



# MADIBENG LOCAL MUNICIPALITY



## DRAFT ANNUAL BUDGET: 2024/2025 – 2026/2027

### PUBLICATION OF TABLED 2024/2025 – 2026/2027 DRAFT ANNUAL BUDGET OF MADIBENG LOCAL MUNICIPALITY

The Draft Budget for Madibeng Local Municipality is published in accordance with the Municipal Finance Management Act, no. 56 of 2003, the Municipal Property Rates Act 2004 (Act 6 of 2004) and the Local Government Municipal Systems Act 32 of 2000. This budget was tabled in compliance with the National Treasury Circulars and was tabled in Council on 26 March 2024. Copies of the Draft Budget are available at all the Municipal Offices. Alternatively, the budget office can be contacted for assistance on (012) 318 9228/9225 or jamesmotaung@madibeng.gov.za / mosasekori@madibeng.gov.za

Council adopted amendments of all budget related policies, e.g., Budget & Virement Policy, Property Rates Policy & Bylaw, Tariff Setting Policy, Cash Management and Investment Policy, Indigent Household Subsidy Policy, Supply Chain Management Policy, Asset Management Policy, Credit Control and Debt Collection Policy & Bylaw, etc.

#### CONSOLIDATED OVERVIEW OF THE BUDGET

The proposed budget of Madibeng Local municipality for the 2024/25 financial year totals R 3 billion, comprising of R 2.7 billion Operating Expenditure and R 346.2 million for Capital expenditure. The total Revenue budget has increased by R194.2 million or 7% when compared with the 2023/24 Original Budget and has increased by R 202.9 million or 7% compared with the 2023/24 Adjustment Budget. The total Expenditure budget has increased by R 159.5 million or 6% when compared with the Original budget and has increased by R 174 million or 6% when compared with the adjusted budget. The municipality's surplus has increased from R4.7million in 2023/24 to R39.4million in the 2024/25 and for the two outer years R 78.7million and R 148.7million. The municipality's capital expenditure has decreased with R -15.6 million or -5% when compared to 2023/24 original budget and has increased by R 16.9 million or 5% when compared with to 2023/24 Adjustment Budget.

**TABLE 1: CONSOLIDATED OVERVIEW OF THE 2024/2025 - 2026/2027 BUDGET**

Description	Current Year 2023/24		2024/25 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand					
Revenue	2 556 367	2 556 367	2 750 627	2 953 528	3 187 808
Expenditure	2 551 637	2 537 099	2 711 173	2 874 792	3 039 039
Surplus/(Deficit)	4 730	19 268	39 454	78 736	148 769
Capital Expenditure	361 808	329 291	346 202	357 965	388 506
Surplus/(Deficit)	2 913 445	2 866 390	3 057 375	3 232 757	3 427 545

#### TARIFF

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be within the lower limit of the 3 to 6 per cent target band; therefore, municipalities are required to **justify all increases in excess of the projected inflation target for 2024/25** in their budget narratives and pay careful attention to tariff increases across all consumer groups.

The proposed tariff increases from various sector departments were also considered.

- Consumer Price Index (CPI) of 4.9 per cent;
- Rand-Water tariff increase of 5,9%; and
- City of Tshwane Tariff increase.
- NERSA increase of 12.7%

The proposed main average tariff increases are as follows:

**Table 2: Proposed Tariff Increase Percentage**

Description	Approved Previous Year 2022/23	Approved Current Year 2023/24	MTREF		
			Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Property rates	0%	0%	4.9%	4.6%	4.6%
Electricity	9.6%	5.3%	12.7%	15.7%	15.7%
Water	4.8%	5.3%	4.9%	4.6%	4.6%
Sewerage	4.8%	5.3%	4.9%	4.6%	4.6%
Refuse Removal	4.8%	5.3%	4.9%	4.6%	4.6%
Surcharges	4.8%	5.3%	4.9%	4.6%	4.6%
Other services	4.8%	5.3%	4.9%	4.6%	4.6%

*\*it needs to be noted that the electricity tariff increase percentage is an indicative percentage, we have not received the guideline from NERSA yet. The municipality still has to apply for tariff increase at NERSA. Therefore, the electricity tariff increase may change depending on approval by NERSA*

#### TRANSFERS AND GRANTS ALLOCATION

Revenue from grant funding is set out in Division of Revenue Act (DORA) and the Provincial Gazette. The total transfers and grants allocated to Madibeng Local municipality is R 1.482 billion in the 2024/25 financial year and the allocation for 2025/26 and 2026/27 amount to R 1.552 billion and R 1.640billion.

