



## **INGQUZA HILL LOCAL MUNICIPALITY**

### **2025/26 DRAFT ANNUAL BUDGET AND THE MEDIUM TERM AND REVENUE FRAMEWORK**

***March 31, 2025***

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## ***ABBREVIATION OF KEY TERMS***

AG	:	Auditor General of South Africa
COGTA	:	Department of Cooperative Governance and Traditional Affairs
CPI	:	Consumer Price Index
DLTC	:	Drivers Licensing and Testing Centre
DORA	:	Division of Revenue Act
IDP	:	Integrated Development Plan
IHLM	:	Ingquza Hill Local Municipality
MEC	:	Member of the Executive Committee
MFMA	:	Municipal Finance Management Act No.56 of 2003
MPRA	:	Municipal Property Rates Act No.6 of 2004
MTREF	:	Medium Term Revenue and Expenditure Framework
PPPFA	:	Preferential Procurement Policy Framework Act No 5 of 2000
SCM	:	Supply Chain Management
SDBIP	:	Service Delivery Budget and Implementation Plan

# **PART I – ANNUAL BUDGET**

## **1. THE MAYOR'S REPORT**

The Ingquza Hill Local Municipality compiles the annual budget and the medium-term revenue and expenditure framework in line with the legislative requirements. This budget process is for the 2025/26 Annual Budget and the Medium-Term Revenue and Expenditure Framework. This budgeting process is informed by the medium-term plans of the municipality as contained in the IDP of the municipality. The following are some of the prescripts that have been complied with in compiling the budget: -

- Municipal Finance Management Act No. 56 of 2003
- IHLM Budget Policy – Last Reviewed May 2024
- MFMA Treasury Circulars – Latest being Circular 129 and 130 – Issued 10 December 2024 and 20 March 2025, respectively.
- Division of Revenue Bill – 2025

It is important to note that the compilation of this budget was delayed to some extent because of the postponement of the budget speech by the Minister of Finance. This had a direct impact in the delay of the release of the Division of Revenue Bill 2025. The municipality could not proceed with no documented expected revenue from the various grants.

The intention is to still however meet the legislated timeframes.

The IHLM must achieve its medium-term service delivery objectives, utilising the limited resources that are at its disposal. The service delivery imperatives centre around ensuring that there is infrastructure development and maintenance, meeting of social needs of the community of Ingquza Hill LM, ensuring that there is economic growth and development within the municipality, driven in the main by agriculture and tourism.

The service delivery objectives of the municipality are funded to a larger extent by grant funding, which forms just over 83% of the revenue forecast to be generated by the municipality.

There is therefore a direct linkage between what is planned in terms of the IDP of the municipality, and the budget, because the budget only addresses service delivery objectives as detailed in the IDP and the SDBIP

Some of the major infrastructure projects that the municipality has made budgetary provision in the 2025/26 Annual Budget and Medium-term Revenue and Expenditure Framework for include: -

- a) The Paving of Internal Streets in both Flagstaff and Lusikisiki. These are both multi-year projects that were initiated in the 2023/24 financial year.
- b) The completion of the Flagstaff and Lusikisiki Town Halls. Some glitches have been experienced in the implementation of these projects, plans are however underway to remedy the situation, which should see the projects completed during the 2025/26 financial year.
- c) The renovation of Flagstaff Municipal Offices as well as construction of Lusikisiki Municipal Offices.

- d) The municipality has made budgetary provisions for the maintenance of roads, to a value of more than R15 million. This maintenance include the maintenance of roads through municipal owned plant and machinery, the appointment of service providers for the maintenance of roads, as well as utilisation of the Municipal Disaster Recovery Grant for the construction of two bridges, one in Ward 4 and the other in Ward 11.
- e) Electrification of Households from various wards through the Integrated National Electrification Programme.
- f) Installation of high mast lights in various wards to aid the fight against crime in those communities.
- g) The installation of street litter bins to ensure that there's improved cleanliness in both towns.

A detail of the service delivery projects is detailed in the subsequent paragraph of this document.

