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REPORT ON THE 2023/24 MEDIUM TERM REVENUE AND EXPENDITURE (MTREF) MUNICIPAL BUDGETS

1. PURPOSE

The purpose of this report is to provide the National Treasury and other stakeholders on the progress made on the 2023/24 municipal budget process and assessment for 22 delegated Free State Municipalities. This report also details the funding position of the non-delegated Mangaung Metropolitan Municipality.

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2. BACKGROUND AND DISCUSSION

The International Budget Partnership (IBP) states that research on budget credibility across countries has shown that, despite the existence of measures and standards on budget credibility, the budget aberrations persist in many countries.

Credibility is especially a challenge in developing countries, which in turn impedes or even prevent the achievement of sustainable or development goals. IBP defines budget credibility by a government's ability to meet its revenue and expenditure targets during the fiscal year.

In South Africa context, the legislative framework within local sphere provides for monitoring departments such as Treasuries and Corporative Governance to support budget credibility. Therefore, the Provincial Treasury in accordance with Section 22(b)(i) of the Municipal

Finance Management Act (MFMA), 2003 which states that immediately after an annual budget is tabled in a municipal council, the accounting officer of a municipality must submit the annual budget in both printed and electronic formats to the National Treasury and the relevant Provincial Treasury.

In addition, Section 23(1)(b) of the MFMA, 2003 further states that the municipal council must consider any views of the National Treasury, the relevant Provincial Treasury and any provincial or national organs of state or municipalities which made submissions on the budget. Section 24(1) of the MFMA, 2003 further states that the municipal council must at least 30 days before the start of the financial year consider approval of the annual budget.

Based on the afore-mentioned sections of the MFMA, 2003. Therefore, the objective of the 2023/24 MTREF, Municipal Budget Report seeks to appraise the National Treasury and stakeholders on the outcomes of the budget assessments conducted for the 22 delegated municipalities in the Free State Province and also the support provided on the credibility and fiscal sustainability of the municipal budgets. The funding position of Mangaung Metropolitan Municipality is also reported on.

In the South African ecosystem of governments, the municipalities are the guardians of fiscal policy and collect own revenue of approximately 70 per cent from services rendered to their respective communities and receive grants of approximately 30 per cent from National and Provincial Governments. Municipalities are mandated to use these fiscal resources to improve service delivery and infrastructure within their respective jurisdiction to support macro-economic policy.

Based on the above, this report seeks to discuss the 2023/24 municipal budgets from a perspective of the regulatory compliance and funding status. The report provides analytics of both qualitative and quantitative data sets received from municipalities.

In fulfilling the MFMA, 2003 mandate of the Provincial Treasuries, this report is therefore structured in the following format below:

- Economic outlook;
- Governance and administration;
- Provincial Treasury methodology used on budget assessments;
- Compliance assessment;
- Consolidated 2023/24 Budget assessment & funding status and
- Provincial Treasury Support and conclusion.

Four individual Free State district reports and the combined the consolidated budget tables in excel formats are attached as part of efforts to consistently improve the reporting mandate of the Free State Provincial Treasury and to support the District Management Model.

3. ECONOMIC OUTLOOK

The global economic landscape remains extremely uncertain amid numerous devastating shocks.

In addition, a series of turbulent challenges facing the global economy emanated partly from the geopolitical tension between Russia and Ukraine. The conflict between these countries had a casual effect in commodity and energy-related markets resulting in global supply chain constraints, soaring inflation rates, and worsening financial conditions.

Global inflation accelerated sharply throughout, owing to higher food and energy prices, which prompted a quicker monetary policy tightening by central banks worldwide to contain inflation. However, a tightening of monetary policy reduces consumer spending, business investments and results in over-indebtedness.

3.1 South African economic outlook

The economic outlook of Africa is also negatively impacted by the geopolitical instability and the dwindling state of the global economy. It is also affected by the unstable situations in some parts of Africa as a result of wars and the renewed scramble of resources in Africa.

However, the Continental Free Trade Area agreement as one of the flagship projects of the African Unions Agenda 2063 together with BRICS 2024 transformation remains an anchor for growth.

It is a high determination trade agreement, with an all-inclusive scope that includes critical areas for the South Africa's economy.

Whilst the economy of South Africa has also not been spared from unfavourable conditions affecting the world economy, as inflation increased to high levels warranting urgent monetary policy response in terms of the weakening trade due to falling global metal prices, and whilst business confidence dropped to low levels.

The South African economy continues to experience internal structural constraints, such as unreliable electricity supply, high levels of market concentration, inefficiencies in network industries and a high cost of doing business.

Load-shedding has considerable economic costs. However, as part of structural reforms necessary to achieve higher economic growth and government's response to this crisis, in the State of the Nation Address, the President declared a National State of Disaster to address the energy crisis and its impact. The state of disaster will, among others, accelerate the energy projects and limit regulatory requirements while maintaining environmental protection, procurement principles and technical standards.

South Africa's external financing needs are expected to rise due to expansion in the current account deficit. Despite somewhat fluctuations on the oil prices, falling export commodity prices are forecast to result in a current account deficit of 1.9 per cent of GDP this year (down from 2.5 per cent), 2.9 per cent and 3.3 per cent of GDP in 2024 and 2025, respectively.

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3.2 Free State economy

In the Free State Province, the recovery of the commodity market resulted in high economic growth rates of both agricultural and mining industries, together with supporting industries. Therefore, the provincial agricultural industry expanded by 7.9 per cent, followed by transport (5.3 per cent), trade (5.0 per cent) as well as mining (4.8 per cent). However, the lingering pandemic effects, together with endogenous structural challenges, resulted in a decline in the manufacturing (2.6 per cent) and construction (2.3 per cent) industries.

The Free State economic growth is projected to remain subdued at 0.8 per cent in 2024. The highest sector growth rates expected are below 3 per cent, and they are in finance (2.9 per cent), transport (2.5 per cent) as well as agriculture (2.3 per cent). The finance industry may

benefit from high-interest rates, which might more than offset any defaults by hard-stricken consumers. The transport industry may continue to benefit from road transport if freight continues to be transported by road instead of rail. However, mining is projected to decline by 11.5 per cent in 2024. Ideally, an increase in global uncertainty and risks should increase the demand for precious metals. However, the mining industry in the Free State faces is experiencing endogenous shocks such as load shedding, reduced investment and rising operational costs. These challenges may contribute towards the decline of the provincial mining industry in 2024 growth, despite a possible rise in the price of gold.

At the 2023 Provincial Executive Lekgotla, Economic Reconstruction and Recovery Plan (ERRP) was stated as intervention vehicle to stimulate the provincial economy, focusing on the following eight areas: 1) aggressive infrastructure investment, 2) ensuring energy security, 3) tourism recovery and growth, 4) strategic localization, reindustrialisation and export promotion, 5) green economic interventions, 6) macroeconomic interventions, 7) food security, and 8) economic inclusion of women.

Additionally, the Free State Growth and Development Strategy (FSDGS) is currently under review, and all private- and public-sector stakeholders should align their efforts towards the revised provincial strategy for the benefit of the provincial economy and the residents of the province.

3.3 Free State municipalities

In the 2021/2022 municipal financial year the revised allocation for Municipal Infrastructure Grant (MIG) totalled R779.3 million and the province spent R618.6 million or approximately 80 per cent of that allocation. In the implementation of the 2021/22 MIG projects the province created 1 839 temporary jobs. About 356,961 households were serviced and 25 km of roads and storm water were constructed during the 2021/2022 MIG financial year.

Twelve municipalities, namely Letsemeng, Kopanong, Mohokare, Masilonyana, Tokologo, Matjhabeng, Dihlabeng, Maluti-a-Phofung, Mantsopa, Ngwathe, Metsimaholo and Mafube received MIG funds during the 2021/2022 MIG financial year on the cost reimbursement method, meaning these Municipalities received funds from National Treasury once invoices were submitted for payment.

In the 2022/23 municipal financial year National Government allocated an amount of R857.9 million through the Municipal Infrastructure Grant for implementation of infrastructure projects within the eighteen receiving municipalities. It is envisaged that an estimated 2 500 temporary job opportunities will be created in the 2023/2024 municipal financial year through the implementation of the Municipal Infrastructure Grant projects. The Municipal Infrastructure Grant allocation is disaggregated as follows: R64.1 million will be received by the three Municipalities within the Xhariep District; R242.8 million to the five municipalities within the Lejweleputswa District; R374.6 million towards the six municipalities within Thabo Mofutsanyana District; and R176.2 million allocated to four municipalities within Fezile Dabi District.

4. GOVERNANCE AND ADMINISTRATION

All municipalities council committees have been established. According to CoGTA, municipal councils are sitting according to their schedule, however, there have been challenges in Mangaung Metropolitan and Masilonyana Local Municipalities.

However, the full extent of the functionality of MPAC's and other section 78 and 80 committees cannot be determined at this stage. The relationships between Troika's in the municipalities remain stable.

Four out of the 23 local municipalities have coalition councils namely, Nala, Moqhaka, Maluti-a-Phofung and Metsimaholo Local Municipalities. These coalition councils fall under three of the four District Municipalities in the province, namely, Lejweleputswa, Fezile Dabi and Thabo Mofutsanyana District Municipalities. The Metsimaholo Local Municipalities Coalition Council is currently unstable, both the Municipal Manager and Chief Financial Officer have been suspended.

The political and administrative leadership of Mafube Local Municipality are engaging on having solutions on the 25 years' rural maintenance contract. Since the municipality has outsourced its electricity services to rural maintenance in 2012, it has not received any revenue from the sale of electricity. According to DCoG, the municipality through integrated electricity national electrification programme (INEP) grant has invested R30 million in strengthening network lines and which electrified approximately 3300 households, with no return on this investment.

Three of the six municipalities identified in crisis, similar to the Lekwa Local Municipality court case, are under section 139 intervention namely Mangaung Metro Municipality, Tokologo Local Municipality and Mafube Local Municipality. In April 2022, Cabinet resolved to intervene in Mangaung Metropolitan Municipality in terms of section 139(7) of the Constitution. This was after the provincial government intervention in terms of section 139(5) (a) and (c) of the Constitution. However, the results of the section 139(5) intervention were not satisfactory, therefore the Free State Province requested for a deeper intervention by national government.

Parliament approved a National Cabinet Representative and a team of experts to support the implementation of the Section 139(7) intervention at Mangaung Metropolitan Municipality.

All Municipalities in the Free State Province have satisfied most of the criteria on distress indicators and the Free State Treasury together with CoGTA have identified thirteen of the 23 municipalities that have significant difficulty in meeting its salary and third-party obligations namely, Mafube, Ngwathe, Mohokare, Letsemeng, Kopanong, Nala, Matjhabeng, Tokologo Masilonyana, Nketoana, Mantsopa, Dihlabeng and Phumelela Local Municipalities.

4.1 Senior Management Vacancies

According to CoGTA assessment of municipal organograms there are 129 senior manager's positions in the Free State Province. There are currently 57 or 44 per cent filled positions and 72 or 56 per cent vacant positions. Currently 14 or 25 per cent positions are filled by women. Senior management positions occupied by women at Free State Municipalities as are as follows: five Municipal Managers, one Chief Financial Officer, two Directors: Technical Services, four Directors: Community Services, one Director: Local Economic Development and Planning and one other post.

4.2 Establishment of Budget Steering Committee

Municipal budgeting and reporting regulations requires the mayors of municipalities to establish the budget steering committees to assist them in discharging their responsibilities set out in Section 53 of MFMA, 2003 and to oversee the budget preparation process including the review of Integrated Development Plan (IDP) and community consultation

processes. Most municipalities in the Free State Province have not established budget steering committee. This has resulted in municipalities not adhering to all budget processes, which in turn hampers the credibility and funding of municipal budgets.

5. PROVINCIAL TREASURY METHODOLOGY USED ON BUDGET ASSESSMENTS

22 Free State municipalities' budgets were evaluated by the Provincial Treasury using a budgeting instrument provided by the National Treasury. Based on the guidance from the National Treasury, the Provincial Treasury also included the two criteria in the assessment, these are summarised below:

- a) Completeness and credibility of budget submissions: municipalities budgets sets were assessed based on quality and completeness of data. This was done to determine the extent to which municipal budgets adheres to National Treasury's circulars, reporting regulations and the new reforms.
- b) Funding of budgets: to determine if the budgets are funded in terms of Section 18 of the MFMA, 2003 and whether the municipalities have approved budgets as per MFMA, 2003.

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The compliance assessment on the 2023/24 budgets is discussed in the next section.

6. COMPLIANCE ASSESSMENT

Section 21(1) (b) of the MFMA, 2003, requires the mayor of a municipality to table in Council at least 10 months before the start of the budget year, a time schedule outlining key deadlines for the budget process. One of the objectives of the MFMA, 2003, is to ensure that the budget timeline complies with all legislative requirements.

In this regard, four municipalities, namely Letsemeng, Maluti-a-Phofung, Nala and Masilonyana Local Municipalities of 22 delegated municipalities tabled their budget time schedules after the 31 August 2022 in contravention of the MFMA, 2003. In order to prevent future contraventions of the MFMA, 2003, non-compliance letters were sent to the four, advising them to put appropriate controls and measures in place.

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Furthermore, Section 16(1) of the MFMA, 2003 prescribes that a municipality must approve an annual budget before the start of a financial year. All delegated municipalities adopted their 2023/24 MTREF budgets before the start of the financial year.

Table 1, below shows the tabling dates of the 2023/24 MTREF tabled and adopted budgets.

Table 1: Tabling dates 2023/24 MTREF budgets

| Tabling dates 2023/24 MTREF budgets | | |
|-------------------------------------|--------------|---------------|
| Municipality | Tabled dates | Adopted dates |
| Mangaung Metro | 25/04/2023 | 22/06/2023 |
| Letsemeng | 31/03/2023 | 30/06/2023 |
| Kopanong | 31/03/2023 | 30/05/2023 |
| Mohokare | 31/03/2023 | 31/05/2023 |
| Xhariep District | 31/03/2023 | 28/06/2023 |
| Masilonyana | 31/03/2023 | 31/05/2023 |
| Tokologo | 31/03/2023 | 31/05/2023 |
| Tswelopele | 29/03/2023 | 31/05/2023 |
| Matjhabeng | 28/03/2023 | 30/05/2023 |
| Nala | 14/04/2023 | 31/05/2023 |
| Lejweleputswa District | 30/03/2023 | 25/05/2023 |
| Setsotso | 31/03/2023 | 31/05/2023 |
| Dihlabeng | 31/03/2023 | 31/05/2023 |
| Nketoana | 31/03/2023 | 31/05/2023 |
| Maluti a Phofung | 20/04/2023 | 23/06/2023 |
| Phumelela | 31/03/2023 | 30/05/2023 |
| Mantsopa | 31/03/2023 | 30/05/2023 |
| Thabo Mofutsanyana District | 30/03/2023 | 31/05/2023 |
| Moqhaka | 30/03/2023 | 28/06/2023 |
| Ngwathe | 31/03/2023 | 31/05/2023 |
| Metsimaholo | 31/03/2023 | 30/06/2023 |
| Mafube | 31/03/2023 | 31/05/2023 |
| Fezile Dabi District | 29/03/2023 | 31/05/2023 |

Source: Provincial Treasury, 2023

Three (3) municipalities in the province tabled their budgets after 31 March 2023, and six (6) adopted their budgets after 31 May 2023. Non-compliance letters were issued advising these municipalities to put correct measures and controls in place from the Head of Department and MEC for Finance.

