	–
Local Government Financial Management Grant		–	–	–	1,000	4,928	–	3,184	3,423	3,689
Equitable Share		–	–	–	3,000	3,000	–	3,000	3,000	3,100
		153,257	192,995	216,341	229,123	229,123	229,145	232,657	234,498	245,105
<u>Capital transfers and grants:</u>										
National Government:	1,3									
Balance unspent at beginning of the year		–	–	3,554	–	–	–	–	–	–
Current year receipts		–	–	–	33,559	35,959	35,959	35,242	47,384	49,428
Repayment of grants		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	(2,332)	33,559	35,959	35,959	35,242	47,384	49,428
Conditions still to be met - transferred to liabilities		–	–	5,886	–	–	–	–	–	–
Provincial Government:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Repayment of grants		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
District Municipality:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Repayment of grants		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Repayment of grants		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Total capital transfers and grants revenue		–	–	(2,332)	33,559	35,959	35,959	35,242	47,384	49,428
Total capital transfers and grants - CTBM	2	–	–	5,886	–	–	–	–	–	–
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		<b>153,257</b>	<b>192,995</b>	<b>214,009</b>	<b>268,857</b>	<b>274,985</b>	<b>274,985</b>	<b>278,069</b>	<b>288,305</b>	<b>301,322</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		<b>–</b>	<b>–</b>	<b>5,579</b>	<b>12,438</b>	<b>52,305</b>	<b>45,294</b>	<b>45,294</b>	<b>–</b>	<b>–</b>



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## Capital Infrastructure Grants Allocation for 2025/26 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 2025/26 financial year, the budgeted service delivery is summarised as follows:

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

Strategic Objective R thousand	Goal	Goal Code Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28	
KPA 1 Basic Service Delivery and Infrastructure Development	KPA 1 To initiate and improve the Quality and Quality of municipal infrastructure services		165,857	352,663	352,663	345,586	345,586	345,586	311,052	317,692	331,670
KPA 2 Good Governance and Public Participation	KPA 2 To Deepen Democracy and promote Accountability		17,539	21,355	7,813	10,254	10,254	10,254	10,726	11,209	11,702
KPA 3 Municipal Transformation and Organisational Development	KPA 3 To increase institutional capacity efficiency and effectiveness		15,512	25,814	26,996	39,094	39,094	39,094	40,853	42,732	44,612
KPA 4 Financial Viability and management	KPA 4 To enhance compliance with legislation and improve financial viability		212,088	362,679	189,972	205,558	205,558	205,558	221,998	234,378	244,691
KPA 5 Local Economic Development	KPA 5 To create a conducive environment for sustainable economic growth		8,017	5,027	77,650	8,774	8,774	8,774	7,112	7,432	7,759
KPA 6 Social and Justice	KPA 6 To Improve Quality of life through social development and provision of effective community services		6,756	60,826	20,127	9,903	9,903	9,903	10,220	10,545	11,009
Allocations to other priorities		2									
Total Revenue (excluding capital transfers and contributions)		1	425,769	828,364	675,021	619,169	619,169	619,169	601,561	623,986	651,443

## 2025/26-2026/2027 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.

## OVERVIEW OF ALIGNMENT OF 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;



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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, 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 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



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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.

### **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



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### **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)
- 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



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- 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.

### 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;



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- 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.

### **RECOMMEND**

1. That the Draft Budget of the Musina Local municipality for the financial year 2025/26 and the multi-year and single-year capital appropriations as set out in the following tables be approved and adopted:

1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2;

1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3;

1.3 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4;

1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5

2. **The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:**

2.1 Budgeted Financial Position as contained in Table A6

2.2 Budgeted Cash Flows as contained in Table A7;

2.3 Cash backed reserves and accumulated surplus reconciliation as contained in Table A8;

2.4 Asset management as contained in Table A9; and

2.5 Basic service delivery measurement as contained in Table A10.



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**3. The Council of Musina Local Municipality, acting in terms of section 75A of the Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2020: as set out in the**

Proposed Tariffs booklet:

- 3.1 The tariffs for property rates
- 3.2 The tariffs for waste services

**4. That the following budget related policies be approved for implementation in 2025/26;**

- Cash management and Investment Policy
- Leave Policy
- Integrated Customer Care Policy
- Asset Management Policy
- Loss and Claims Policy
- Budget and Virement Policy
- Indigent and Social Assistance Policy
- Supply chain management Policy
- Credit control and debt collection Policy
- Tariff Policy
- Property Rates Policy
- Subsistence and Travelling Policy

## **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);



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- 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 April 2025 – 30 April 2026**. Musina municipality is made up of 12 wards,

For effective and efficient public participation process, the **2024/25 IDP/Budget** Public Consultation Process was conducted as reflected on the table below:

## **2025/26 IDP /Budget Public Participation Schedule**

**The dates for the meetings scheduled as follows:**



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## SUMMARY BUDGET PROCESS 2025/2026

PLANNING ACTIVITY	TIME SCHEDULE
Approval of Budget time schedule	30 August 2024
Income Budget Submission	26/27 September 2024
Departmental Budget Submission (Budget and business Plans)	17 October 2024
Departmental Budget meeting with Municipal manager	14 November 2024
Budget meeting	6 March 2025
Tabling of first draft Budget, SDBIP (Service delivery Budget implementation plan)	27 March 2025
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 2025 -30 April 2025
Provincial Treasury budget engagements	May 2025
Tabling Final Budget, SDBIP	23 May 2025
Budget speech and Approval of Budget and SDBIP	End June 2025



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