

NGWATHE LOCAL MUNICIPALITY



MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

SPECIAL ADJUSTMENT BUDGET 2024/25

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MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK ADJUSTMENT BUDGET 2024/25

Background

In accordance to the Adjusted DORA F2023 gazette on 25 March 2025, No 52381:

- (a) The stopping and re-allocation of conditional grants to municipalities made in terms of section 18 and 19 of the DoRA,
- (b) Technical adjustments (corrections of errors in terms of section 15 of the Act) on conditional allocations to municipalities
- (c) conversion of allocations between schedules in terms of section 20 of the DoRA; and
- (d) request for departing from the provision of the Act in terms of section 35 of the DoRA

In compliance to the above recommendation, the draft proposed special adjustment budget for the period 2024/25 is hereby presented before the Finance Committee for inputs and further discussion.

Legislative Requirement

In terms of Section 28 of the Municipal Finance Management Act No. 56 of 2003 – S28(1) Municipality may revise an approved budget through budget adjustment,

Section 28(2) prescribe that-

- a) Municipality must adjust revenue and expenditure estimate downwards, if, there is a material under collection of revenue during the current year.
- b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but, only to revise or accelerate spending programs already budgeted for.
- c) may, within a prescribed framework, authorize unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
- d) may authorize the utilization of projected savings in one vote towards spending under another vote;
- e) may authorize the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;
- f) may correct any errors in the annual budget; and
- g) may provide for any other expenditure within a prescribed framework.

Part 1: Operating Revenue B4 Financial Performance

FS203 Ngwathe - Table B4 Adjustments Budget Financial Performance (revenue)

Description	Budget Year 2024/25									Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	3	4	5	6	7	8	9	10		
		A1	B	C	D	E	F	G	H		
Revenue By Source											
Exchange Revenue											
Service charges - Electricity	280,426	-	-	-	-	-	0	0	280,426	424,305	620,634
Service charges - Water	79,574	-	-	-	-	-	(0)	(0)	79,574	68,991	71,911
Service charges - Waste Water Management	62,922	-	-	-	-	-	-	-	62,922	56,038	58,504
Service charges - Waste Management	44,973	-	-	-	-	-	-	-	44,973	28,511	29,766
Sale of Goods and Rendering of Services	2,385	-	-	-	-	-	-	-	2,385	2,127	2,223
Agency services	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	96,500	-	-	-	-	-	10,411	10,411	106,910	55,807	50,227
Interest earned from Current and Non Current Assets	6,514	-	-	-	-	-	343	343	6,857	7,159	8,229
Dividends	-	-	-	-	-	-	-	-	-	-	-
Rent on Land	-	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	366	-	-	-	-	-	0	0	366	382	400
Licence and permits	-	-	-	-	-	-	-	-	-	-	-
Operational Revenue	58,642	-	-	-	-	-	(0)	(0)	58,642	98	63,971
Non-Exchange Revenue											
Property rates	126,597	-	-	-	-	-	-	-	126,597	887,483	927,324
Surcharges and Taxes	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	294	-	-	-	-	-	74	74	368	148,590	1,045
Licences or permits	-	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational	285,168	-	-	-	-	-	108	108	285,277	296,280	304,681
Interest	-	-	-	-	-	-	-	-	-	-	-
Fuel Levy	-	-	-	-	-	-	-	-	-	-	-
Operational Revenue	-	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets	-	-	-	-	-	-	-	-	-	-	-
Other Gains	-	-	-	-	-	-	-	-	-	-	-
Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	1,044,363	-	-	-	-	-	12,416	11,096	1,055,299	12,416	12,416

1.1. Part 2: Operating Expenditure B4 Financial Performance

The approved annual budget for operating revenue for 2024/25 financial year was **R 1 044 363** billion, It was adjusted to **R 1 055 460** billion in February 2025. The proposed special adjustment amounts to **R1 055 299** billion. The decreased of PMU Grants will reduce the total operating Revenue by **R160 550** million and reduced the transfers and Subsidies from **R285 437** million to proposed adjustment budget of **R285 277** million.

Part 2: Operating Expenditure B4 Financial Performance

FS203 Ngwathe - Table B4 Adjustments Budget Financial Performance (expenditure)

Description	Current Year 2024/25									Budget Year +1 2026/27	Budget Year +2 2027/28
	Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Expenditure By Type											
Employee related costs	293,009	-	-	-	-	-	32,727	32,727	325,736	342,185	328,145
Remuneration of councillors	18,394	-	-	-	-	-	935	935	19,329	20,295	21,310
Bulk purchases - electricity	316,816	-	-	-	-	-	27,577	27,577	344,393	465,959	539,452
Inventory consumed	89,955	-	-	-	-	-	16,457	16,457	106,412	147,875	143,306
Debt impairment	165,269	-	-	-	-	-	-	-	165,269	103,707	108,374
Depreciation and amortisation	54,382	-	-	-	-	-	(2,875)	(2,875)	51,507	53,774	56,193
Interest	34,824	-	-	-	-	-	34,824	34,824	69,648	69,648	69,648
Contracted services	26,708	-	-	-	-	-	21,786	21,786	48,494	60,854	73,180
Transfers and subsidies	180	-	-	-	-	-	-	-	180	180	180
Irrecoverable debts written off	-	-	-	-	-	-	-	-	-	-	-
Operational costs	99,209	-	-	-	-	-	23,560	23,560	122,769	117,089	117,970
Losses on disposal of Assets	-	-	-	-	-	-	-	-	-	-	-
Other Losses	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	1,098,745	-	-	-	-	-	154,991	154,991	1,253,736	1,381,585	1,457,758

2. EXPENDITURE ANALYTICAL REVIEW

The approved annual budget for Operating Expenditure for 2024/25 financial year was R 1 098 745 billion, It was adjusted to R 1 253 987 billion in February 2025. The proposed special adjustment amounts to R1 253 736 billion. The decreased of PMU Grants will reduce the total operating Revenue by R160 550 million and reduced the transfers and Subsidies from R285 437 million to proposed adjustment budget of R285 277 million.