Section 25(1) of the MFMA, 2003 states that if the municipal council fails to approve the budget, including the revenue-raising measures necessary to give effect to the budget, the council must reconsider the budget or an amended version within seven days of the council sitting that failed to approve the budget.

Metsimaholo Local Municipality council failed to approve the budget on a numerous council sitting, the above-mentioned process was followed until the budget was ultimately approved on the 30 June 2023. Mangaung Metro, Xhariep District, Letsemeng Local, Maluti-a-Phofung Local and Moqhaka Local Municipalities requested extension from the MEC for Finance to approve their budgets in June 2023, thereby complying with Section 27 of the MFMA, 2003.

mSCOA regulations require municipalities to compile the MTREF budgets on their financial systems and submit the budgets to National and Provincial Treasury by uploading the budget data strings (TABB/ PRTA and ORGB/ PROR) to the GoMuni Portal. Through the continued technical support from National and Provincial Treasuries, Free State municipalities submitted all the data strings for both tabled and adopted budgets including the non-financial information. The National and Provincial Treasuries will continually support municipalities on improving data quality.

Table 2, on the page 11 provides the compliance submissions and uploading of the budget data strings.

Table 2: Data strings submissions for the 2023/24 MTREF budgets

| Municipality | | | Financial,Year | | | | | |
|--------------|-------------------------|-----|----------------|------|------|------|-----|-----|
| | | | 2024 | | | | | |
| Demarc Code | Demarcation Description | CAP | TABB | PRTA | ORGB | PROR | A1D | A1F |
| MAN | Mangaung | H | | | | | | |
| FS161 | Letsemeng | M | | | | | | |
| FS162 | Kopanong | M | | | | | | |
| FS163 | Mohokare | L | | | | | | |
| DC16 | Xhariep | L | | | | | | |
| FS181 | Masilonyana | L | | | | | | |
| FS182 | Tokologo | L | | | | | | |
| FS183 | Tswelopele | M | | | | | | |
| FS184 | Matjhabeng | H | | | | | | |
| FS185 | Nala | M | | | | | | |
| DC18 | Lejweleputswa | L | | | | | | |
| FS191 | Setsoto | M | | | | | | |
| FS192 | Dihlabeng | M | | | | | | |
| FS193 | Nketoana | M | | | | | | |
| FS194 | Maluti-a-Phofung | H | | | | | | |
| FS195 | Phumelela | L | | | | | | |
| FS196 | Mantsopa | M | | | | | | |
| DC19 | Thabo Mofutsanyana | L | | | | | | |
| FS201 | Moqhaka | H | | | | | | |
| FS203 | Ngwathe | M | | | | | | |
| FS204 | Metsimaholo | H | | | | | | |
| FS205 | Mafube | M | | | | | | |
| DC20 | Fezile Dabi | L | | | | | | |

*TABB: Tabled Budget **PRTA: Project Details Tabled Budget ***ORGB: Original Budget ****PROR: Project Details Original Budget *****A1D: A1 Schedule Draft *****A1F: A1 Schedule Draft. Source: National Treasury GoMuni Portal 2023/24

Table 2, demonstrates that the data string submission rate is at 100 per cent. Provincial Treasury data string assessment identified errors and misalignments. These aberrations were communicated to municipalities to correct together with their financial system providers. The quality and credibility of data strings still remain a concern at most municipalities.

The municipalities were also required to submit the data strings on the non-financial information such as A10 – Basic service delivery, SA11 Property rates summary, SA13(a) Service tariffs by category, SA14 – Households bills, SA23 – Salaries, allowances benefits of Councilors and Senior managers, and SA24 – Personnel numbers to the National Treasury Go-muni portal. Significant aberrations were identified and submitted to municipalities to correct. This further limited the Provincial Treasury’s ability to properly assess this qualitative dataset with the quantitative datasets. Some of the observations identified by Provincial Treasury that the National Treasury mSCOA team should consider, include amongst others:

- a) Reliance on the service provider for capturing the budgets and capacity to correct errors on the data strings;
- b) Weak usage of the mSCOA chart, this is despite Provincial Treasury hosting the technical support sessions with the municipalities prior to the adoption of the budgets.
- c) Integration challenges between the core financial system and sub-systems;
- d) Municipalities are not using all the modules within the main financial system and
- e) Some municipalities are still transaction on the old financial systems or outside system due to financial constraints.

The next section provides a synopsis of the 2023/24 budgets and funding status. All datasets used were based on municipal submissions.

7. CONSOLIDATED 2023/24 BUDGETS ASSESSMENT AND FUNDING STATUS

The total consolidated budgets of Free State Municipalities in the province have grown by 2.9 per cent from R27.8 billion in the 2022/23 financial year to R28.6 billion in the 2023/24 financial year. The total budget comprises of R25.3 billion for the operational budget and R3.3 billion for capital budget, Annexure 1 provides the breakdown of the budgets per municipality.

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The next section provides narratives on the consolidated operating and capital budgets in respect of their revenue and expenditure statements. A breakdown per district is also discussed.

7.1 Operating Revenue

The municipalities continue to face difficult fiscal environment. The weak economic growth has put pressure on consumers' ability to pay for services, while the transfers from national and provincial governments have grown. A few municipalities in the province were able to manage these challenges well, while most municipalities have fallen into financial distress. The municipalities that were identified in distress continue to default on their payment obligations to ESKOM, water boards, SARS and pension funds, amongst others.

The municipalities in the province continue to use incremental basis of budgeting, which has proved to be ineffective and often results in municipalities basing their budget on accrued revenue that may not be collectable. Provincial Treasury has also noted with concern that most municipalities are not recovering the cost of providing basic services and are rendering services at a loss. The municipalities were cautioned through budget circular 98 to set their tariffs in a way of working towards attaining cost reflective tariffs. However, municipalities were also cautioned to find a balance between cost-reflectiveness and affordability.

Considering the above, the Provincial Treasury together with the National Treasury Advisors is assisting the municipalities in the province to utilize tariff setting tool that was developed by National Treasury to assist municipalities in attaining cost reflective tariffs. Provincial Treasury has also formed a partnership with NERSA to assist municipalities in the Free State with applications for electricity tariff increases.

Total operating revenue budget projected for the 2023/24 financial year for the 23 municipalities in the Free State Province amounted to R25.2 billion.

Table 3, shows the breakdown of the consolidated revenue budget per service charge area and operational grants.

Table 3: Total consolidated revenue sources

| Operating Revenue Items | 2022/23 ADJB | 2023/24 TABB | 2023/24 ORGB | Movement from TABB to ORGB | Nominal Growth Rate (22/23 to 23/24) |
|-------------------------|-------------------|-------------------|-------------------|----------------------------|--------------------------------------|
| | R'000 | R'000 | R'000 | R'000 | % |
| Property rates | 2 952 418 | 3 178 963 | 3 173 642 | (5 321) | 7% |
| Service charges | 11 762 009 | 13 199 965 | 13 187 425 | (12 540) | 12% |
| Transfers and grants | 5 445 036 | 5 916 900 | 5 908 112 | (8 788) | 9% |
| Other revenue | 2 661 266 | 2 871 266 | 2 894 097 | 22 831 | 9% |
| TOTAL | 22 820 729 | 25 167 094 | 25 163 276 | (3 818) | 10% |

Source: National Treasury GoMuni Portal 2023/24

The operating revenue for the Free State Municipalities have seen a nominal growth of 10 per cent, with the main contributor being service charges that increased from R11.7 billion in 2022/23 financial year to R13.1 billion in the 2023/24 budget; followed by transfers and grants contributing R5.9 billion to the operating revenue, of which R124 million is for

conditional grants. One of the key findings was that the operating revenue budgets did not provide budgetary evidence for increases above inflation of 5.3 per cent as per MFMA Circular No. 123 guidance.

Table 4, reflects the conditional grants as per the DoRA allocations to Free State municipalities for the 2023/24 financial year:

Table 4: Total consolidated grants

| Grant | 2023/24 ORGB |
|--|----------------|
| | R'000 |
| Local Government Financial Management Grant | 59 120 |
| Expended Public Works Programme Integrated Grant | 37 963 |
| Programme and Project Preparation Support Grant | 14 276 |
| Rural Roads Assets Man Grant | 9 692 |
| Infrastructure Skills Dev Grant | 3 500 |
| TOTAL | 124 551 |

Source: Provincial Treasury, 2023

Table 5, provides the total consolidated allocations from the metro and districts to the provincial revenue budget.

Table 5: Consolidated allocations for metropolitan and districts

| Municipality | 2022/23 ADJB | 2023/24 TABB | 2023/24 ORGB | Movement from TABB to ORGB | Nominal Growth Rate (22/23 to 23/24) |
|-----------------------------|-------------------|-------------------|-------------------|----------------------------|--------------------------------------|
| | R'000 | R'000 | R'000 | R'000 | % |
| Mangaung | 8 527 876 | 9 311 433 | 9 311 433 | - | 9% |
| Xhariep District | 866 125 | 919 591 | 948 066 | 28 475 | 9% |
| Lejweleputswa District | 5 066 415 | 5 720 422 | 5 690 986 | (29 436) | 12% |
| Thabo Mofutsanyana District | 4 289 637 | 4 716 151 | 4 707 229 | (8 922) | 10% |
| Fezile Dabi District | 4 070 676 | 4 499 497 | 4 505 563 | 6 066 | 11% |
| TOTAL | 22 820 728 | 25 167 094 | 25 163 277 | (3 817) | 10% |

Source: National Treasury GoMuni Portal 2023/24

Mangaung metro remains the biggest contributor to the total operating revenue budget in the province, followed by Lejweleputswa district.

Of the 23 municipalities, the following seven municipalities had larger composition of operating revenues in the province:

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| Municipality | 2023/24 ORGB |
|------------------|-------------------|
| | R'000 |
| Mangaung | 9 311 433 |
| Matjhabeng | 4 158 412 |
| Maluti-a-Phofung | 1 705 903 |
| Metsimaholo | 1 789 824 |
| Moqhaka | 1 191 279 |
| Ngwathe | 1 056 234 |
| Dihlabeng | 1 047 130 |
| TOTAL | 20 260 215 |

7.2 Operating Expenditure

Table 6, shows the total operating expenditure budget for the 2023/24 financial year for the 23 municipalities in the Free State Province amounted to R25.3 billion.

Table 6: Total consolidated operational expenditure

| Operating Expenditure Items | 2022/23 ADJB | 2023/24 TABB | 2023/24 ORGB | Movement from TABB to ORGB | Nominal Growth Rate (22/23 to 23/24) |
|------------------------------|-------------------|-------------------|-------------------|----------------------------|--------------------------------------|
| | R'000 | R'000 | R'000 | R'000 | % |
| Salaries, Wages & Allowances | 7 389 694 | 7 893 774 | 7 944 946 | 51 172 | 8% |
| Bulk purchases - Electricity | 5 484 827 | 5 848 195 | 5 412 187 | (436 008) | -1% |
| Inventory Consumed | 2 164 215 | 2 198 412 | 2 209 114 | 10 702 | 2% |
| Debt Impairment | 1 575 011 | 2 335 227 | 2 774 079 | 438 852 | 76% |
| Depreciation & Amortisation | 1 436 415 | 1 635 916 | 1 628 920 | (6 996) | 13% |
| Contracted Services | 1 844 812 | 1 802 193 | 1 791 005 | (11 188) | -3% |
| Other Expenditure | 4 412 598 | 3 829 539 | 3 576 680 | (252 859) | -19% |
| TOTAL | 24 307 573 | 25 543 256 | 25 336 931 | (206 325) | 4% |

Source: National Treasury GoMuni Portal 2023/24

Employee related cost remains a significant contributor to the total operating expenditure budget at R23.4 billion or 31 per cent of the total operating expenditure budget. Municipalities budgeted for employee related costs above the norm of 25 – 40 per cent provided for in MFMA Circular No. 71. Supporting tables SA 22, SA 23 and SA24 in relation to councillors' and staff benefits, salaries and allowances as well as personnel numbers per municipality were not populated sufficiently, thereby limiting the assessment.

2023/24 financial year whereas the municipal electricity tariff increase was capped at 15.1 percent for consumers. Therefore, municipalities will spend more to provide electricity services while recovering less from consumers.

The total bulk purchases and sales per districts and the metropolitan municipality is annotated in Table 7 below.

Table 7: Bulk services

| Municipality | Electricity | | | Water | | |
|-----------------------------|------------------|------------------|----------------|------------------|------------------|------------------|
| | Billing | Purchases | Difference | Billing | Purchases | Difference |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Mangaung | 3 646 129 | 3 395 493 | 250 636 | 1 844 878 | 2 117 304 | (272 426) |
| Xhariep District | 159 577 | 247 159 | (87 582) | 118 816 | 131 723 | (12 907) |
| Lejweleputswa District | 1 441 352 | 1 268 453 | 172 899 | 915 279 | 1 497 015 | (581 736) |
| Thabo Mofutsanyana District | 1 215 917 | 1 443 935 | (228 018) | 585 741 | 500 919 | 84 822 |
| Fezile Dabi District | 1 383 532 | 1 374 730 | 8 802 | 964 344 | 678 714 | 285 630 |
| TOTAL | 7 846 507 | 7 729 770 | 116 737 | 4 429 058 | 4 925 675 | (496 617) |

Source: National Treasury GoMuni Portal 2023/24

Budgeting for water inventory remains a challenge for some municipalities in the province. In MFMA Circular No. 99, mSCOA Circular No. 9, and GRAP 12, municipalities were advised to budget and account for bulk water purchases as inventory. Municipalities can no longer be able to budget for water bulk purchases as an expense on budget table A4. Municipalities must use bulk water purchases system input volume on budget table A6: inventory. This provides for three different water sources i.e. water treatment works, bulk purchases and natural sources.

Most municipalities in the province are still under-budgeting for debt impairment and depreciation and asset impairment to balance the budget or have unrealistic operating surpluses in the financial performance budget table A4. Even though these budget items may be considered non-cash, they can still contribute towards unauthorized expenditure at the end of the financial year. Under-budgeting for operating expenditure also suggests that the municipalities are not taking all costs into account when budgeting for cost reflective tariffs. Tokologo, Tswelopele, Nketoana, Moqhaka, Ngwathe and Mafube Local Municipalities did not budget for debt impairment.