The total operating transfers and grants for the 2024/25 financial year amount to R 1.127 billion, R1.186 billion and R 1.244 billion for the 2025/26 and 2026/27 financial years.

The infrastructure grant for the 2024/25 financial year is appropriated at R354.2 million. And the allocation for the two outer years is estimated at R 365.9 million and R 394.8 million respectively.

Table 3 below gives a breakdown of the various Grants and subsidies allocated to the municipality over the medium term period

**Table 3: Transfers and Grant Allocations**

Description	Budget Year 2022/2023	Budget Year 2023/2024	Budget Year 2024/2025	Budget Year +1 2025/2026	Budget Year +2 2026/2027
	R'000	R'000	R'000	R'000	R'000
Financial Management Grant	2 900	2 900	2 900	2 900	2 900
Expanded Public Works Programme	1 094	978	1 293		
Library Grant	166				
Municipal Infrastructure Grant	324 408	339 658	329 018	345 965	377 506
Integrated National Electrification	45 500	30 150	25 184	20 000	19 000
<b>Total Grants &amp; Subsidies</b>	<b>1 315 524</b>	<b>1 426 020</b>	<b>1 482 160</b>	<b>1 552 750</b>	<b>1 640 681</b>



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## Transfers and Grant Allocations in Kind

The total grant allocation in kind for the 2024/25 amount to R 68.6 million. The allocation for the two outer year's amount to R 165.3 million and R 109.4 million.

Table 4 below provides the details of Transfers and Grant Allocations in Kind for Madibeng Local Municipality over the MTREF period.

**Table 4: Transfers and Grant Allocations in Kind**

Description	Budget Year 2022/2023	Budget Year 2023/2024	Budget Year 2024/2025	Budget Year +1 2025/2026	Budget Year +2 2026/2027
	R'000	R'000	R'000	R'000	R'000
Eskom grant	61 411	46 860	16 019	120 247	64 379
Regional Bulk infrastructure Grant	105 608	134 887	35 000	28 112	28 112
Water Services Infrastructure Grant	47 400	20 000	17 650	17 000	17 000
Total Grants in kind	214 419	201 747	68 669	165 359	109 491

Even though the municipality would not be the implementing agent or fully responsible for implementation, it is recommended that the progress should be monitored and be reported accordingly. The Infrastructure and Technical Services Department will liaise with the implementing agents from time to time to monitor the progress and provide feedback thereof. The allocation will be transferred directly to:

- Eskom; and
- Department of Water and Sanitation

## OPERATING REVENUE

The total Revenue budget has increased by R194.2 million or 7% when compared with the 2023/24 Original Budget and has increased by R 202.9 million or 7% compared with the 2023/24 Adjustment Budget.