The municipality provides several services, which the communities who utilise them must pay for. To this end, the municipality must compile a list of tariffs that must be reviewed annually, informed by the economic situation of the municipality and the country, and guided by the Treasury Guidelines and Regulations. A 2% increase in the tariffs is proposed for the annual budget, which is less than the indicated Consumer Price Index.

Also, the municipality will be implementing a new General Valuation Roll from July 01, 2025. Processes are at an advanced stage, complying with the relevant legislations, including consultations with the communities that are affected.

## **2. DRAFT BUDGET RESOLUTIONS**

The MFMA Budget Reporting Regulations require that the Council must resolve and adopt the following resolutions for the annual budget in accordance with section 24 of the MFMA.

The Ingquza Hill Local Municipality Council, acting in terms of section 16(1) of the MFMA No. 56 of 2003, resolves to adopt the annual budget as per the following resolutions: -

- a) Multi-year Draft budget of the capital and operating expenditure for the 2025/26 and the indicative outer years – 2026/27 and 2027/28, which must be tabled for public scrutiny.
- b) Multi-year Capital Budget – Council resolves that the multi-year capital appropriations and associated funding be approved.
- c) Property Rates and Other Municipal Taxes – Council resolves that in terms of the Local Government Municipal Property Rates Act No. 6 of 2004, rates differentiating amongst different categories of properties determined by the actual use, the zoning and/or permitted use of properties, for property tax to be levied on the market value of all ratable properties within the municipal area for the period starting from 01 July 2025 to 30 June 2026, provided that the rebates, as indicated and on application be allowed. The council also resolves to approve that the tariffs be adjusted by 2% for 2025/26, and the CPI be applied for outer years.

- d) Measurable Performance Objectives – Council resolves that the measurable objectives for the budget for each of the years in the 2025/26 Medium Term Revenue and Expenditure Framework be approved.
- e) Budget Related Policies – All budget related policies be approved after review. The following are the budget related policies: -
- |  |                                       |
|--|---------------------------------------|
| i. Asset Management Policy                     | x. Property Rates Policy              |
| ii. Cash and Investment Policy                 | xi. Subsistence and Travelling Policy |
| iii. Virement Policy                           | xii. Supply Chain Management Policy   |
| iv. Bad Debts and Write-Off Policy             | xiii. Tariffs Policy                  |
| v. Budget Policy                               | xiv. Unknown Deposits Policy          |
| vi. Cost Containment Policy                    | xv. Fleet Management Policy           |
| vii. Credit Control and Debt Management Policy | xvi. Irregular Expenditure Policy     |
| viii. Donations Policy                         |                                       |
| ix. Indigent Policy                            |                                       |

### **3. THE EXECUTIVE SUMMARY**

The IHLM is a local municipality, established in the rural region of the Eastern Cape. This means that there is limited ability of the municipality to generate its own revenue. As such, the revenue budget presented is made up of 83% grant funding. This calls into question the ability of the municipality to function, should the grant funding be terminated for one or other reason.

Coupled with this, is the fact that there are competing national objectives that need to be funded from the National Revenue Fund, and therefore a municipality only receives a limited allocation which cannot address the service delivery requirements all at once. A careful consideration has therefore been made in ensuring that there is prioritisation.

The budget is also funded by internally generated revenue, mainly from the levying of rates and taxes, and other services that are provided by the municipality. The IHLM developed a tariff structure which is reviewed annually and approved by the council. In the 2024/25 financial year, the tariffs were left unchanged due to considerations that were made by the council, including the economic status of the consumers in our municipality. The same consideration has been made for the 2025/26 financial year, but a 2% tariff increase is proposed to ensure that there is a better capacity to internally fund some of the priorities made by council, and to cover the costs of providing the trading services.

The municipality maintained a Qualified Audit Opinion in the 2023/24 financial year. This is despite the radical reduction in the number of qualification paragraphs raised by the AG. There has been no clear effect of this that can be linked to the implementation of the service delivery objectives, although it talks directly to the financial and performance disclosures that the municipality must improve on.

The budget assumptions as utilised in this budget are detailed in the subsequent paragraphs, however the municipality has ensured that the compilation is informed by the guidelines as provided by the National Treasury, and through the understanding of situations specific to our municipality.