Even though 'other' expenditure has decreased significantly as compared to the previous financial year, it was still more than 10 per cent of the total operating expenditure budget in selected municipalities and was not broken down under general expenditure in supporting budget table SA1 as required by MFMA Circular 55.

Table 8, provides the total consolidated allocations from the metro and districts to the provincial expenditure budget.

Table 8: Consolidated allocations for metropolitan and districts

| Municipality | 2022/23 ADJB | 2023/24 TABB | 2023/24 ORGB | Movement from TABB to ORGB | Nominal Growth Rate (22/23 to 23/24) |
|-----------------------------|-------------------|-------------------|-------------------|----------------------------|--------------------------------------|
| | R'000 | R'000 | R'000 | R'000 | % |
| Mangaung | 8 527 876 | 9 311 433 | 9 311 433 | - | 9% |
| Xhariep District | 866 125 | 919 591 | 948 066 | 28 475 | 9% |
| Lejweleputswa District | 5 066 415 | 5 720 422 | 5 690 986 | (29 436) | 12% |
| Thabo Mofutsanyana District | 4 289 637 | 4 716 151 | 4 707 229 | (8 922) | 10% |
| Fezile Dabi District | 4 070 676 | 4 499 497 | 4 505 563 | 6 066 | 11% |
| TOTAL | 22 820 728 | 25 167 094 | 25 163 277 | (3 817) | 10% |

Source: National Treasury GoMuni Portal 2023/24

Of the 23 municipalities, the following seven municipalities were significant contributors to operating expenditure in the Free State Province, these are:

| Municipality | 2023/24 ORGB |
|------------------|-------------------|
| | R'000 |
| Mangaung | 8 746 025 |
| Matjhabeng | 3 974 219 |
| Maluti-a-Phofung | 2 189 723 |
| Metsimaholo | 1 730 883 |
| Moqhaka | 1 126 989 |
| Ngwathe | 1 133 186 |
| Dihlabeng | 1 049 475 |
| TOTAL | 19 950 499 |

Most of the municipalities in the province are providing the services at a loss and are not able to break even when billed revenue is compared to expenditure on different service charges.

Table 9, shows the profitability of service charges.

Table 9: Profitability of bulk services

| Municipality | Electricity | Water | Waste Water Management | Waste Water |
|-----------------------------|----------------|------------------|------------------------|----------------|
| | R'000 | R'000 | R'000 | R'000 |
| Mangaung | 250 636 | (272 426) | 346 700 | 180 619 |
| Xhariep District | (87 582) | (12 907) | (15 646) | 5 870 |
| Lejweleputswa District | 172 899 | (581 736) | 16 269 | 210 170 |
| Thabo Mofutsanyana District | (228 018) | 84 822 | 82 429 | 63 046 |
| Fezile Dabi District | 8 802 | 285 629 | 66 054 | 28 343 |
| TOTAL | 116 737 | (496 618) | 495 806 | 992 424 |

Source: National Treasury GoMuni Portal 2023/24

7.3 Capital budget

Total capital budget funding for 2023/24 financial year for the 23 municipalities in the Free State Province is projected at R3.3 billion. Approximately 84.7 per cent of the capital budget will be funded by *transfers and grants*, 13.7 per cent will be funded by own revenue, and 1.5 per cent will be funded through borrowings. Only Setsoto and Metsimaholo Local Municipalities will be financing some of their capital budget through borrowings. Table 10, displays the breakdown of capital budget sources of finance.

Table 10: Capital budget funding source

| Sources of funding | 2022/23 ADJB | 2023/24 TABB | 2023/24 ORGB | Movement from TABB to ORGB | Nominal Growth Rate (22/23 to 23/24) |
|--------------------|------------------|------------------|------------------|----------------------------|--------------------------------------|
| | R'000 | R'000 | R'000 | R'000 | % |
| Transfers & grants | 2 954 820 | 2 509 207 | 2 794 323 | 285 116 | -5% |
| Own revenue | 453 526 | 581 459 | 452 707 | (128 753) | 0% |
| Borrowings | 93 525 | - | 49 172 | 49 172 | -47% |
| TOTAL | 3 501 871 | 3 090 666 | 3 296 201 | 205 535 | -6% |

Source: National Treasury GoMuni Portal 2023/24

Municipal Infrastructure Grant (MIG) is the largest grant allocation transferred to the municipalities in the province to finance the capital project in order to improve infrastructure development and maintenance, followed by Urban Settlement Development Grant

(Mangaung metro) and Water Services Infrastructure Grant. Table 11, provides the capital transfers and grants for Free State municipalities

Table 11: Grants allocations

| Grant | 2023/24 ORGB |
|--|------------------|
| | R'000 |
| Municipal Infrastructure Grant | 857 868 |
| Energy Efficiency and Demand-Side Man Grant | 16 000 |
| Integrated National Electrification Programme (Municipal) Grant | 143 903 |
| Regional Bulk Infrastructure Grant | 208 896 |
| Water Services Infrastructure Grant | 374 442 |
| Neighbourhood Development Partnership Grant (Capital) | 21 739 |
| Informal Settlements Upgrading Partnership Grant: Municipalities | 291 940 |
| Urban Settlements Development Grant | 513 434 |
| Public Transport Network Grant | 270 028 |
| TOTAL | 2 698 250 |

Source: National Treasury GoMuni Portal 2023/24

Table 12, provides the total consolidated allocations from the metro and districts to the provincial capital budget.

Table 12: Consolidated allocations for metropolitan and districts

| Municipality | 2022/23 ADJB | 2023/24 TABB | 2023/24 ORGB | Movement from TABB to ORGB | Nominal Growth Rate (22/23 to 23/24) |
|-----------------------------|------------------|------------------|------------------|----------------------------|--------------------------------------|
| | R'000 | R'000 | R'000 | R'000 | % |
| Mangaung | 1 309 633 | 1 154 487 | 1 154 487 | - | -12% |
| Xhariep District | 146 589 | 178 828 | 195 667 | 16 839 | 33% |
| Lejweleputswa District | 622 043 | 277 876 | 460 517 | 182 641 | -26% |
| Thabo Mofutsanyana District | 906 212 | 869 837 | 957 222 | 87 385 | 6% |
| Fezile Dabi District | 533 049 | 449 769 | 557 602 | 107 833 | 5% |
| TOTAL | 3 517 526 | 2 930 796 | 3 325 494 | 394 698 | -5% |

Source: National Treasury GoMuni Portal 2023/24

Of the 23 municipalities, the following five municipalities were the significant contributors to the capital budget sources in the Free State Province.

| Municipality | 2023/24 ORGB |
|------------------|------------------|
| | R'000 |
| Mangaung | 1 154 487 |
| Matjhabeng | 202 914 |
| Maluti-a-Phofung | 280 614 |
| Metsimaholo | 208 792 |
| Setsotho | 231 218 |
| TOTAL | 2 078 024 |

7.4 Capital Expenditure

Table 13, reflects the total capital expenditure budget projected for the 2023/24 financial year for the 23 municipalities in the Free State Province amounted to R3.3 billion.

Table 13: Total consolidated capital expenditure

| Capital Expenditure Items | 2022/23 ADJB | 2023/24 TABB | 2023/24 ORGB | Movement from TABB to ORGB | Nominal Growth Rate (22/23 to 23/24) |
|---------------------------|------------------|------------------|------------------|----------------------------|--------------------------------------|
| | R'000 | R'000 | R'000 | R'000 | % |
| Energy Sources | 430 156 | 345 694 | 416 451 | 70 757 | -3% |
| Water Management | 938 915 | 889 089 | 969 746 | 80 657 | 3% |
| Waste Water Management | 640 675 | 393 388 | 441 365 | 47 976 | -31% |
| Waste Management | 57 262 | 78 045 | 231 868 | 153 823 | 305% |
| Road Transport | 661 285 | 461 387 | 548 016 | 86 628 | -17% |
| Other | 789 234 | 763 193 | 718 049 | (45 144) | -9% |
| TOTAL | 3 517 526 | 2 930 796 | 3 325 494 | 394 698 | -5% |

Source: National Treasury GoMuni Portal 2023/24

Total budgeted expenditure for trading services amounts to R2 billion or 61.7 per cent against the total capital expenditure budget. Most municipalities in the province will be investing the capital budget on the water infrastructure at R969 million, followed by other expenditure and road transport. Infrastructure investment has been identified as a key driver of economic growth. Therefore, it is important that municipalities invest in the capital infrastructure to attract investment, ensure sustainable economic development and improve revenue collection.

Table 14 on page 21, shows total metro and district contributions to the capital expenditure

Table 14: Capital Expenditure

| Municipality | 2022/23 ADJB | 2023/24 TABB | 2023/24 ORGB | Movement from TABB to ORGB | Nominal Growth Rate (22/23 to 23/24) |
|-----------------------------|------------------|------------------|------------------|----------------------------|--------------------------------------|
| | R'000 | R'000 | R'000 | R'000 | % |
| Mangaung | 1 309 633 | 1 154 487 | 1 154 487 | - | -12% |
| Xhariep District | 146 589 | 178 828 | 195 667 | 16 839 | 33% |
| Lejweleputswa District | 622 043 | 277 876 | 460 517 | 182 641 | -26% |
| Thabo Mofutsanyana District | 906 212 | 869 837 | 957 222 | 87 385 | 6% |
| Fezile Dabi District | 533 049 | 449 769 | 557 602 | 107 833 | 5% |
| TOTAL | 3 517 526 | 2 930 796 | 3 325 494 | 394 698 | -5% |

Source: National Treasury GoMuni Portal 2023/24

Of the 23 municipalities, the following five municipalities were the significant contributors to the capital expenditure in the Free State Province.

| Municipality | 2023/24 ORGB |
|------------------|------------------|
| | R'000 |
| Mangaung | 1 154 487 |
| Matjhabeng | 202 914 |
| Maluti-a-Phofung | 280 614 |
| Metsimaholo | 208 792 |
| Setsoto | 231 218 |
| TOTAL | 2 078 024 |

Notwithstanding the importance of financing of the capital budget from own revenue, Provincial Treasury's analysis shows that most municipalities do not have sufficient surpluses in the financial performance budget to fund the capital budget. Therefore, budgeting for own revenue is unrealistic. The following were the key finding emanating for the assessment of the capital budgets of the municipalities were identified.

- Most municipalities are still not budgeting for at least 40 per cent of the capital budget toward renewal or upgrading of existing assets as required by MFMA Circular No. 55.
- Budget for repairs and maintenance is less than 10 per cent of operating expenditure budget, and less than 8 per cent of PPE as per MFMA Circular No. 71 on ratios.
- Most municipalities do not have asset management/ maintenance plan, which leads to poor maintenance of assets. And the assets that are poorly maintained can lead to

reduced efficiency and productivity, reduced asset lifespan, and are more likely to break down frequently resulting in unplanned downtime and decrease in productivity.

7.5 Sustainability of municipalities

The total cash position for the province is a positive R 2.4 billion; 10 municipalities budgeted for a negative cash and cash equivalents at year end, while 13 municipalities budgeted for a positive cash and cash equivalent at year end. Even though more municipalities budgeted for a positive cash position, reliance cannot be placed on the projected figures on the cash flow due to misrepresentation or unrealistic collection rates on service charges and property rates.

The misrepresentation of the figures in the cash flow on the other hand is due to the municipalities not ensuring that budget A schedules are populated and mapped correctly from data strings by making use of the item and funding segment correctly for the revenue, expenditure and capital budgets line with appropriate funding codes on the chart of account and implement balance budgeting and movement accounting as per the mSCOA Circulars.

Table 15, reflects the Free State Municipalities' cash flow positions below.

Table 15: Cash flow positions

| Negative cash position | | Positive cash position | |
|------------------------|--------------|------------------------|--------------|
| Municipality | Amount R'000 | Municipality | Amount R'000 |
| Kopanong | (31 350) | Dihlabeng | 23 |
| Letsemeng | (29 524) | Fezile Dabi | 133 290 |
| Mafube | (141 278) | Lejweleputswa | 61 045 |
| Maluti-a-Phofung | (557 787) | Mangaung | 1 562 145 |
| Masilonyana | (63 132) | Mantsopa | 147 607 |
| Nala | (60 380) | Matjhabeng | 514 163 |
| Phumelela | (147 377) | Metsimaholo | 317 511 |
| Setsoto | (72 495) | Mohokare | 7 377 |
| Thabo Mofutsanyana | (2 508) | Moqhaka | 428 699 |
| Xhariep | (5 636) | Ngwathe | 10 |
| | | Nketoana | 240 235 |
| | | Tokologo | 31 714 |
| | | Tswelopele | 18 775 |

Source: Provincial Treasury, 2023

As a result of the deficits, municipalities may default on the following obligations:

- a) Servicing arrear creditors from previous financial year;
- b) Struggle to pay salaries and third parties and
- c) Accumulate fruitless and wasteful expenditure as a result of interest charges incurred from outstanding creditors.

Moreover, due not meeting their monthly obligations, these municipalities will therefore face litigations and risk of assets being attached and protests.

7.6 Funding status of budgets

A municipal budget must be funded in terms of Section 18 of the MFMA, 2003 before a Municipal Council can adopt the budget for implementation. A funded budget is essentially a budget that is funded from realistically anticipated revenues to be collected in that year, and cash backed surpluses of previous years, and borrowings for capital projects.

Conventionally, most municipalities use an incremental approach when preparing their annual budgets. This results in most municipalities overstating and inflating revenue estimates/projections to reflect a surplus accommodate the expenditure requirements.

Therefore, the revenue estimates are seldom underpinned by realistic or realisable revenue assumptions resulting in municipalities not being able to collect this revenue, and as a result finding themselves in cash flow difficulties leading to the non-payment of employee related costs, pensions, medical aids, pay as you earn payments, bulk services and other creditors. Table 16, shows the total number and percentage of deficit budgets.

Table 16: Total number and percentage of deficit budgets

| Description | 2023/24 TABB | 2023/24 ORGB |
|---------------------------------|--------------|--------------|
| Total Number of Deficit Budgets | 18 | 15 |
| Percentage of Deficit Budgets | 78% | 65% |

Source: Provincial Treasury, 2023

The Provincial Treasury is **concerned** with regards to the emerging trends of tabling and adopting deficit budgets in the province. It is clearly illustrated that almost **65 per cent of municipalities** lives beyond their means. Persistent deficits are a recipe for disaster that will inevitably lead to bankruptcy, resulting in provincial and national interventions to resolve the fiscal and financial problems at municipalities.

Table 17, shows municipalities with funded and unfunded 2023/24 budgets.