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>Revenue</b>										
Exchange Revenue										
Service charges - Electricity	522 622	561 615	600 942	675 095	685 895	685 895	446 831	757 422	875 015	1 012 227
Service charges - Water	171 430	142 139	166 205	161 956	161 956	161 956	56 187	175 088	181 992	190 181
Service charges - Waste Water Management	54 361	47 834	51 852	51 710	51 910	51 910	19 578	55 120	50 590	52 867
Service charges - Waste Management	55 580	57 181	60 288	63 442	64 442	64 442	43 177	67 229	69 736	72 874
Sale of Goods and Rendering of Services	5 151	4 578	5 265	5 452	5 461	5 461	2 818	4 690	4 906	5 126
Agency services	12 591	14 180	17 664	14 000	14 000	14 000	-	18 833	19 653	20 493
Interest earned from Receivables	75 209	76 520	56 240	67 109	67 109	67 109	43 960	69 171	72 353	75 609
Interest earned from Current and Non Current Assets	5 867	6 753	16 459	14 638	17 738	17 738	10 905	17 920	18 745	19 588
Rent on Land	-	-	8	10	10	10	-	7	8	8
Rental from Fixed Assets	4 878	1 837	1 923	2 205	2 205	2 205	1 395	2 064	2 159	2 256
Licence and permits	4 868	6 433	6 724	37	37	37	30	32	33	35
Operational Revenue	163	2 397	349	2 333	2 333	2 333	981	1 237	1 248	1 259
<b>Non-Exchange Revenue</b>										
Property rates	336 843	293 589	413 604	403 585	383 585	383 585	240 692	386 078	399 779	417 769
Fines, penalties and forfeits	3 006	3 643	6 366	3	3	3	0	8 991	9 406	9 829
Licences or permits	-	-	-	500	500	500	-	525	549	573
Transfer and subsidies - Operational	913 335	836 190	955 504	1 064 212	1 064 850	1 064 850	792 339	1 135 958	1 194 785	1 252 175
Interest	39 614	22 520	32 169	30 082	34 334	34 334	31 243	50 071	52 374	54 731
Gains on disposal of Assets	(585)	1 270	(830)	-	-	-	-	-	-	-
Other Gains	701	74	167	-	-	-	211	189	198	207
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2 205 633</b>	<b>2 078 753</b>	<b>2 390 897</b>	<b>2 556 367</b>	<b>2 556 367</b>	<b>2 556 367</b>	<b>1 690 347</b>	<b>2 750 627</b>	<b>2 953 528</b>	<b>3 187 808</b>

## OPERATING EXPENDITURE

The total Expenditure budget has increased by R 159.5 million or 6% when compared with the original budget and has increased by R 174 million or 6% when compared with the adjusted budget.

**Table 6: Summary of Operating Expenditure by Classification**

Description	2019/20	2020/21	2021/22	Current Year 2022/23				2023/24 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26
<b>Expenditure</b>										
Employee related costs	591 539	638 673	652 263	695 456	696 056	696 056	465 803	730 202	773 791	818 162
Remuneration of councillors	31 660	32 005	34 256	37 450	37 450	37 450	24 083	38 861	40 648	42 477
Bulk purchases - electricity	628 351	670 408	723 581	525 638	546 638	546 638	474 826	665 720	696 343	727 678
Inventory consumed	22 877	26 099	34 868	188 685	188 685	188 685	28 494	204 931	214 563	224 195
Debt impairment	2 843	6 992	25 054	220 000	200 000	200 000	-	209 800	219 451	229 326
Depreciation and amortisation	322 897	337 457	316 128	350 000	330 000	330 000	-	317 937	332 562	347 528
Interest	21 981	16 580	61 558	67 500	75 500	75 500	53 355	43 233	45 222	47 257
Contracted services	256 534	330 460	314 922	257 837	293 354	293 354	197 166	284 572	326 362	366 403
Transfers and subsidies	11 892	6 530	6 674	7 000	7 000	7 000	6 969	7 343	7 681	8 026
Irrecoverable debts written off	49 959	-	(118 618)	-	-	-	94	-	-	-
Operational costs	198 040	99 217	284 540	202 071	221 157	221 157	144 592	209 232	218 857	228 705
<b>Total Expenditure</b>	<b>2 141 724</b>	<b>2 165 155</b>	<b>2 337 386</b>	<b>2 551 637</b>	<b>2 595 840</b>	<b>2 595 840</b>	<b>1 395 041</b>	<b>2 711 173</b>	<b>2 874 792</b>	<b>3 039 039</b>
Surplus/(Deficit)	63 909	(86 401)	53 511	4 730	(39 474)	(39 474)	295 305	39 454	78 736	148 769

## CAPITAL BUDGET

Section 18 and 19 of the MFMA were taken in to consideration regarding the funding of capital project. That spending on Capital Budget to be financed from grants and other external mechanisms would takes place after the funds have been received.

Table 7 below detailed the funding sources for Capital Budget over the medium term period.