The council of the municipality is also reviewing the budget related policies and other policies, to ensure that all issues as raised by the Auditor General are addressed, all changes or updates in terms of circulars and regulations are adhered to, and that all difficulties or gaps that may have been experienced during the implementation of the policies are addressed.

The following is the significant amendment proposed to the SCM Policy:

- *The second sub-paragraph of paragraph 2.3.31 has been removed. This paragraph refers to the consideration of the variation order by the BAC. This cannot be supported by any legislated requirement but is recommended to be considered for improvement of internal controls around the administration of variation orders.*

#### 4. ANNUAL BUDGET TABLES

##### a) Table A1 - The Budget Summary

EC153 Ngquzu Hills - Table A1 Budget Summary										
Description	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	33 141	30 989	37 350	41 772	41 772	41 772	41 772	42 607	44 525	91 276
Service charges	1 377	1 351	1 331	1 500	1 000	1 000	1 000	1 020	1 066	1 093
Investment revenue	7 745	15 412	24 812	15 000	20 000	20 000	20 000	22 000	22 990	23 565
Transfer and subsidies - Operational	286 625	322 884	343 695	382 381	389 859	389 859	389 859	362 391	347 928	363 553
Other own revenue	10 051	8 439	16 894	20 617	20 617	20 617	20 617	24 877	30 673	31 611
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>338 938</b>	<b>379 076</b>	<b>424 082</b>	<b>461 270</b>	<b>473 248</b>	<b>473 248</b>	<b>473 248</b>	<b>452 895</b>	<b>447 182</b>	<b>511 097</b>
Employee costs	157 759	153 955	147 144	172 563	172 611	172 611	172 611	178 690	186 577	193 962
Remuneration of councillors	24 854	24 372	26 944	30 315	30 315	30 315	30 315	31 073	31 850	32 646
Depreciation and amortisation	55 619	46 402	58 825	55 000	55 000	55 000	55 000	57 500	58 938	60 411
Interest	-	-	-	3 800	3 300	3 300	3 300	150	157	161
Inventory consumed and bulk purchases	5 030	6 703	993	6 550	-	-	-	-	-	-
Transfers and subsidies	6 831	1 360	7 391	10 550	12 006	12 006	12 006	7 000	7 315	7 498
Other expenditure	136 732	142 071	179 017	285 223	309 414	309 414	309 414	286 447	287 448	291 905
<b>Total Expenditure</b>	<b>386 825</b>	<b>374 864</b>	<b>420 315</b>	<b>564 001</b>	<b>582 646</b>	<b>582 646</b>	<b>582 646</b>	<b>560 860</b>	<b>572 285</b>	<b>586 583</b>
<b>Surplus/(Deficit)</b>	<b>(47 887)</b>	<b>4 212</b>	<b>3 766</b>	<b>(102 731)</b>	<b>(109 398)</b>	<b>(109 398)</b>	<b>(109 398)</b>	<b>(107 965)</b>	<b>(125 103)</b>	<b>(75 486)</b>
Transfers and subsidies - capital (monetary allocations)	18 921	70 414	61 395	61 014	71 236	71 236	58 947	65 535	70 494	73 778
Transfers and subsidies - capital (in-kind)	-	2 250	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(28 966)</b>	<b>76 876</b>	<b>65 161</b>	<b>(41 717)</b>	<b>(38 162)</b>	<b>(38 162)</b>	<b>(50 451)</b>	<b>(42 430)</b>	<b>(54 610)</b>	<b>(1 709)</b>