Table 17: Funded and unfunded budgets

| Municipalities | 2023/24 TABB | 2023/24 ORGB |
|-----------------------------|--------------|--------------|
| Mangaung Metro | Unfunded | Funded |
| Letsemeng | Unfunded | Unfunded |
| Kopanong | Unfunded | Unfunded |
| Mohokare | Unfunded | Unfunded |
| Xhariep District | Unfunded | Funded |
| Masilonyana | Unfunded | Unfunded |
| Tokologo | Unfunded | Unfunded |
| Tswelopele | Unfunded | Unfunded |
| Matjhabeng | Unfunded | Funded |
| Nala | Unfunded | Unfunded |
| Lejweleputswa District | Funded | Funded |
| Setsotho | Funded | Funded |
| Dihlabeng | Unfunded | Unfunded |
| Nketoana | Unfunded | Unfunded |
| Maluti a Phofung | Unfunded | Unfunded |
| Phumelela | Unfunded | Unfunded |
| Mantsopa | Unfunded | Unfunded |
| Thabo Mofutsanyana District | Funded | Funded |
| Moqhaka | Unfunded | Unfunded |
| Ngwathe | Unfunded | Unfunded |
| Metsimaholo | Funded | Funded |
| Mafube | Unfunded | Unfunded |
| Fezile Dabi District | Funded | Funded |

Source: Provincial Treasury, 2023

Municipalities must use the Provincial Treasury instruments of budget bilaterals and assessments letters to review their budgets by adjusting revenue and expenditure to ensure that there has sufficient cash to meet all their commitments.

The National and Provincial Treasuries have constantly supported municipalities through the annual budget circulars and training to table and adopt **surplus budget** on the statement of operating performance on the budget schedules. This is predominately to enable municipalities to supplement the capital replacement reserve fund (CRR) which can be used to contribute to the Internally Generated Funding as a source of replacement funding for the municipal capital assets. The table reflecting funding status of all the municipalities in the province is attached as Annexure 8.

Table 18, reflects the total operation surplus and deficit for the 2023/24 budgets.

Table 18: Total operation surplus and deficit

| Description | 2023/24 TABB | 2023/24 ORGB |
|--|------------------|--------------------|
| Total Operating Expenditure | 25 543 256 | 28 662 425 |
| Total Operating Revenue | 25 167 094 | 25 163 277 |
| Total Operating Surplus/Deficit | (376 162) | (3 499 148) |

Source: Provincial Treasury, 2023

Additionally, to make provision to fund accumulated outstanding debt in the form of outstanding payments to service delivery creditors. Eskom and Water Boards is by far the biggest component of municipal outstanding creditors at this stage as it can be seen from the quarterly Section 71 publications in June 2023. Table 19, shows the creditors by type as at 30 June 2023.

Table 19: Creditors as at 30 June 2023

| R thousands | 0 - 30 Days | | 31 - 60 Days | | 61 - 90 Days | | Over 90 Days | | Total | |
|------------------------------|------------------|-------------|----------------|-------------|----------------|-------------|-------------------|--------------|-------------------|---------------|
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| Creditor Age Analysis | | | | | | | | | | |
| Bulk Electricity | 716 079 | 4,5% | 358 054 | 2,3% | 266 024 | 1,7% | 14 566 917 | 91,6% | 15 907 073 | 61,7% |
| Bulk Water | 705 812 | 9,9% | 75 967 | 1,1% | 55 401 | ,8% | 6 276 098 | 88,2% | 7 113 279 | 27,6% |
| PAYE deductions | 16 872 | 34,2% | 1 641 | 3,3% | 736 | 1,5% | 30 130 | 61,0% | 49 379 | ,2% |
| VAT (output less input) | - | - | - | - | - | - | - | - | - | - |
| Pensions / Retirement | 34 679 | 15,8% | 1 957 | ,9% | 1 979 | ,9% | 180 914 | 82,4% | 219 529 | ,9% |
| Loan repayments | 828 | 10,8% | 520 | 6,8% | 1 243 | 16,2% | 5 070 | 66,2% | 7 661 | - |
| Trade Creditors | 238 935 | 11,7% | 78 020 | 3,8% | 35 889 | 1,8% | 1 682 686 | 82,7% | 2 035 530 | 7,9% |
| Auditor-General | 1 559 | 6,4% | 2 589 | 10,6% | 847 | 3,5% | 19 413 | 79,5% | 24 407 | ,1% |
| Other | 42 539 | 10,0% | (130) | - | 2 172 | ,5% | 381 472 | 89,5% | 426 053 | 1,7% |
| Total | 1 757 302 | 6,8% | 518 617 | 2,0% | 364 291 | 1,4% | 23 142 701 | 89,8% | 25 782 911 | 100,0% |

Source: Provincial Treasury, 2023

8. PROVINCIAL TREASURY'S SUPPORT

This support initiative of the Provincial Treasury was as per Sections 5(2) and 23(1) of the MFMA, 2003. The Provincial Treasury must monitor the preparation by municipalities in the province of their budgets. Furthermore, Section 5(4)(b) of the MFMA, 2003 states that a Provincial Treasury may assist municipalities in the province in the preparation of their budgets.

As part of the budget preparation process, all municipalities which supply electricity are expected to submit their applications for a tariff increase in line with Section 43 of the MFMA to the National Energy Regulator of South Africa (NERSA). To ensure improvement in the quality of the tariff increase application by municipalities, NERSA together with Provincial Treasury conducted a two-day workshop from in Bloemfontein. Additional, Provincial Treasury held budget bilateral with all 22 delegated municipalities. Municipalities were requested to implement the resolutions together with the feedback assessments reports. Table 20, provides the dates of the budget bilateral.

Table 20: Provincial Treasury budget bilateral dates

| Municipality | Dates |
|-----------------------------|------------|
| Mantsopa | 03/05/2023 |
| Mohokare | 03/05/2023 |
| Matjhabeng | 08/05/2023 |
| Lejweleputswa District | 08/05/2023 |
| Metsimaholo | 10/05/2023 |
| Fezile Dabi District | 10/05/2023 |
| Dihlabeng | 11/05/2023 |
| Setsoto | 11/05/2023 |
| Masilonyana | 11/05/2023 |
| Tswelopele | 17/05/2023 |
| Kopanong | 17/05/2023 |
| Nala | 17/05/2023 |
| Nqwathe | 19/05/2023 |
| Moqhaka | 19/05/2023 |
| Tokologo | 22/05/2023 |
| Letsemeng | 22/05/2023 |
| Phumelela | 22/05/2023 |
| Mafube | 24/05/2023 |
| Xhariep District | 24/05/2023 |
| Nketoana | 24/05/2023 |
| Thabo Mofutsanyana District | 26/05/2023 |

Source: Provincial Treasury, 2023

The Provincial Treasury findings on the 2023/24 Tabled Budget assessments were presented at the bi-lateral engagements which ranged from compliance of the legislative processes relating to the preparation through to the adoption of the 2023/24 Annual Budget. Amongst others, findings on the credibility of budget data strings, budget assumptions, revenue optimisation, operational expenditure, repairs and maintenance and asset management were discussed at these engagements. The bi-lateral engagements also focused on the funding position of municipalities with discussions on cash flow norms used, funding compliance as well as the financial sustainability of the municipalities.

Municipalities indicated the level of integration of their budgets with national and provincial priorities including the Provincial Growth and Development Strategies, the President's State of the Nation address as well as the Premier's State of the Province address. The alignment of the Integrated Development Plan (IDP) and the Service Delivery Budget Implementation Plan (SDBIP) to the 2023/24 Tabled Budget was also discussed as the budget is an enabler of service delivery.

In line with Section 154 of the MFMA, 2003 support to municipalities was provided by both Provincial and National Treasuries. The following training were conducted:

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External training

- a) Training on completing new budget schedule (version 6.7) was conducted by National Treasury.
- b) Training on how to complete the new version of the funding tool when assessing the draft and final Budgets.
- c) Training on the guide to completing the funding plan for the unfunded budgets was conducted by National Treasury.
- d) mSCOA training was conducted by National Treasury.
- e) Provincial Treasury assessed both the tabled and adopted budget data strings and feedback inputs to municipalities on the aberrations.
- f) Masterclass continual upskilling was conducted by National Treasury.

Internal training

- a) Training on completing new budget schedule (version 6.7) was conducted by Provincial Treasury.
- b) Training on how to use GoMunis to upload the budgets in the database was conducted.
- c) Budget bilateral were conducted during the month of May and June 2023 to discussed findings by Provincial Treasury after assessment of the draft budgets.
- d) Technical support was provided through visits at selected municipalities during the compiling of the final budgets.

9. CONCLUSION

The National and Provincial Treasuries will continue to support municipalities on quality datasets submission. The Provincial Treasury will continue to support municipalities on credible funding plans and monitor monthly progress once the reporting frameworks are issued.

Submitted for your attention and information in compliance with Provincial Treasury monitoring and support role on municipal budgets.

Kind Regards



Mrs. MA Sesing

HEAD OF DEPARTMENT

FS PROVINCIAL TREASURY

Date: 30-08-2023

CC: Mr. S.T.R Ramakarane: HoD CoGTA

CC: Mr. T. V Pillay: National Treasury

CC: Mr. O. Duda: Business Executive, AGSA

Attachments

- Annexure 1: Total Budget Summary
- Annexure 2: Capital Expenditure Budget by Function
- Annexure 3: Capital Budget Funding by Source
- Annexure 4: Operating Expenditure Budget by Type
- Annexure 5: Operating Revenue Budget by Source
- Annexure 6: Trading Service (Purchases/sales)
- Annexure 7: Repairs and Maintenance
- Annexure 8: Funding Test
- Annexure 9: District Reports

Annexure 1: Total Budget Summary

| Municipalities | 2022/23 Adjusted Budget | | | 2023/24 Tabled Budget | | | 2023/24 Adopted Budget | | | Nominal Growth Rate | Changes from Tabled to Adopted budget | Nominal Growth Rate (from 22/23 to 23/24) |
|--|----------------------------|------------------------------|-------------------|----------------------------|------------------------------|-------------------|----------------------------|------------------------------|-------------------|---------------------|---------------------------------------|---|
| | Capital Expenditure Budget | Operating Expenditure Budget | Total | Capital Expenditure Budget | Operating Expenditure Budget | Total | Capital Expenditure Budget | Operating Expenditure Budget | Total | | | |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | | | |
| Mangaung | 1 309 633 | 8 100 932 | 9 410 565 | 1 154 487 | 8 746 025 | 9 900 511 | 1 154 487 | 8 746 025 | 9 900 511 | 4,9% | - | 4,9% |
| Letsemeng | 57 265 | 247 140 | 304 405 | 52 209 | 243 597 | 295 806 | 52 209 | 273 219 | 325 427 | -2,9% | 29 621 | 6,5% |
| Kopanong | 41 785 | 430 832 | 472 617 | 69 267 | 461 603 | 530 870 | 69 267 | 537 691 | 606 958 | 11,0% | 76 088 | 22,1% |
| Mohokare | 46 586 | 223 887 | 270 474 | 56 453 | 233 692 | 290 144 | 50 153 | 282 172 | 332 325 | 6,8% | 42 180 | 18,6% |
| Xhariep | 952 | 64 414 | 65 366 | 900 | 67 597 | 68 497 | 24 039 | 65 043 | 89 082 | 4,6% | 20 585 | 26,6% |
| Total Xhariep District | 146 589 | 966 274 | 1 112 862 | 178 828 | 1 006 489 | 1 185 317 | 195 667 | 1 158 125 | 1 353 792 | 6,1% | 168 475 | 17,8% |
| Masibong | 51 228 | 418 858 | 470 087 | (53 288) | 380 144 | 326 856 | 74 068 | 448 003 | 522 071 | -43,8% | 195 216 | 10,0% |
| Tokologo | 120 871 | 155 348 | 276 220 | 32 177 | 208 841 | 241 017 | 90 708 | 174 297 | 265 004 | -14,6% | 23 987 | -4,2% |
| Tswelopele | 45 034 | 242 551 | 287 585 | 41 784 | 239 724 | 281 508 | 40 838 | 244 918 | 285 756 | -2,2% | 4 249 | -0,6% |
| Matjhahabeng | 348 814 | 3 621 386 | 3 970 201 | 202 914 | 3 974 219 | 4 177 133 | 202 914 | 3 974 219 | 4 177 133 | 5,0% | - | 5,0% |
| Nala | 47 295 | 514 508 | 561 803 | 44 590 | 534 241 | 578 831 | 44 590 | 580 614 | 625 204 | 2,9% | 46 373 | 10,1% |
| Lejweleputi | 8 800 | 194 321 | 203 121 | 9 700 | 203 997 | 213 697 | 7 400 | 207 703 | 215 103 | 4,9% | 1 406 | 5,6% |
| Total Lejweleputi District | 622 043 | 5 146 973 | 5 769 016 | 277 876 | 5 541 166 | 5 819 042 | 460 517 | 5 629 754 | 6 090 271 | 0,9% | 271 229 | 5,3% |
| Setsole | 230 896 | 621 934 | 852 831 | 241 198 | 658 612 | 899 810 | 231 218 | 658 500 | 899 718 | 5,2% | (10 092) | 4,1% |
| Dihlabeng | 129 810 | 869 517 | 999 327 | 204 265 | 953 722 | 1 157 987 | 131 484 | 1 049 475 | 1 180 959 | 13,7% | 22 971 | 15,4% |
| Nketoana | 106 312 | 595 509 | 701 821 | 54 718 | 631 677 | 686 396 | 197 218 | 631 676 | 828 894 | -2,2% | 142 499 | 15,3% |
| Maluti a Phofung | 333 954 | 3 060 372 | 3 394 327 | 263 674 | 2 777 793 | 3 041 467 | 280 614 | 2 189 723 | 2 470 337 | -11,6% | (571 130) | -37,4% |
| Phumelela | 53 847 | 208 765 | 262 612 | 60 180 | 252 189 | 312 369 | 60 180 | 250 206 | 310 386 | 15,9% | (1 983) | 15,4% |
| Mantsopa | 47 295 | 439 598 | 486 893 | 41 196 | 349 816 | 391 012 | 41 196 | 389 244 | 430 439 | -24,5% | 39 427 | -13,1% |
| Thabo Mofutsanyana | 4 097 | 176 886 | 180 983 | 4 605 | 176 149 | 180 754 | 15 312 | 182 652 | 197 964 | -0,1% | 17 210 | 8,6% |
| Total Thabo Mofutsanyana District | 906 212 | 5 972 582 | 6 878 793 | 869 837 | 5 799 958 | 6 669 795 | 957 222 | 5 351 474 | 6 308 696 | -3,1% | (361 099) | -9,0% |
| Moghaka | 102 888 | 1 086 180 | 1 189 068 | 134 568 | 1 126 989 | 1 261 557 | 134 568 | 1 126 989 | 1 261 557 | 5,7% | - | 5,7% |
| Ngwathe | 120 834 | 1 012 530 | 1 133 364 | 153 235 | 1 133 186 | 1 286 421 | 153 235 | 1 133 186 | 1 286 421 | 11,9% | - | 11,9% |
| Metimaholo | 238 894 | 1 564 965 | 1 803 859 | 109 690 | 1 724 272 | 1 833 962 | 208 792 | 1 730 883 | 1 939 674 | 1,6% | 105 712 | 7,0% |
| Matube | 67 683 | 265 514 | 333 197 | 49 175 | 281 576 | 330 751 | 57 907 | 276 899 | 334 806 | -0,7% | 4 054 | 0,5% |
| Fezile Dabi | 2 750 | 191 625 | 194 375 | 3 100 | 183 597 | 186 697 | 3 100 | 183 597 | 186 697 | -4,1% | - | -4,1% |
| Total Fezile Dabi District | 533 049 | 4 120 814 | 4 653 863 | 449 769 | 4 449 620 | 4 899 388 | 557 602 | 4 451 553 | 5 009 155 | 5,0% | 109 767 | 7,1% |
| TOTAL | 3 517 526 | 24 307 573 | 27 825 099 | 2 930 796 | 25 543 256 | 28 474 053 | 3 325 494 | 25 336 931 | 28 662 425 | 2,3% | 188 372 | 2,9% |