**Table 7: Capital Budget per Funding Sources**

Description	Budget Year 2022/2023	Budget Year 2023/2024	Budget Year 2024/2025	Budget Year +1 2025/2026	Budget Year +2 2026/2027
	R'000	R'000	R'000	R'000	R'000
Municipal Infrastructure Grant	324 408	339 658	329 018	345 965	377 506
Integrated National Electrification	45 500	30 150	25 184	20 000	19 000
Total Grants & Subsidies	369 908	369 808	354 202	365 965	396 506



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The Capital Budget for the 2024/2025 financial year has been projected at R 354.2 million. The two outer financial years the Capital Budget is projected at R365.9 million and R 396.5 million.

The table below is the detailed 2024/25 MTREF capital budget per capital project and per ward

**Table 8: PROPOSED DRAFT CAPITAL BUDGET 2024/25 - 2025/26 FINANCIAL YEAR**

DESCRIPTION	WARDS	BUDGET 2024/25	BUDGET 2025/26	BUDGET 2026/27	FUND
KLIPGAT EXTENTION WATER SUPPLY	8,24; 36	20 000 000	22 000 000		MIG
HEBRON/ KGABALATSANE/ ROCKVIL/ITSOSENG	10,15,16,41	54 000 000	53 000 000	40 000 000	MIG
UPGRADING OUKASIES OUTFALL SEWER	13	-	-		MIG
JERICHO BULK WATER LINE	2			60 000 000	MIG
HEBRON/ KGABALATSANE BULK WATER SUPPLY ( R/WATER)	10,15,16,41			30 000 000	MIG
WATER CONSERVATION WATER DEMAND MANAGEMENT	ALL	30 000 000			MIG
MODDERSPRUIT AUGMENTATION OF WATER SUPPLY (BOREHOLES)	31			28 000 000	MIG
MADIDI-AUGMENTATION OF WATER SUPPLY (BOREHOLES)	3		2 000 000	28 000 000	MIG
KLIPGAT SANITATION PROJECT	8;24;37	40 000 000	30 000 000	30 000 000	MIG
VENTILATION IMPROVED PIT TOILETS (VIP TOILETS – BOKAMOSO)	27		10 000 000		MIG
VENTILATION IMPROVED PIT TOILETS (VIP TOILETS –	14		3 000 000		MIG
VENTILATION IMPROVED PIT TOILETS (VIP TOILETS BOKFONTEIN)	25		10 000 000		MIG
HIGH MAST LIGHT (SOLAR ENERGY) PHASE 3 (4 HIGHMAST LIGHT PER WARD @ R580 PER MAST)	5,8,9,11,12,13,20,21,22,23,24,36,37,38,	32 500 000	-		MIG
HIGHMAST LIGHT (SOLAR ENERGISED) PHASE 1B (6 HIGHMAST LIGHT PER WARD @ R625 PER MAST)	1,2,25,27,30,33,32,34,35,40		37 302 000	41 000 000	MIG
HIGHMAST LIGHT (SOLAR ENERGISED) PHASE 2B (4 HIGHMAST LIGHT PERWARD @ R652 PER MAST )	3,6,7,10,14,15,16,17,18,19,26,28,29,41		35 000 000	38 500 000	MIG
HIGHMAST LIGHT (SOLAR ENERGISED) PHASE 3B (4 HIGHMAST LIGHT PER WARD @ 625 PER WARD)	5,8,9,11,12,13,20,21,22,23,24,36,31,37,38,		35 000 000	38 500 000	MIG
UPGRADING OF FAFUNG INTERNAL BUS ROUTE	1	1 000 000	2 000 000	15 000 000	MIG
UPGRADING OF MOTHOTLUNG PHASE 2 ROAD ( EXT 2 TO THARI)	20,21		-	15 000 000	MIG
UPGRADING OF MOTHOTLUNG INTERNAL ROADS	20	22 000 000			MIG
OUKASIE PHASE 5 ROAD	13		8 000 000		MIG
UPGRADING OF LEGONYANE CEMETERY ROAD	1	19 270 000			MIG
REFENTSE ACCESS ROAD	30	7 000 000	-		MIG
MASTERS SPORT GROUND ROAD UPGRADE	28	5 000 000	10 000 000		MIG