In application of our double entry system, after consideration of the revenue portion of the PMU, we also accounted for the expenditure portion of **R160 550** in our expenditure.

Part 3: Capital Expenditure

3.1 Grants analysis

According to the Adjusted Division of Revenue Act ,2024(Act No 24 of 2024), an amount of R135 million of capital grants which was initially Approved as operating capital was re-allocated as follows:

- ✓ **MIG** is adjusted from **R48 656 million** to **R42 400 million**,
- ✓ **RBIG** adjusted from **R60 million** to **R67 million**.

After the re-allocation and adjustment process the municipality accounts for **R133 458 million**, as the capital grant for the year 2024/25.

FS203 Ngwathe · Table B5 Adjustments Capital Expenditure Budget by vote and funding · 19/05/2025

Description	Budget Year 2024/25									Budget Year +1 2025/26	Budget Year +2 2026/27
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Capital Expenditure - Functional											
<i>Governance and administration</i>	-	-	-	-	-	-	-	-	-	6,000	5,000
Executive and council	-	-	-	-	-	-	-	-	-	2,000	1,000
Finance and administration	-	-	-	-	-	-	-	-	-	4,000	4,000
Internal audit	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	9,000	-	-	-	-	-	2,924	2,924	11,924	13,061	9,283
Community and social services	9,000	-	-	-	-	-	2,924	2,924	11,924	13,061	9,283
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	27,391	-	-	-	-	-	(11,166)	(11,166)	16,225	37,893	43,744
Planning and development	-	-	-	-	-	-	-	-	-	24,400	23,739
Road transport	27,391	-	-	-	-	-	(11,166)	(11,166)	16,225	13,493	20,005
Environmental protection	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	102,863	-	-	-	-	-	15,446	15,446	118,310	114,253	151,167
Energy sources	15,585	-	-	-	-	-	2,500	2,500	18,085	17,635	26,500
Water management	81,876	-	-	-	-	-	1,285	1,285	83,161	78,742	113,244
Waste water management	5,402	-	-	-	-	-	11,662	11,662	17,063	17,876	11,423
Waste management	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	139,254	-	-	-	-	-	7,205	7,205	146,458	171,207	209,195
Funded by:											
National Government	132,554	-	-	-	-	-	905	905	133,458	122,907	165,556
Provincial Government	-	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	-
allocations) (Nat. Prov. Departm Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Education)	1,400	-	-	-	-	-	3,500	3,500	4,900	28,100	29,339
Transfers recognised - capital	133,954	-	-	-	-	-	4,405	4,405	138,358	151,007	194,895
Borrowing											
Internally generated funds	5,300	-	-	-	-	-	2,800	2,800	8,100	20,200	14,300
Total Capital Funding	139,254	-	-	-	-	-	7,205	7,205	146,458	171,207	209,195

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Part 3: Cash flow

4.1 Cash flow analysis

FS203 Ngwathe - Supporting Table SB7 Adjustments Budget - transfers and grant receipts - 19/05/2025

Description	Ref	Budget Year 2024/25							Budget Year +1 2025/26	Budget Year +2 2026/27
		Original Budget A	Prior Adjusted 7 A1	Multi-year capital 8 B	Nat. or Prov. Govt 9 C	Other Adjusts. 10 D	Total Adjusts. 11 E	Adjusted Budget 12 F	Adjusted Budget	Adjusted Budget
R thousands										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		285,168	-	-	-	(161)	(161)	285,008	296,280	304,681
Local Government Equitable Share		278,095	-	-	-	-	-	278,095	268,814	298,921
Energy Efficiency and Demand Side Management Grant	3	-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant		1,480	-	-	-	-	-	1,480	2,553	-
Local Government Financial Management Grant		3,000	-	-	-	-	-	3,000	3,000	3,000
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		2,593	-	-	-	(161)	(161)	2,433	1,913	2,760
Provincial Government:		-	-	-	-	-	-	-	-	-
Infrastructure Grant		-	-	-	-	-	-	-	-	-
District Municipality:	5	-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	269	269	269	-	-
Local Government Water and Related Service SETA		-	-	-	-	269	269	269	-	-
Total Operating Transfers and Grants	6	285,168	-	-	-	108	108	285,277	296,280	304,681
Capital Transfers and Grants										
National Government:		132,554	-	-	-	905	905	133,458	122,907	165,556
Integrated National Electrification Programme Grant		15,585	-	-	-	-	-	15,585	11,135	20,000
Municipal Infrastructure Grant		46,063	-	-	-	(6,095)	(6,095)	39,967	36,339	52,444
Regional Bulk Infrastructure Grant		60,000	-	-	-	7,000	7,000	67,000	60,000	81,112
Water Services Infrastructure Grant		10,906	-	-	-	-	-	10,906	15,433	12,000
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Local Government Water and Related Service SETA		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	6	132,554	-	-	-	905	905	133,458	122,907	165,556
TOTAL RECEIPTS OF TRANSFERS & GRANTS		417,722	-	-	-	2,493	2,493	420,215	419,187	470,237

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Municipal Manager's Quality certificate

I, FP MOTHAMAHA, the Municipal Manager of the Ngwathe Local Municipality, hereby certify that the 2024/25 special adjusted budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act, and that the annual budget and supporting documents are consistent with the integrated Development Plan of the Municipality

Print Name Futhuli Motlamele
Municipal Manager of Ngwathe Local Municipality

Signature [Handwritten Signature]

Date 30th May 2025