Source: Provincial Treasury, 2023

Report on the 2023/24 MTREF Municipal Budgets for Free State Municipalities

Annexure 2: Capital Expenditure Budget by Function

| Municipalities | 2022/23 Adjusted Capital Expenditure Budget | | | | | | 2023/24 Tabular Capital Expenditure Budget | | | | | | 2023/24 Adopted Capital Expenditure Budget | | | | | | | | | |
|--|---|------------------------|------------------------------|------------------------|----------------------|----------------|--|----------------------|------------------------|------------------------------|------------------------|----------------------|--|------------------|----------------------|------------------------|------------------------------|------------------------|----------------------|----------------|------------------|--------|
| | Energy Sources R'000 | Water Management R'000 | Waste Water Management R'000 | Waste Management R'000 | Road Transport R'000 | Other R'000 | Total R'000 | Energy Sources R'000 | Water Management R'000 | Waste Water Management R'000 | Waste Management R'000 | Road Transport R'000 | Other R'000 | Total R'000 | Energy Sources R'000 | Water Management R'000 | Waste Water Management R'000 | Waste Management R'000 | Road Transport R'000 | Other R'000 | Total R'000 | |
| Mangaung | 223 591 | 124 073 | 120 976 | 2 112 | 378 392 | 460 490 | 1 309 633 | 207 936 | 162 297 | 66 800 | 15 750 | 238 190 | 461 515 | 1 154 487 | 207 936 | 162 297 | 66 800 | 15 750 | 238 190 | 461 515 | 1 154 487 | |
| Leisemeng | 18 500 | 20 000 | 1 254 | 5 832 | 6 811 | 4 869 | 57 285 | 8 944 | 31 477 | - | 7 899 | 2 209 | 1 780 | 52 209 | 8 944 | 31 477 | - | 7 899 | 2 209 | 1 780 | 52 209 | |
| Kopanoong | - | 20 000 | - | - | 14 596 | 7 189 | 41 785 | - | 16 020 | - | - | - | 52 447 | 69 267 | 14 436 | 7 820 | 19 153 | 8 658 | - | 19 200 | 69 267 | |
| Motokare | - | 17 454 | 22 726 | 3 698 | 889 | 1 819 | 46 586 | - | 20 867 | 19 451 | - | 14 383 | - | 56 453 | - | 19 767 | 19 451 | - | 9 183 | 1 752 | 50 153 | |
| Xhariep | - | - | - | - | - | 952 | 952 | - | - | - | - | - | 900 | 900 | 23 969 | - | - | - | - | 70 | 24 039 | |
| Total Xhariep District | 18 500 | 57 454 | 23 980 | 9 530 | 22 296 | 14 629 | 146 589 | 8 944 | 69 164 | 19 451 | 7 899 | 16 592 | 56 879 | 178 828 | 47 249 | 59 054 | 38 604 | 16 557 | 11 392 | 22 802 | 195 667 | |
| Mashiyana | 950 | 34 336 | 11 865 | - | 4 077 | 51 228 | 103 226 | (10 845) | (13 568) | 13 482 | (314) | (88 213) | (3 830) | (83 286) | 3 826 | 34 809 | 34 206 | - | - | 1 227 | 74 068 | |
| Tokologo | 82 902 | 17 238 | 10 569 | 30 | 4 973 | 45 034 | 153 713 | 7 000 | 12 069 | 19 289 | 2 500 | 2 500 | 926 | 41 784 | 1 960 | 54 666 | 23 071 | - | 10 156 | 854 | 90 708 | |
| Tswelopele | 9 000 | 14 683 | 10 569 | 30 | 4 973 | 45 034 | 30 000 | 30 000 | 12 069 | 19 289 | 20 932 | 89 469 | 10 000 | 202 914 | 7 000 | 16 662 | 8 400 | 50 | 2 500 | 6 226 | 40 838 | |
| Mafjhaberg | 9 829 | 8 581 | 163 781 | 1 758 | 81 416 | 348 814 | - | 20 222 | 8 000 | - | - | 14 956 | 1 411 | 44 590 | 30 000 | - | 8 000 | - | 14 956 | 10 000 | 202 914 | |
| Nala | - | - | - | - | 25 858 | 8 800 | 8 800 | - | - | - | - | - | 9 700 | 9 700 | - | 20 222 | 8 000 | - | - | 7 400 | 44 590 | |
| Lerjewelets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 400 | |
| Total Letlweletswa District | 19 779 | 140 902 | 219 276 | 1 788 | 122 654 | 118 044 | 622 043 | 26 155 | 18 724 | 115 406 | 28 166 | 70 366 | 19 061 | 277 876 | 42 786 | 126 359 | 126 190 | 20 982 | 117 082 | 27 119 | 460 517 | |
| Seisoto | 4 623 | 201 971 | 10 846 | 3 606 | 4 000 | 5 849 | 239 896 | 12 000 | 187 173 | 12 025 | 9 000 | 10 000 | 11 000 | 241 198 | 8 000 | 184 173 | 12 025 | 11 020 | 5 000 | 11 000 | 231 218 | |
| Ditlhabeng | 2 500 | 80 593 | - | 23 | 18 354 | 28 340 | 129 810 | 2 500 | 102 142 | - | 6 267 | - | 93 357 | 204 265 | 1 500 | 102 142 | - | 6 267 | - | 21 576 | 131 484 | |
| Nkomoana | 504 | 82 791 | 12 113 | - | 10 905 | 106 312 | 106 312 | 39 491 | 11 823 | - | - | - | 3 405 | 54 718 | - | 29 188 | 29 630 | 128 399 | - | 10 000 | 197 218 | |
| Makuti a Phofung | 73 683 | 71 187 | 129 085 | - | 15 841 | 44 158 | 333 954 | 15 000 | 96 088 | 88 379 | - | 7 491 | 56 717 | 263 674 | 16 678 | 87 462 | 83 604 | - | 14 766 | 78 105 | 280 614 | |
| Piutselela | - | 1 514 | 15 328 | - | - | 37 005 | 53 847 | 5 000 | 2 949 | 48 227 | - | - | 4 004 | 60 180 | 5 000 | 2 949 | 48 227 | - | - | 4 004 | 60 180 | |
| Manitsopa | 2 800 | 14 847 | 9 759 | 2 277 | 4 964 | 12 649 | 47 295 | - | 24 585 | 3 472 | 4 143 | 8 005 | 991 | 41 196 | - | 24 585 | 3 472 | 4 143 | 8 005 | 991 | 41 196 | |
| Thabo Mofutsanyana | - | - | - | - | - | 4 097 | 4 097 | - | - | - | - | - | 4 605 | 4 605 | - | - | - | - | - | 10 000 | 5 312 | 15 312 |
| Total Thabo Mofutsanyana District | 84 110 | 452 902 | 177 131 | 5 906 | 43 159 | 143 002 | 906 212 | 34 500 | 452 427 | 163 926 | 19 409 | 25 495 | 174 079 | 869 837 | 31 178 | 430 500 | 176 958 | 149 828 | 37 771 | 130 988 | 957 222 | |
| Moochaka | 2 712 | 12 581 | 22 709 | 30 371 | 11 302 | 23 214 | 102 888 | 8 060 | 27 960 | 4 153 | 6 821 | 54 415 | 33 159 | 134 568 | 8 060 | 27 960 | 4 153 | 6 821 | 54 415 | 33 159 | 134 568 | |
| Ngwathe | 15 000 | 78 000 | 10 977 | - | 14 392 | 2 465 | 120 834 | 30 000 | 91 615 | 2 000 | - | 23 120 | 6 500 | 153 235 | 30 000 | 91 615 | 2 000 | - | 23 120 | 6 500 | 153 235 | |
| Metsimahob | 56 233 | 28 705 | 65 585 | 7 555 | 65 332 | 15 485 | 238 694 | 29 780 | 32 910 | 19 617 | - | 25 000 | 2 363 | 109 690 | 46 824 | 33 682 | 24 661 | 21 930 | 60 824 | 20 872 | 208 792 | |
| Matube | 10 231 | 44 698 | 41 | - | 3 759 | 8 955 | 67 683 | 420 | 33 993 | 36 | - | 8 209 | 6 518 | 49 175 | 2 420 | 38 270 | - | - | 5 222 | 11 995 | 57 907 | |
| Fezile Dabi | - | - | - | - | - | 2 750 | 2 750 | - | - | - | - | - | 3 100 | 3 100 | - | - | - | - | - | 3 100 | 3 100 | |
| Total Fezile Dabi District | 84 176 | 163 984 | 99 312 | 37 925 | 94 794 | 52 868 | 533 049 | 68 260 | 186 478 | 25 806 | 6 821 | 110 745 | 51 660 | 449 769 | 87 304 | 191 527 | 30 614 | 28 751 | 143 581 | 75 626 | 557 602 | |
| TOTAL | 430 156 | 938 915 | 640 675 | 57 262 | 681 285 | 789 234 | 3 517 226 | 345 694 | 889 089 | 393 388 | 78 045 | 461 387 | 763 193 | 2 930 796 | 416 451 | 969 746 | 441 365 | 231 868 | 548 016 | 718 049 | 3 325 494 | |
| % of Total | 12,2% | 26,7% | 18,2% | 1,6% | 18,8% | 22,4% | 100,0% | 11,8% | 30,3% | 13,4% | 2,7% | 15,7% | 26,0% | 100,0% | 12,5% | 29,2% | 13,3% | 7,0% | 16,5% | 21,8% | 100,0% | |

Source: Provincial Treasury, 2023

OFFICE OF THE HEAD OF DEPARTMENT
Free State Provincial Treasury
Private Bag X20537, Bloemfontein, 9300
Tsebo Building, 1st Floor, Cnr Fichardt and Zastron Streets, Bloemfontein

Report on the 2023/24 MTREF Municipal Budgets for Free State Municipalities

Annexure 3: Capital Budget Funding by Source

| Municipalities | 2022/23 Adjusted Budget | | | 2023/24 Tabled Budget | | | 2023/24 Adopted Budget | | | Changes from Tabled to Adopted budget | | Nominal Growth Rate (from 22/23 to 23/24) | | |
|--|-------------------------|-------------------|-----------------|-----------------------|------------------|-------------------|------------------------|------------------|------------------|---------------------------------------|-----------------|---|----------------|---------------|
| | Grants R'000 | Own Revenue R'000 | Borrowing R'000 | Total R'000 | Grants R'000 | Own Revenue R'000 | Borrowing R'000 | Total R'000 | Grants R'000 | Own Revenue R'000 | Borrowing R'000 | Total R'000 | R'000 | % |
| Mangaung | 1 106 185 | 203 448 | - | 1 309 633 | 951 365 | 203 122 | - | 1 154 487 | 951 365 | 203 122 | - | 1 154 487 | - | -13,4% |
| Leisemeng | 56 568 | 697 | - | 57 265 | 50 559 | 1 650 | - | 52 209 | 50 559 | 1 650 | - | 52 209 | - | -9,7% |
| Kopanong | 41 785 | - | - | 41 785 | 53 856 | - | - | 53 856 | 53 856 | - | - | 53 856 | (0) | 22,4% |
| Mohokare | 45 486 | 1 100 | - | 46 586 | 48 568 | 7 885 | - | 56 453 | 48 568 | 1 585 | - | 50 153 | (6 300) | 7,1% |
| Xhariep | - | 952 | - | 952 | 510 | 390 | - | 900 | 23 969 | 70 | - | 24 039 | 23 139 | 96,0% |
| Total Xhariep District | 143 840 | 2 749 | - | 146 589 | 153 492 | 213 047 | - | 163 417 | 176 951 | 3 305 | - | 180 256 | 16 839 | 18,7% |
| Masibiyana | 51 228 | - | - | 51 228 | (43 520) | (9 769) | - | (53 288) | 74 068 | - | - | 74 068 | 127 356 | 30,8% |
| Tokologo | 120 871 | - | - | 120 871 | 32 177 | - | - | 32 177 | 90 708 | - | - | 90 708 | 58 531 | -33,3% |
| Tswelopele | 38 532 | 6 502 | - | 45 034 | 37 868 | 3 836 | - | 41 704 | 36 868 | 3 970 | - | 40 838 | (866) | -10,3% |
| Matjhabeng | 259 364 | 89 450 | - | 348 814 | 192 914 | 10 000 | - | 202 914 | 192 914 | 10 000 | - | 202 914 | - | -71,9% |
| Nala | 43 295 | - | - | 43 295 | 29 634 | - | - | 29 634 | 44 590 | - | - | 44 590 | 14 956 | 2,9% |
| Lejweleputsa District | 513 291 | 104 752 | - | 618 043 | 249 073 | 13 767 | - | 262 840 | 439 147 | 21 370 | - | 460 517 | 197 677 | -34,2% |
| Setso | 221 001 | 16 | 1 021 | 222 038 | 220 198 | 11 000 | - | 231 198 | 220 198 | - | 11 000 | 231 198 | - | 4,0% |
| Dlhabeng | 104 985 | 24 825 | - | 129 810 | 183 765 | 20 500 | - | 204 265 | 126 184 | 5 300 | - | 131 484 | (72 781) | 1,3% |
| Nketoana | 97 012 | 9 300 | - | 106 312 | 54 718 | - | - | 54 718 | 185 718 | 11 500 | - | 197 218 | 142 500 | 46,1% |
| Maluti a Phofung | 268 593 | 65 362 | - | 333 954 | 224 272 | 39 403 | - | 263 674 | 224 272 | 56 342 | - | 280 614 | 16 940 | -19,0% |
| Phumelela | 38 847 | - | 15 000 | 53 847 | 60 180 | - | - | 60 180 | 60 180 | - | - | 60 180 | - | 10,5% |
| Mantsopa | 46 795 | 500 | - | 47 295 | 41 196 | - | - | 41 196 | 41 196 | - | - | 41 196 | - | -14,8% |
| Thabo Mofutsanyana | 1 300 | 1 300 | - | 1 300 | 1 800 | - | - | 1 800 | 1 800 | 1 450 | - | 1 450 | (350) | 10,3% |
| Total Thabo Mofutsanyana District | 777 233 | 101 303 | 16 021 | 894 557 | 786 129 | 70 903 | - | 857 032 | 857 747 | 74 592 | 11 000 | 943 340 | 86 308 | 5,2% |
| Mochaka | 71 028 | 31 860 | - | 102 888 | 70 981 | 63 587 | - | 134 568 | 70 981 | 63 587 | - | 134 568 | - | 23,5% |
| Ngwathe | 120 834 | - | - | 120 834 | 141 235 | 12 000 | - | 153 235 | 141 235 | 12 000 | - | 153 235 | - | 21,1% |
| Metsimaholo | 161 265 | 125 | 77 504 | 238 894 | 109 690 | - | - | 109 690 | 109 690 | 60 930 | 38 172 | 208 792 | 99 102 | -14,4% |
| Matube | 61 144 | 6 539 | - | 67 683 | 47 242 | 1 933 | - | 49 175 | 47 206 | 10 700 | - | 57 907 | 8 731 | -16,9% |
| Fezile Dabi | - | 2 750 | - | 2 750 | 369 148 | 3 100 | - | 3 100 | 369 148 | 3 100 | - | 3 100 | - | 11,3% |
| Total Fezile Dabi District | 414 271 | 41 274 | 77 504 | 533 049 | 2 509 207 | 80 621 | - | 449 769 | 369 148 | 150 318 | 38 172 | 557 602 | 107 833 | 4,4% |
| TOTAL | 2 954 820 | 453 526 | 93 525 | 3 501 871 | 2 509 207 | 581 459 | - | 3 090 666 | 2 794 323 | 452 707 | 49 172 | 3 296 201 | 205 535 | -6,2% |