UPGRADING OF MABOLOKA TARRED ACCESS ROAD (BP TO CIRCLE)	4,5,6	-	-		MIG
UPGRADING OF WONDERKOP LUTHREN ROAD	26	15 000 000	-		MIG
BLOCK B TLHOAFALO PRIMARY SCHOOL ROAD UPGRADE	9	21 264 000	-		MIG
LETLHABILE BLOCK F- INTERNAL ROAD UPGRADE	38	18 000 000			MIG
ROOIWAL CEMETERY ROAD UPGRADE	1	7 000 000	11 000 000		MIG
SEGWAILANE UPGRADING OF INTERNAL ROAD ( THABO MORULA )	32	16 000 000			MIG
UPGRADING OF REFENTSE ACCESS ROAD AND STORM WATER	30	5 000 000	11 000 000		MIG
UPGRADING OF INTERNAL ROAD (LOT PHALATSE)	41			6 000 000	MIG
UPGRADING OF INTERNAL ROAD (BLOCK B EXT )	11			1 600 000	MIG
UPGRADING OF INTERNAL ROAD (MOILETSWANE)	34			1 500 000	MIG
MMAKAU WARD 19 ROAD ( CHIPPA TO MOUMOMG)	19	10 000 000			MIG
UPGRADING OF INTERNAL ROAD ITSOSSENG ROMA ROAD	16			1 000 000	MIG
UPGRADING OF DITHABANE CEMETERY - BOKAMOSO HALL	27		5 000 000	5 000 000	MIG
UPGRADING OF SHUMBERG INTERNAL ROAD	29			7 000 000	MIG
UPGRADING OF NTOLO ROAD	3			1 400 000	MIG
UPGRADING OF NTSOPILONG CEMETERY ROAD	14			6 506 000	MIG
UPGRADING OF KLIPGAT OLD CEMETERY ROAD				10 000 000	MIG
DAMONSVILLE EXT.2 INTERNAL ROAD	21		7 533 000	7 000 000	MIG
FANYANE TO MANOTSHE MODUANE ROAD UPGRADE	15	11 984 000	10 000 000		MIG
REHABILITATION OF MODDERSPRUIT TARRED ROAD.	31	7 000 000	-		MIG
FORMALISATION OF HEBRON STREAM AND STORMWATER	15;16	4 000 000	17 000 000		MIG
SPECIALISED VEHICLE FOR WASTE – (SKIP BINS)	all		5 000 000	10 000 000	MIG
BOKFONTEIN CEMETERY	25		2 500 000	10 000 000	MIG
MMAKAU CEMETERY	19		2 500 000	10 000 000	MIG
LANGEBERG CREMATORIUM	all		2 500 000	1 000 000	MIG
MABOLOKA SPORTS FACILITY	5		1 000 000	10 000 000	MIG
LETLHABILE SPORT FACILITY UPGRADE	12		2 500 000	10 000 000	MIG
MOTHOTLUNG SPORT FACILITY UPGRADE	20		2 500 000	1 000 000	MIG
OUTDOOR GYM - DAMONSVILE	21			5 000 000	MIG
OUTDOOR GYM - SUNWAY	30			5 000 000	MIG
BRITS FRESH PRODUCE MARKET	23		2 000 000	17 000 000	MIG
BRITS LANDFILL SITE( DEVELOPMENT OF NEW CELL AND LAGOON)	23	3 000 000	15 630 000	16 000 000	MIG
DLTC UPGRADE	23		0	1 500 000	MIG
LETLHABILE TAXI RANK	11	0	13 000 000		MIG
TOTAL MIG		329 018 000	345 965 000	377 506 000	
INEP			20 000 000	19 000 000	
LETLHABILE BLOCK H ELECTRIFICATION 1193 ERVEN		19 684 000			INEP
LETLHABILE C SUBSTATION		4 000 000			INEP
LETLHABILE BLOCK I ELECTRIFICATION 2000H/H		1 500 000			INEP
TOTAL INEP		25 184 000	20 000 000	19 000 000	
TOTAL CAPITAL EXPENDITURE		354 202 000	365 965 000	396 506 000	

NB: Copies of full budget document, tariff schedule, relevant policies and by-laws are available at the reception of the Main Municipal building in Brits, all satellite offices and all libraries.

Morufa Moloto: **Municipal Manager (Acting)**

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