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(28 966)</b>	<b>76 876</b>	<b>65 161</b>	<b>(41 717)</b>	<b>(38 162)</b>	<b>(38 162)</b>	<b>(50 451)</b>	<b>(42 430)</b>	<b>(54 610)</b>	<b>(1 709)</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>102 039</b>	<b>97 574</b>	<b>80 920</b>	<b>143 189</b>	<b>143 998</b>	<b>143 998</b>	<b>70 838</b>	<b>106 055</b>	<b>74 815</b>	<b>78 207</b>
Transfers recognised - capital	62 746	61 947	50 658	61 014	71 236	71 236	51 805	65 535	70 494	73 778
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	35 791	34 760	23 363	82 175	72 761	72 761	18 138	40 520	4 322	4 430
<b>Total sources of capital funds</b>	<b>98 536</b>	<b>96 707</b>	<b>74 021</b>	<b>143 189</b>	<b>143 998</b>	<b>143 998</b>	<b>69 943</b>	<b>106 055</b>	<b>74 815</b>	<b>78 207</b>
<b>Financial position</b>										
Total current assets	292 473	305 062	323 825	191 519	213 216	213 216	390 701	228 086	147 763	77 090
Total non current assets	1 752 810	1 270 717	1 499 455	1 992 377	1 993 185	1 993 185	1 571 481	1 724 835	1 774 614	1 827 159
Total current liabilities	143 719	91 355	74 142	78 923	97 873	97 873	60 828	38 049	30 113	21 695
Total non current liabilities	20 818	24 279	26 045	32 596	32 596	32 596	29 025	35 925	35 925	35 925
Community wealth/Equity	1 880 746	1 459 638	1 723 093	2 072 377	2 075 932	2 075 932	1 871 497	1 878 947	1 856 338	1 846 629
<b>Cash flows</b>										
Net cash from (used) operating	131 500	125 917	203 432	92 198	88 227	88 227	88 227	75 183	58 676	65 539
Net cash from (used) investing	(111 016)	(110 338)	(87 167)	(143 189)	(145 489)	(145 489)	(145 489)	(138 555)	(108 255)	(112 483)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>227 858</b>	<b>224 313</b>	<b>341 923</b>	<b>134 981</b>	<b>150 628</b>	<b>150 628</b>	<b>150 628</b>	<b>220 510</b>	<b>170 930</b>	<b>123 986</b>
<b>Cash backing/surplus reconciliation</b>										
Non current Investments	60 252	5 100	10 379	-	14 218	14 218	(1 375)	-	-	-
Statutory requirements	113 492	187 166	228 546	71 071	66 167	66 167	311 712	164 748	98 346	34 443
<b>Balance - surplus (shortfall)</b>	<b>(53 240)</b>	<b>(182 066)</b>	<b>(218 167)</b>	<b>(71 071)</b>	<b>(51 949)</b>	<b>(51 949)</b>	<b>(313 087)</b>	<b>(164 748)</b>	<b>(98 346)</b>	<b>(34 443)</b>
<b>Asset management</b>										
Asset register summary (WDV)	1 667 023	1 203 844	1 342 027	1 883 101	1 883 909	1 883 909	1 883 909	1 571 753	1 621 531	1 674 076
Depreciation	55 619	46 402	58 825	55 000	55 000	55 000	55 000	57 500	58 938	60 411
Renewal and Upgrading of Existing Assets	26 289	8 320	296	500	2 951	2 951	2 951	1 000	-	-
Repairs and Maintenance	35 298	26 877	27 708	43 836	59 092	59 092	59 092	50 609	44 047	45 148
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	2 960	6 999	10 788	10 788	10 788	10 788	11 004	11 499	23 354
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