Source: Provincial Treasury, 2023

Report on the 2023/24 MTREF Municipal Budgets for Free State Municipalities

Annexure 4: Operating Expenditure Budget by Type

| Municipalities | 2022/23 Adjusted Operating Expenditure Budget | | | | | | | 2023/24 Tabled Operating Expenditure Budget | | | | | | | 2023/24 Adopted Operating Expenditure Budget | | | | | | | | | |
|--|---|------------------------------------|--------------------------|-----------------------|-----------------------------------|---------------------------|-------------------------|---|------------------------------------|------------------------------------|--------------------------|-----------------------|-----------------------------------|---------------------------|--|-----------------------------------|------------------------------------|------------------------------------|--------------------------|-----------------------|-----------------------------------|---------------------------|-------------------------|-----------------------------------|
| | Salaries, Wages & Allowances R'000 | Bulk purchases - Electricity R'000 | Inventory Consumed R'000 | Debt Impairment R'000 | Depreciation & Amortisation R'000 | Contracted Services R'000 | Other Expenditure R'000 | Total Operating Expenditure R'000 | Salaries, Wages & Allowances R'000 | Bulk purchases - Electricity R'000 | Inventory Consumed R'000 | Debt Impairment R'000 | Depreciation & Amortisation R'000 | Contracted Services R'000 | Other Expenditure R'000 | Total Operating Expenditure R'000 | Salaries, Wages & Allowances R'000 | Bulk purchases - Electricity R'000 | Inventory Consumed R'000 | Debt Impairment R'000 | Depreciation & Amortisation R'000 | Contracted Services R'000 | Other Expenditure R'000 | Total Operating Expenditure R'000 |
| Mangungu | 2 318 374 | 2 101 176 | 644 583 | 1 125 052 | 347 000 | 687 130 | 907 636 | 8 100 992 | 2 523 872 | 2 199 932 | 632 529 | 1 382 590 | 382 449 | 676 966 | 947 666 | 8 746 025 | 2 523 872 | 2 199 932 | 632 529 | 1 382 590 | 382 449 | 676 966 | 947 666 | 8 746 025 |
| Lesemeng | 78 220 | 35 187 | 9 490 | - | 51 360 | 21 392 | 51 491 | 247 140 | 84 527 | 33 043 | 14 370 | - | 54 082 | 32 235 | 25 340 | 243 597 | 84 527 | 33 043 | 14 370 | 27 589 | 51 145 | 32 235 | 25 340 | 273 219 |
| Kopongong | 145 375 | 80 900 | 22 000 | - | 45 000 | 7 000 | 130 557 | 430 832 | 152 693 | 78 101 | 40 250 | - | 45 000 | 10 000 | 135 559 | 481 603 | 160 697 | 92 705 | 40 250 | 128 511 | 45 000 | 6 000 | 64 529 | 537 691 |
| Mohokare | 90 889 | 26 727 | 970 | - | 21 889 | 17 183 | 66 209 | 223 887 | 95 469 | 28 144 | 10 598 | - | 23 080 | 11 751 | 64 670 | 233 692 | 93 915 | 42 089 | 15 038 | 38 716 | 23 080 | 12 951 | 56 404 | 282 172 |
| Xhariep | 50 419 | - | 179 | - | 1 500 | 6 059 | 6 257 | 64 414 | 53 398 | - | 60 | - | 1 290 | 8 277 | 4 613 | 67 597 | 52 973 | - | - | 600 | 4 378 | 7 092 | - | 65 043 |
| Total Xhariep District | 364 914 | 142 814 | 32 640 | - | 119 759 | 51 634 | 254 513 | 966 274 | 386 086 | 139 288 | 65 278 | - | 123 392 | 62 263 | 230 182 | 1 006 489 | 382 112 | 172 794 | 69 658 | 194 815 | 119 805 | 55 563 | 153 378 | 1 158 125 |
| Masibiyana | 132 258 | 63 006 | 15 816 | - | 19 276 | 39 400 | 149 104 | 418 858 | 134 610 | 68 846 | 15 838 | - | 114 225 | 25 153 | 21 473 | 380 144 | 150 596 | 74 787 | - | 86 481 | 95 719 | 17 171 | 23 249 | 448 003 |
| Toxokgo | 89 925 | 15 233 | 5 489 | - | 2 339 | 31 516 | 30 846 | 155 348 | 72 024 | 30 480 | 10 240 | - | 20 640 | 17 200 | 54 257 | 208 841 | 73 122 | 30 480 | 10 260 | - | 26 167 | 17 400 | 16 868 | 174 297 |
| Tswelopele | 85 444 | 44 366 | 16 883 | - | 20 000 | 40 741 | 35 117 | 242 551 | 88 508 | 52 307 | 8 808 | - | 20 000 | 42 579 | 27 522 | 239 724 | 94 865 | 49 933 | 8 801 | - | 20 000 | 43 174 | 28 145 | 244 918 |
| Matjhabeng | 945 544 | 557 200 | 845 167 | - | 73 489 | 243 208 | 961 757 | 3 621 366 | 992 342 | 667 847 | 856 891 | 457 798 | 248 648 | 97 256 | 653 438 | 3 974 219 | 992 342 | 667 847 | 856 891 | 457 798 | 248 648 | 97 256 | 653 438 | 3 974 219 |
| Nala | 169 628 | 118 000 | 74 820 | 41 120 | 43 284 | 30 648 | 37 008 | 514 508 | 191 659 | 81 000 | 52 730 | 78 941 | 44 150 | 26 294 | 89 557 | 534 241 | 191 659 | 81 000 | 52 680 | 125 364 | 44 150 | 26 294 | 59 567 | 580 614 |
| Leykepus | 129 506 | - | 3 046 | - | 5 871 | 20 383 | 35 515 | 194 321 | 131 654 | - | 2 362 | - | 5 871 | 22 080 | 42 030 | 203 997 | 131 654 | - | 2 462 | - | 5 871 | 22 355 | 45 360 | 207 703 |
| Total Leykepuswa District | 1 533 306 | 797 804 | 965 221 | 41 120 | 184 270 | 405 895 | 1 239 357 | 5 145 973 | 1 610 796 | 900 479 | 946 868 | 536 639 | 457 534 | 230 562 | 858 287 | 5 541 466 | 1 634 237 | 904 046 | 930 994 | 669 643 | 440 555 | 223 651 | 826 828 | 5 629 754 |
| Saisito | 243 837 | 103 590 | 10 983 | 31 064 | 120 842 | 28 114 | 83 395 | 624 934 | 244 334 | 123 272 | 14 050 | 32 900 | 121 842 | 21 814 | 100 398 | 658 612 | 249 644 | 123 272 | 23 833 | 32 469 | 110 734 | 25 949 | 92 598 | 638 500 |
| Ditlabeng | 363 950 | 146 504 | 30 648 | 330 | 84 071 | 121 746 | 122 168 | 869 517 | 400 857 | 175 000 | 27 210 | 330 | 91 887 | 131 483 | 127 154 | 963 722 | 395 265 | 175 000 | 31 301 | 56 330 | 88 716 | 156 696 | 146 166 | 1 049 475 |
| Neltonana | 198 187 | 81 310 | 26 102 | - | 55 675 | 30 127 | 244 109 | 595 509 | 167 375 | 92 694 | 27 668 | - | 56 000 | 35 000 | 252 940 | 631 677 | 167 375 | 92 694 | 27 668 | - | 56 000 | 35 000 | 252 940 | 631 676 |
| Maliuti a Phofung | 731 501 | 959 157 | 59 779 | 60 000 | 234 356 | 198 782 | 817 797 | 3 060 372 | 762 392 | 1 052 700 | 51 978 | 35 000 | 123 054 | 247 567 | 505 102 | 2 777 793 | 776 522 | 565 900 | 58 144 | 60 000 | 153 916 | 210 581 | 364 659 | 2 189 723 |
| Phumelela | 97 947 | 31 867 | 4 877 | - | 11 960 | 7 126 | 54 967 | 208 765 | 109 637 | 33 556 | 5 179 | - | 25 637 | 7 504 | 70 675 | 252 489 | 116 369 | 33 556 | 5 179 | 21 343 | 22 396 | 7 504 | 43 638 | 250 206 |
| Manisoa | 117 465 | 60 000 | 11 083 | 42 584 | 97 085 | 11 274 | 100 095 | 439 598 | 121 979 | 62 280 | 10 555 | 63 766 | 40 675 | 19 156 | 31 405 | 349 816 | 122 277 | 76 000 | 10 555 | 72 886 | 40 675 | 19 156 | 47 665 | 389 244 |
| Thabo Mofutsanyana | 107 472 | - | 142 | - | 4 122 | 28 273 | 36 877 | 176 886 | 107 918 | - | 532 | - | 4 338 | 24 860 | 38 501 | 176 149 | 109 372 | - | 532 | - | 4 365 | 28 890 | 39 493 | 182 652 |
| Total Thabo Mofutsanyana District | 1 820 460 | 1 382 529 | 142 634 | 133 977 | 608 111 | 425 442 | 1 459 428 | 5 972 582 | 1 914 493 | 1 539 502 | 137 172 | 131 996 | 463 233 | 487 385 | 1 126 176 | 5 799 958 | 1 938 843 | 1 066 422 | 157 212 | 245 029 | 478 803 | 483 776 | 987 389 | 5 351 474 |
| Mogajaka | 398 402 | 349 228 | 28 185 | - | 10 958 | 145 695 | 153 711 | 1 086 180 | 421 149 | 318 845 | 17 276 | - | 9 413 | 169 894 | 200 713 | 1 126 989 | 421 149 | 318 845 | 17 276 | - | 9 413 | 159 894 | 200 713 | 1 126 989 |
| Ngwathle | 283 338 | 352 622 | 92 397 | - | 75 402 | 26 885 | 181 885 | 1 012 530 | 298 955 | 341 478 | 130 725 | - | 76 842 | 36 351 | 248 836 | 1 133 186 | 298 955 | 341 478 | 130 725 | - | 76 842 | 36 351 | 248 836 | 1 133 186 |
| Metsimabob | 420 026 | 353 653 | 234 876 | 274 862 | 86 279 | 95 105 | 100 162 | 1 564 965 | 471 944 | 403 670 | 245 060 | 284 001 | 90 287 | 115 927 | 113 394 | 1 724 272 | 472 244 | 403 671 | 247 040 | 284 001 | 90 287 | 121 356 | 112 265 | 1 730 883 |
| Matibe | 119 240 | 5 000 | 19 578 | - | 19 268 | 18 768 | 83 661 | 265 514 | 125 444 | 5 300 | 20 752 | - | 27 798 | 21 617 | 80 665 | 281 576 | 124 459 | 5 300 | 20 919 | - | 27 798 | 22 218 | 76 165 | 276 899 |
| Fzele Dabi | 131 634 | - | 4 121 | - | 5 367 | 18 258 | 32 246 | 191 625 | 141 037 | - | 2 761 | - | 4 970 | 11 230 | 23 600 | 183 597 | 141 037 | - | 2 761 | - | 4 970 | 11 230 | 23 600 | 183 597 |
| Total Fzele Dabi District | 1 352 640 | 1 060 503 | 379 157 | 274 862 | 197 275 | 304 711 | 551 665 | 4 120 814 | 1 458 528 | 1 068 893 | 416 564 | 284 001 | 209 308 | 345 018 | 667 207 | 4 449 620 | 1 457 882 | 1 068 893 | 418 721 | 284 001 | 209 308 | 351 048 | 661 599 | 4 451 553 |
| TOTAL | 7 389 684 | 5 484 827 | 2 164 215 | 1 575 011 | 1 436 415 | 1 644 812 | 4 412 598 | 24 307 573 | 7 893 774 | 5 848 195 | 2 198 412 | 2 335 227 | 1 635 916 | 1 802 193 | 3 629 539 | 25 343 256 | 7 944 946 | 5 412 187 | 2 209 114 | 2 774 079 | 1 628 920 | 1 791 005 | 3 576 660 | 25 336 931 |

Source: Provincial Treasury, 2023

OFFICE OF THE HEAD OF DEPARTMENT
Free State Provincial Treasury
Private Bag X20537, Bloemfontein, 9300
Tsebo Building, 1st Floor, Cnr Fichardt and Zastron Streets, Bloemfontein

Report on the 2023/24 MTREF Municipal Budgets for Free State Municipalities

Annexure 5: Operating Revenue Budget by Source

| Municipalities | 2022/23 Adjustment Budget | | | | | | | | | | 2023/24 Tabular Budget | | | | | | | | | | 2023/24 Adopted Budget | | | | | | | | | |
|----------------------------------|---------------------------|------------------------------------|------------------------------|------------------------------------|----------------------------------|-------------------------|------------------|-------------------|-----------------------|------------------------------------|------------------------------|------------------------------------|----------------------------------|-------------------------|------------------|-------------------|-----------------------|------------------------------------|------------------------------|------------------------------|----------------------------------|-------------------------|------------------|-------------------|--|--|--|--|--|--|
| | Billed Property Rates | Billed Service Charges Electricity | Billed Service Charges Water | Billed Service Charges Waste water | Billed Service Charges Waste Mng | Transfers and Subsidies | Other Revenue | Total Revenue | Billed Property Rates | Billed Service Charges Electricity | Billed Service Charges Water | Billed Service Charges Waste water | Billed Service Charges Waste Mng | Transfers and Subsidies | Other Revenue | Total Revenue | Billed Property Rates | Billed Service Charges Electricity | Billed Service Charges Water | Billed Service Charges Waste | Billed Service Charges Waste Mng | Transfers and Subsidies | Other Revenue | Total Revenue | | | | | | |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | | | | | | |
| Manaueng | 1 450 073 | 3 319 081 | 1 135 651 | 507 200 | 177 574 | 1 053 511 | 876 587 | 8 527 876 | 1 541 522 | 3 584 747 | 1 300 282 | 520 600 | 184 259 | 1 230 629 | 941 392 | 9 311 433 | 1 541 522 | 3 584 747 | 1 300 282 | 520 600 | 184 259 | 1 230 629 | 941 392 | 9 311 433 | | | | | | |
| Leisegang | 26 032 | 31 028 | 16 072 | 15 431 | 15 073 | 90 897 | 21 291 | 215 825 | 27 412 | 36 508 | 15 447 | 15 681 | 15 515 | 95 791 | 22 154 | 228 508 | 27 412 | 36 508 | 16 924 | 16 249 | 15 672 | 95 791 | 22 102 | 231 261 | | | | | | |
| Kopanong | 42 180 | 84 083 | 24 149 | 18 769 | 11 616 | 115 556 | 11 616 | 347 659 | 44 588 | 86 674 | 54 188 | 30 442 | 20 876 | 115 172 | 21 971 | 373 912 | 43 591 | 96 779 | 51 266 | 25 525 | 19 838 | 115 172 | 22 200 | 374 371 | | | | | | |
| Mochale | 10 415 | 32 627 | 46 396 | 11 899 | 7 832 | 92 025 | 36 081 | 237 275 | 11 040 | 34 584 | 49 180 | 12 613 | 8 301 | 96 733 | 38 246 | 250 698 | 11 662 | 44 151 | 49 180 | 12 613 | 8 301 | 96 733 | 54 681 | 277 321 | | | | | | |
| Xhariep | | | | | | 63 788 | 1 598 | 65 386 | | | | | | 65 151 | 1 322 | 66 473 | | | | | | 63 743 | 1 370 | 65 113 | | | | | | |
| Total Xhariep District | 79 628 | 147 738 | 113 734 | 51 479 | 41 674 | 362 286 | 70 966 | 866 125 | 83 040 | 157 765 | 119 815 | 58 736 | 44 693 | 372 847 | 83 694 | 919 591 | 83 685 | 177 760 | 117 370 | 54 387 | 44 012 | 371 439 | 100 433 | 948 065 | | | | | | |
| Masuthanya | 69 592 | 47 596 | 39 224 | 21 103 | 15 128 | 149 745 | 19 195 | 361 582 | 90 321 | 47 951 | 72 617 | 35 986 | 10 482 | 162 325 | 25 996 | 445 689 | 87 125 | 62 404 | 52 534 | 24 414 | 21 774 | 162 325 | 9 948 | 420 424 | | | | | | |
| Tokologo | 8 088 | 21 965 | 1 132 | 15 614 | 10 441 | 75 922 | 19 736 | 152 598 | 29 986 | 23 353 | 1 215 | 17 694 | 10 605 | 81 939 | 47 305 | 212 096 | 21 986 | 24 203 | 1 459 | 17 694 | 10 605 | 79 978 | 47 772 | 203 697 | | | | | | |
| Tswelopele | 31 367 | 53 681 | 5 333 | 6 408 | 3 743 | 94 460 | 8 983 | 209 575 | 29 633 | 57 960 | 5 780 | 6 906 | 4 075 | 100 292 | 5 956 | 210 571 | 29 557 | 62 262 | 5 780 | 7 011 | 4 048 | 100 292 | 6 066 | 214 986 | | | | | | |
| Mafjhaberg | 440 185 | 956 873 | 459 983 | 189 349 | 126 629 | 636 814 | 877 063 | 3 677 907 | 466 597 | 1 101 361 | 627 451 | 208 284 | 139 292 | 692 171 | 923 257 | 4 158 412 | 466 597 | 1 101 361 | 627 451 | 208 284 | 139 292 | 692 171 | 923 257 | 4 158 412 | | | | | | |
| Nala | 29 664 | 143 749 | 59 857 | 22 977 | 17 176 | 155 090 | 88 667 | 516 179 | 28 069 | 130 629 | 64 455 | 29 725 | 20 462 | 163 824 | 97 047 | 534 241 | 28 069 | 130 443 | 64 455 | 29 725 | 20 462 | 163 824 | 97 047 | 534 054 | | | | | | |
| Lejweletso | | | | | | 148 935 | 5 639 | 154 573 | | | | | | 153 761 | 5 662 | 159 413 | | | | | | 153 761 | 5 662 | 159 413 | | | | | | |
| Total Lejweletso District | 578 897 | 1 223 863 | 555 538 | 255 451 | 172 818 | 1 260 956 | 1 018 682 | 5 066 415 | 644 636 | 1 351 244 | 771 487 | 298 603 | 164 916 | 1 354 311 | 1 105 214 | 5 720 422 | 633 365 | 1 380 672 | 751 659 | 287 126 | 196 181 | 1 352 351 | 1 069 632 | 5 690 965 | | | | | | |
| Sesliso | 73 985 | 94 730 | 68 014 | 39 407 | 51 183 | 238 854 | 55 927 | 622 099 | 76 749 | 109 264 | 70 082 | 40 258 | 54 253 | 255 437 | 52 502 | 658 555 | 76 749 | 109 264 | 70 082 | 40 258 | 54 253 | 255 437 | 52 512 | 658 565 | | | | | | |
| Dhlaberg | 169 625 | 251 342 | 78 158 | 57 055 | 64 435 | 222 534 | 118 439 | 960 588 | 180 611 | 288 272 | 83 080 | 60 649 | 68 494 | 242 412 | 125 620 | 1 059 139 | 180 611 | 280 454 | 80 560 | 69 179 | 69 179 | 241 526 | 125 620 | 1 047 130 | | | | | | |
| Niekerana | 15 056 | 86 091 | 59 973 | 26 337 | 26 712 | 124 793 | 100 373 | 440 335 | 15 809 | 92 548 | 61 626 | 29 599 | 26 579 | 134 425 | 101 832 | 462 418 | 15 809 | 92 548 | 61 626 | 29 612 | 27 914 | 134 425 | 100 507 | 462 441 | | | | | | |
| Mauli a Photong | 120 128 | 441 552 | 109 980 | 45 957 | 45 709 | 754 206 | 27 199 | 1 544 742 | 120 226 | 476 519 | 216 230 | 46 758 | 45 526 | 810 030 | 51 767 | 1 769 056 | 128 537 | 508 227 | 118 471 | 48 724 | 48 518 | 810 030 | 43 396 | 1 705 903 | | | | | | |
| Phumelala | 18 428 | 30 861 | 12 728 | 11 379 | 9 737 | 91 282 | 34 380 | 208 794 | 21 189 | 32 497 | 33 051 | 12 732 | 11 118 | 104 188 | 36 202 | 250 977 | 19 219 | 32 497 | 33 051 | 12 732 | 11 118 | 104 188 | 36 202 | 249 006 | | | | | | |
| Mansope | 21 300 | 47 000 | 23 500 | 30 200 | 20 600 | 106 685 | 101 069 | 359 283 | 23 847 | 54 072 | 30 837 | 35 299 | 25 838 | 115 574 | 66 705 | 332 084 | 23 833 | 79 175 | 33 249 | 35 209 | 30 900 | 115 574 | 106 635 | 424 576 | | | | | | |
| Thabo Mofutsanyana | | | | | | 148 689 | 14 106 | 162 795 | | | | | | 149 845 | 14 077 | 163 922 | | | | | | 145 311 | 14 296 | 159 607 | | | | | | |
| Total Thabo Mofutsanyana | 417 523 | 951 576 | 351 353 | 212 345 | 219 375 | 1 686 943 | 451 522 | 4 289 637 | 438 431 | 1 063 172 | 499 916 | 225 205 | 231 809 | 1 811 911 | 1 448 706 | 4 716 151 | 444 757 | 1 102 165 | 397 050 | 235 715 | 241 883 | 1 006 491 | 479 168 | 4 707 229 | | | | | | |
| Mophaka | 81 939 | 428 097 | 177 067 | 63 341 | 43 986 | 280 543 | 60 205 | 1 135 156 | 86 281 | 450 787 | 186 451 | 66 698 | 46 296 | 284 237 | 70 529 | 1 191 279 | 86 281 | 450 787 | 186 451 | 66 698 | 46 296 | 284 237 | 70 529 | 1 191 279 | | | | | | |
| Ngwalthe | 119 371 | 312 792 | 82 471 | 68 197 | 54 664 | 249 580 | 50 052 | 897 127 | 125 688 | 390 990 | 88 492 | 71 812 | 57 561 | 269 087 | 52 704 | 1 056 344 | 125 688 | 390 990 | 88 492 | 71 812 | 57 561 | 269 087 | 52 704 | 1 056 344 | | | | | | |
| Melmothabo | 194 330 | 412 878 | 493 862 | 79 823 | 44 197 | 254 009 | 81 679 | 1 560 778 | 234 276 | 493 443 | 551 182 | 85 615 | 43 671 | 283 025 | 98 612 | 1 749 824 | 234 276 | 493 443 | 551 182 | 85 615 | 43 671 | 283 025 | 98 612 | 1 749 824 | | | | | | |
| Mathe | 23 668 | 0 | 38 074 | 13 014 | 14 014 | 122 003 | 46 500 | 256 613 | 25 078 | 0 | 40 616 | 15 089 | - | 132 281 | 63 970 | 277 035 | 25 078 | 0 | 40 616 | 15 089 | 14 856 | 132 281 | 55 182 | 283 101 | | | | | | |
| Feele Dabi | | | | | | 175 096 | 5 703 | 180 799 | | | | | | 178 571 | 6 445 | 185 016 | | | | | | 178 571 | 6 445 | 185 016 | | | | | | |
| Total Feele Dabi District | 419 298 | 1 153 768 | 791 074 | 224 375 | 158 841 | 1 081 231 | 243 689 | 4 070 676 | 471 333 | 1 335 220 | 866 741 | 239 213 | 147 528 | 5 915 900 | 2 871 266 | 4 099 497 | 471 333 | 1 335 220 | 866 741 | 239 213 | 147 528 | 5 915 900 | 2 871 266 | 4 099 497 | | | | | | |
| TOTAL | 2 952 418 | 6 796 026 | 2 947 151 | 1 250 849 | 767 382 | 5 445 036 | 2 661 266 | 22 820 728 | 3 178 963 | 7 502 150 | 3 562 252 | 1 342 338 | 793 205 | 5 915 900 | 2 871 266 | 25 167 094 | 3 178 963 | 7 502 150 | 3 441 102 | 1 337 041 | 828 718 | 5 908 112 | 2 894 097 | 25 163 277 | | | | | | |

Source: Provincial Treasury, 2023

Report on the 2023/24 MTREF Municipal Budgets for Free State Municipalities

Annexure 6: Trading Service (Purchases/sales)