The table above shows the overall budget summary of the municipality for the 2025/26 Medium-Term Revenue and Expenditure Framework. The total revenue for the 2025/26 financial period, excluding capital transfers is R452 million.

Of the R452million, R362 million will be received from the grants and subsidies which the municipality receives in terms of the Division of Revenue Bill and other documents from the funding departments. The transfers and subsidies amount to 80% of the total revenue forecast to be received or generated excluding capital allocations. Tabled below is the detail of grant funding to be received in the 2025/26 financial year, and the medium-term revenue and expenditure framework: -

DESCRIPTION	2025/26 Medium Term Revenue and Expenditure Framework		
	Budget Year 2025/26	Budget Year+1 2026/27	Budget Year+1 2027/28
Expanded Public Works Grant	1 716 000	-	-
LG Financial Management Grant	2 800 000	2 800 000	2 900 000
Municipal Disaster Recovery Grant	8 114 000	-	-
MIG Operational Grant	2 639 000	2 741 440	2 798 503
Equitable Share	344 827 000	342 387 000	357 854 000
LG SETA	1 500 000	-	-
Library grant	795 000	-	-
	<b>362 391 000</b>	<b>347 928 440</b>	<b>363 552 503</b>

b) Table A2 - Budgeted Financial Performance

The table below shows the revenue and expenditure budget of the municipality per functional classification. The Executive and Council generate the least amount of revenue considering that the only revenue relates to a grant funding for the EPWP Grant. The bulk or highest amount of revenue is allocated at the Finance and Administration function as the equitable share, which is the grant meant to fund the operations of the municipality is found in this function.

The Road Transport Function also receives a high amount of grants as this is the department that implements the infrastructure projects. The revenue from these grants is recognised as soon as the conditions of the grant are met, and payments are made.

The Executive and Council amounts for a significantly higher expenditure at just over R109 million. This includes remuneration of councillors, the staff within the department and all the public participation engagements and logistics.

The highest expenditure can be attributed to the Finance and Administration function because of the number of employees in those departments, the expenditures of IT and related matters including licensing of software, and other expenditures.

EC153 Nguqza Hills - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	####	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>Revenue - Functional</b>	1									
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		329 930	364 762	404 324	418 691	424 091	424 091	426 127	423 850	487 016
Executive and council		-	-	1 384	1 593	1 593	1 593	1 716	-	-
Finance and administration		329 930	364 762	402 940	417 098	422 498	422 498	424 411	423 850	487 016
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		20 337	71 206	69 792	73 909	88 709	88 709	77 396	75 134	78 527
Planning and development		20 337	4 790	2 981	5 175	4 953	4 953	4 647	4 840	4 950
Road transport		-	66 416	66 811	68 734	83 756	83 756	72 749	70 294	73 577
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		7 592	15 772	11 361	29 684	31 684	31 684	14 907	18 692	19 331
Energy sources		-	6 585	2 618	18 162	20 662	20 662	3 660	8 501	8 885
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		7 592	9 187	8 743	11 522	11 022	11 022	11 247	10 191	10 446
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	<b>357 859</b>	<b>451 740</b>	<b>485 476</b>	<b>522 284</b>	<b>544 484</b>	<b>544 484</b>	<b>518 430</b>	<b>517 675</b>	<b>584 874</b>
<b>Expenditure - Functional</b>										
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		213 827	193 420	222 748	305 415	303 904	303 904	315 284	321 501	327 886
Executive and council		95 582	68 767	75 292	91 502	94 010	94 010	109 192	111 691	114 883
Finance and administration		116 317	122 391	144 912	207 990	203 970	203 970	200 395	203 857	206 849
Internal audit		1 929	2 262	2 543	5 924	5 924	5 924	5 697	5 953	6 154
<b>Community and public safety</b>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		93 955	99 246	104 971	131 650	147 271	147 271	134 396	131 119	134 864
Planning and development		26 602	26 397	33 843	36 187	35 322	35 322	34 611	36 072	37 142
Road transport		67 352	72 849	71 128	95 462	111 949	111 949	99 785	95 047	97 721
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		79 044	82 198	92 597	126 936	131 471	131 471	111 181	119 664	123 833
Energy sources		6 522	10 587	16 426	35 518	39 323	39 323	20 510	26 029	26 851
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		72 522	71 611	76 171	91 419	92 149	92 149	90 671	93 635	96 982
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	<b>386 825</b>	<b>374 864</b>	<b>420 315</b>	<b>564 001</b>	<b>582 646</b>	<b>582 646</b>	<b>560 860</b>	<b>572 285</b>	<b>586 583</b>
<b>Surplus/(Deficit) for the year</b>		<b>(28 966)</b>	<b>76 876</b>	<b>65 161</b>	<b>(41 717)</b>	<b>(38 162)</b>	<b>(38 162)</b>	<b>(42 430)</b>	<b>(54 610)</b>	<b>(1 709)</b>

c) Table A2 – Budgeted Financial Performance (Revenue and Expenditure By Municipal Vote)