| R thousands | Energy Sources | | | Water Management | | | Waste Water Management | | | Waste Management | | |
|-----------------------------|--|-------------------|---------------------|--|-------------------|---------------------|--|-------------------|---------------------|--|-------------------|---------------------|
| | Total Revenue (excl capital transfers & contributions) | Total Expenditure | Surplus / (Deficit) | Total Revenue (excl capital transfers & contributions) | Total Expenditure | Surplus / (Deficit) | Total Revenue (excl capital transfers & contributions) | Total Expenditure | Surplus / (Deficit) | Total Revenue (excl capital transfers & contributions) | Total Expenditure | Surplus / (Deficit) |
| Mangaung Metro | 3 646 129 | 3 395 493 | 250 636 | 1 844 878 | 2 117 304 | (272 426) | 695 725 | 349 025 | 346 700 | 487 230 | 306 611 | 180 619 |
| Letsemeng | 14 479 | 45 578 | (31 099) | - | 9 139 | (9 139) | 12 361 | 14 658 | (2 298) | 680 | 40 | 640 |
| Kopanong | 96 779 | 141 109 | (44 330) | 51 266 | 90 033 | (38 767) | 25 525 | 21 704 | 3 821 | 19 838 | 9 989 | 9 849 |
| Mohokare | 48 319 | 60 472 | (12 153) | 67 550 | 32 550 | 35 000 | 18 213 | 35 383 | (17 170) | 11 999 | 16 618 | (4 620) |
| Xhariep District | - | - | - | - | - | - | - | - | - | - | - | - |
| DC 16 Total | 159 577 | 247 159 | (87 582) | 118 816 | 131 723 | (12 907) | 56 099 | 71 745 | (15 646) | 32 517 | 26 648 | 5 870 |
| Masilonyana | 53 019 | 82 314 | (29 295) | 31 809 | 1 856 | 29 953 | 25 704 | 1 670 | 24 034 | 225 304 | 8 466 | 216 839 |
| Tokologo | 28 906 | 38 432 | (9 526) | 7 487 | 18 135 | (10 648) | 35 056 | 22 745 | 12 311 | 22 201 | 7 548 | 14 653 |
| Tswelopele | 62 628 | 57 062 | 5 566 | 5 760 | 22 978 | (17 218) | 7 011 | 12 663 | (5 652) | 4 048 | 9 740 | (5 692) |
| Matjhabeng | 1 116 590 | 903 828 | 212 763 | 784 981 | 1 363 865 | (578 884) | 244 792 | 256 639 | (11 847) | 170 166 | 174 123 | (3 958) |
| Nala | 180 208 | 186 817 | (6 609) | 85 243 | 90 181 | (4 938) | 35 858 | 38 435 | (2 577) | 26 888 | 38 559 | (11 671) |
| Lejweleputswa District | - | - | - | - | - | - | - | - | - | - | - | - |
| DC 18 Total | 1 441 352 | 1 268 453 | 172 899 | 915 279 | 1 497 015 | (581 736) | 348 421 | 332 152 | 16 269 | 448 606 | 238 436 | 210 170 |
| Setsootso | 147 264 | 138 279 | 8 986 | 129 092 | 86 133 | 42 959 | 98 759 | 48 163 | 50 596 | 90 253 | 40 925 | 49 329 |
| Dihlabeng | 342 715 | 280 377 | 62 338 | 157 238 | 122 805 | 34 433 | 133 084 | 53 022 | 80 062 | 139 263 | 53 076 | 86 186 |
| Nketoana | 95 668 | 156 885 | (61 217) | 91 809 | 107 439 | (15 631) | 37 151 | 57 352 | (20 201) | 38 875 | 40 611 | (1 736) |
| Maluti a Phofung | 514 515 | 734 986 | (220 471) | 126 616 | 119 567 | 7 049 | 55 938 | 98 688 | (42 749) | 61 604 | 161 981 | (100 377) |
| Phumelela | 34 217 | 42 834 | (8 617) | 43 686 | 29 675 | 14 011 | 22 242 | 17 733 | 4 508 | 30 290 | 13 563 | 16 726 |
| Mantsopa | 81 538 | 90 575 | (9 037) | 37 300 | 35 299 | 2 001 | 39 625 | 29 412 | 10 213 | 37 576 | 24 658 | 12 918 |
| Thabo Mofutsanyana District | - | - | - | - | - | - | - | - | - | - | - | - |
| DC 19 Total | 1 215 917 | 1 443 935 | (228 018) | 585 741 | 500 919 | 84 822 | 386 800 | 304 371 | 82 429 | 397 860 | 334 814 | 63 046 |
| Moqhaka | 470 960 | 393 432 | 77 528 | 235 404 | 104 929 | 130 476 | 97 958 | 70 183 | 27 775 | 69 871 | 57 396 | 12 475 |
| Ngwathe | 401 892 | 445 853 | (43 961) | 100 669 | 106 371 | (5 702) | 80 338 | 63 889 | 16 448 | 63 633 | 40 204 | 23 429 |
| Metsimaholo | 510 679 | 523 590 | (12 910) | 587 654 | 432 392 | 155 262 | 100 213 | 92 183 | 8 030 | 66 684 | 74 246 | (7 562) |
| Mafube | 0 | 11 856 | (11 855) | 40 616 | 35 023 | 5 593 | 15 089 | 1 289 | 13 800 | - | - | - |
| Fezile Dabi | - | - | - | - | - | - | - | - | - | - | - | - |
| DC 20 Total | 1 383 532 | 1 374 730 | 8 802 | 964 344 | 678 714 | 285 629 | 293 598 | 227 544 | 66 054 | 200 189 | 171 846 | 28 343 |
| Total | 7 846 506 | 7 729 770 | 116 736 | 4 429 058 | 4 925 675 | (496 617) | 1 780 643 | 1 284 837 | 495 806 | 1 566 402 | 1 078 355 | 488 047 |

Source: Provincial Treasury, 2023

Report on the 2023/24 MTREF Municipal Budgets for Free State Municipalities

Annexure 7: Repairs and Maintenance

| Municipalities | 2022/23 Adjusted Budget | | | | | | 2023/24 Tabled Budget | | | | | | 2023/24 Adopted Budget | | | | | |
|--|----------------------------|------------------------------|---------------------------------|-------------------------|--------------|--------------|----------------------------|------------------------------|---------------------------------|-------------------------|---------------|---------------|----------------------------|------------------------------|---------------------------------|-------------------------|--------------|-------------|
| | Capital Expenditure Budget | Operating Expenditure Budget | PPE (Asset register - Table A9) | Repairs and Maintenance | RM of Capex | RM of PPE | Capital Expenditure Budget | Operating Expenditure Budget | PPE (Asset register - Table A9) | Repairs and Maintenance | RM of Capex | RM of PPE | Capital Expenditure Budget | Operating Expenditure Budget | PPE (Asset register - Table A9) | Repairs and Maintenance | RM of Capex | RM of PPE |
| | | | | | % | % | | | | | % | % | | | | | % | % |
| Mangungu | R'000 | R'000 | R'000 | R'000 | 41.9% | 2.5% | 1 154 487 | 8 746 025 | 23 315 245 | 556 592 | 48.2% | 2.4% | 1 154 487 | 8 746 025 | 23 315 245 | 556 592 | 48.2% | 2.4% |
| Leisemeng | 57 265 | 247 140 | 801 539 | 5 015 | 10.2% | 0.7% | 52 209 | 243 597 | (213 288) | 3 550 | 6.8% | -1.7% | 52 209 | 243 597 | 2 469 749 | 3 550 | 6.8% | 0.1% |
| Koranieng | 41 785 | 430 832 | 1 001 790 | - | 0.0% | 0.0% | 69 267 | 461 603 | 1 037 128 | 4 090 | 0.0% | 0.0% | 69 267 | 461 603 | 983 272 | - | 0.0% | 0.0% |
| Mohokare | 46 586 | 223 887 | 635 289 | 2 728 | 5.9% | 0.4% | 56 453 | 233 692 | 705 708 | 4 090 | 7.2% | 0.6% | 50 163 | 282 172 | 699 408 | 5 485 | 10.9% | 0.8% |
| Xhariep | 952 | 64 414 | 952 | 251 | 26.3% | 26.3% | 900 | 67 597 | (350) | 300 | 33.3% | -85.7% | 24 039 | 65 043 | 23 439 | 190 | 0.9% | 0.8% |
| Total Xhariep District | 146 589 | 966 274 | 2 499 570 | 8 794 | 6.0% | 0.9% | 178 828 | 1 006 489 | 1 529 197 | 7 940 | 4.4% | 0.5% | 193 667 | 1 158 125 | 4 165 868 | 9 225 | 4.7% | 0.2% |
| Masenyana | 51 228 | 418 858 | 688 407 | 1 295 | 2.5% | 0.2% | (53 288) | 380 144 | 296 430 | 1 153 | -2.2% | 0.4% | 74 068 | 448 003 | 2 000 927 | - | 0.0% | 0.0% |
| Tokologo | 120 871 | 155 348 | 689 420 | 4 025 | 3.3% | 2.6% | 32 177 | 208 841 | 696 968 | 3 420 | 10.6% | 0.5% | 90 708 | 174 287 | 689 420 | 11 420 | 12.6% | 1.7% |
| Tswelopele | 45 034 | 242 551 | 686 936 | 16 022 | 35.6% | 6.6% | 41 784 | 239 724 | 703 686 | 17 474 | 41.8% | 7.3% | 40 838 | 244 918 | 702 740 | 18 074 | 44.3% | 2.6% |
| Majithabeng | 346 814 | 3 621 386 | 3 970 028 | 245 087 | 70.3% | 6.8% | 202 914 | 3 974 219 | (4 438 275) | 231 505 | 114.1% | -5.2% | 202 914 | 3 974 219 | (4 438 275) | 231 505 | 114.1% | -5.2% |
| Nala | 47 295 | 514 508 | (67 512) | 255 699 | 540.6% | -378.7% | 44 590 | 534 241 | - | 216 965 | 486.6% | 40.6% | 44 590 | 534 241 | - | 216 965 | 486.6% | 40.6% |
| Lejwerakoppies | 8 800 | 194 321 | 58 121 | 3 531 | 40.1% | 1.8% | 9 700 | 203 997 | 59 021 | 3 573 | 36.6% | 6.1% | 7 400 | 207 703 | 56 721 | 4 043 | 54.6% | 7.1% |
| Total Lejwerakoppies District | 622 043 | 5 146 973 | 6 025 400 | 525 658 | 84.5% | 10.2% | 277 876 | 5 541 166 | (2 683 170) | 474 090 | 170.6% | -17.7% | 469 517 | 5 629 754 | (988 467) | 370 567 | 80.3% | 6.6% |
| Sesoko | 230 896 | 621 934 | 2 377 860 | 4 206 | 1.8% | 0.7% | 241 198 | 658 612 | 2 329 693 | 7 918 | 3.3% | 0.3% | 231 218 | 659 500 | 2 208 379 | 14 178 | 6.1% | 2.2% |
| Dhlabeng | 129 810 | 869 517 | 2 603 829 | 16 544 | 12.7% | 1.9% | 204 265 | 963 722 | 2 678 285 | 13 037 | 6.4% | 0.5% | 131 684 | 1 049 475 | 2 605 503 | 54 567 | 41.5% | 5.2% |
| Nkoerana | 106 312 | 595 509 | 1 278 621 | 23 598 | 22.2% | 4.0% | 54 718 | 631 577 | 1 213 402 | 30 647 | 56.0% | 2.5% | 197 218 | 631 676 | 1 144 883 | 27 368 | 13.9% | 2.4% |
| Muthi a Phofung | 333 964 | 3 860 372 | 7 831 815 | 105 338 | 31.5% | 3.4% | 263 674 | 2 777 793 | 4 478 888 | 140 888 | 53.4% | 3.1% | 280 614 | 2 189 723 | 4 468 827 | 102 271 | 36.4% | 4.7% |
| Phumelela | 53 847 | 208 795 | 758 537 | 9 208 | 17.1% | 4.4% | 60 180 | 262 189 | 787 275 | 9 740 | 16.2% | 1.2% | 60 180 | 250 266 | 790 516 | 9 739 | 16.2% | 1.2% |
| Mansoxa | 47 295 | 439 598 | 1 151 102 | - | 0.0% | 0.0% | 41 196 | 349 816 | 1 275 707 | 10 051 | 24.4% | 0.8% | 41 196 | 386 244 | 2 154 968 | 10 051 | 24.4% | 0.5% |
| Thabo Mollisananya | 4 097 | 176 886 | 4 097 | 449 | 11.0% | 0.3% | 4 605 | 176 149 | 4 605 | 449 | 9.8% | 0.3% | 15 312 | 182 652 | 30 703 | 214 | 1.4% | 0.7% |
| Total Thabo Mollisananya District | 906 212 | 5 972 582 | 16 005 652 | 159 302 | 17.6% | 2.7% | 869 837 | 5 799 958 | 12 768 254 | 212 730 | 24.5% | 1.7% | 957 222 | 5 351 474 | 13 491 778 | 218 388 | 22.8% | 4.1% |
| Mophaka | 102 888 | 1 066 180 | 2 631 622 | 105 236 | 102.3% | 9.7% | 134 588 | 1 126 989 | 2 797 220 | 96 480 | 71.7% | 3.4% | 134 588 | 1 126 989 | 2 797 220 | 96 480 | 71.7% | 3.4% |
| Ngwathe | 120 834 | 1 012 530 | 1 861 095 | 36 044 | 29.8% | 3.6% | 153 235 | 1 133 186 | 2 551 496 | 57 660 | 37.6% | 2.3% | 153 235 | 1 133 186 | 2 551 496 | 57 660 | 37.6% | 2.3% |
| Melamatholo | 238 894 | 1 564 965 | 1 418 188 | 49 532 | 20.7% | 3.2% | 109 690 | 1 724 272 | 1 676 186 | 54 507 | 49.7% | 3.3% | 208 792 | 1 730 883 | 1 669 575 | 60 542 | 29.0% | 3.6% |
| Matibe | 67 683 | 265 514 | 1 049 091 | 14 641 | 21.6% | 5.5% | 49 175 | 281 576 | 1 030 192 | 15 524 | 31.6% | 1.5% | 57 307 | 276 899 | 1 038 923 | 15 906 | 27.5% | 1.5% |
| Fezile Dabi | 2 750 | 191 625 | 81 731 | 3 243 | 117.9% | 1.7% | 3 100 | 183 597 | 83 144 | 1 540 | 49.7% | 0.8% | 3 100 | 183 597 | 83 144 | 1 540 | 49.7% | 0.8% |
| Total Fezile Dabi District | 533 049 | 4 120 814 | 7 031 627 | 208 697 | 39.2% | 5.1% | 449 769 | 4 449 620 | 8 138 237 | 225 711 | 50.2% | 2.8% | 557 902 | 4 451 553 | 8 140 358 | 232 128 | 41.6% | 5.2% |
| TOTAL | 3 517 526 | 24 307 573 | 53 649 641 | 1 451 530 | 41.3% | 6.0% | 2 930 796 | 25 543 256 | 43 067 163 | 1 477 064 | 50.4% | 5.6% | 3 325 664 | 25 338 931 | 48 064 782 | 1 386 900 | 41.7% | 5.5% |

Source: Provincial Treasury, 2023

Report on the 2023/24 MTREF Municipal Budgets for Free State Municipalities

Annexure 8: Funding Position

| Name of Municipality | 2023/24 ORBG | | | Adopted budget funded Status |
|----------------------|--------------|-------------|-------------|------------------------------|
| | A4 | A7 | A8 | |
| | R'000 | R'000 | R'000 | |
| Mangaung Metro | 521 153 | 761 800 | 29 536 | Funded |
| Letsemeng | (69 923) | (24 316) | (191 296) | Unfunded |
| Kopanong | (185 420) | (138 555) | (189 466) | Unfunded |
| Mohokare | (75 399) | 7 377 | (227 329) | Unfunded |
| Xhariep | 70 | 5 570 | 1 652 | Funded |
| Masilonyana | (132 127) | (100 065) | (152 663) | Unfunded |
| Tokologo | (15 993) | (13 872) | (24 224) | Unfunded |
| Tswelopele | (54 139) | (38 756) | (150 929) | Unfunded |
| Matjhabeng | 400 000 | 719 000 | 2 200 | Funded |
| Nala | (135 681) | 177 714 | (765 782) | Unfunded |
| Lejweleputswa | (48 455) | 44 929 | 74 428 | Funded |
| Setsofo | (102 897) | 156 418 | 138 045 | Funded |
| Dihlabeng | (187 034) | (90 481) | (1 106 472) | Unfunded |
| Nketoana | (362 120) | (285 223) | (2 558 951) | Unfunded |
| Maluti a Phofung | (835 667) | (1 564 423) | (9 530 875) | Unfunded |
| Phumelela | (61 977) | (55 220) | (461 261) | Unfunded |
| Mantsopa | (80 274) | (375 982) | (719 989) | Unfunded |
| Thabo Mofutsanyana | (23 045) | 223 020 | 31 429 | Funded |
| Moghaka | (172 514) | (217 971) | (112 713) | Unfunded |
| Ngwathe | (310 207) | 108 479 | (2 075 846) | Unfunded |
| Metsimaholo | 10 917 | 158 213 | 144 265 | Funded |
| Mafube | (128 119) | (109 948) | (1 120 313) | Unfunded |
| Fezile Dabi | 1 419 | 133 290 | 65 623 | Funded |

Source: Provincial Treasury, 2023