EC153 Nguqza Hills - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	####	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>Revenue by Vote</b>	1									
<b>Revenue by Vote</b>										
Vote 1 - Governance and Administration		329 930	364 762	404 324	418 691	424 091	424 091	426 127	423 850	487 016
Vote 2 - Community Services and Public Safety		7 592	-	8 743	11 522	11 022	11 022	11 247	10 191	10 446
Vote 3 - Economic and Environmental Services		20 337	4 790	1 242	1 984	1 984	1 984	2 008	2 099	2 151
Vote 4 - Trading Services		-	6 585	2 618	18 162	20 662	20 662	3 660	8 501	8 885
Vote 5 - Technical Services		-	66 416	68 550	71 925	86 725	86 725	75 388	73 035	76 376
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>357 859</b>	<b>451 740</b>	<b>485 476</b>	<b>522 284</b>	<b>544 484</b>	<b>544 484</b>	<b>518 430</b>	<b>517 675</b>	<b>584 874</b>
<b>Expenditure by Vote to be appropriated</b>	1									
<b>Expenditure by Vote to be appropriated</b>										
Vote 1 - Governance and Administration		213 827	193 420	222 748	305 415	303 904	303 904	315 284	321 501	327 886
Vote 2 - Community Services and Public Safety		72 522	71 611	76 171	91 419	92 149	92 149	90 671	93 635	96 982
Vote 3 - Economic and Environmental Services		26 602	26 397	32 219	33 000	32 357	32 357	31 975	33 331	34 344
Vote 4 - Trading Services		6 522	10 587	16 426	35 518	39 323	39 323	20 510	26 029	26 851
Vote 5 - Technical Services		67 352	72 849	72 751	98 650	114 915	114 915	102 421	97 789	100 520
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>386 825</b>	<b>374 864</b>	<b>420 315</b>	<b>564 001</b>	<b>582 646</b>	<b>582 646</b>	<b>560 860</b>	<b>572 285</b>	<b>586 583</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>(28 966)</b>	<b>76 876</b>	<b>65 161</b>	<b>(41 717)</b>	<b>(38 162)</b>	<b>(38 162)</b>	<b>(42 430)</b>	<b>(54 610)</b>	<b>(1 709)</b>

d) Table A4 – Budgeted Financial Performance (Revenue and Expenditure)

EC153 Ngquza Hills - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	####	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand	1										
<b>Revenue</b>											
<b>Exchange Revenue</b>											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	1 377	1 351	1 331	1 500	1 000	1 000	931	1 020	1 066	1 093
Sale of Goods and Rendering of Services		363	335	274	616	616	616	248	4 276	9 144	9 544
Agency services		3 947	3 901	4 343	6 400	6 400	6 400	3 179	6 400	6 688	6 855
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		-	-	897	734	734	734	679	749	782	802
Interest earned from Current and Non Current Assets		7 745	15 412	24 812	15 000	20 000	20 000	16 401	22 000	22 990	23 565
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		1 018	864	907	1 200	1 200	1 200	555	1 224	1 279	1 311
Licence and permits		59	42	88	200	200	200	100	200	209	214
Special Rating Levies		-	-	-	-	-	-	-	-	-	-
Operational Revenue		3 049	988	169	188	188	188	120	380	397	407
<b>Non-Exchange Revenue</b>											
Property rates	2	33 141	30 989	37 350	41 772	41 772	41 772	31 939	42 607	44 525	91 276
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		59	1 486	1 346	1 361	1 361	1 361	1 049	1 552	1 622	1 662
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		286 625	322 884	343 695	382 381	389 859	389 859	291 766	362 391	347 928	363 553
Interest		-	824	8 404	8 918	8 918	8 918	6 107	9 097	9 506	9 744
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		1 556	-	467	1 000	1 000	1 000	65	1 000	1 045	1 071
Other Gains		-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contrib</b>		<b>338 938</b>	<b>379 076</b>	<b>424 082</b>	<b>461 270</b>	<b>473 248</b>	<b>473 248</b>	<b>353 139</b>	<b>452 895</b>	<b>447 182</b>	<b>511 097</b>
<b>Expenditure</b>											
Employee related costs	2	157 759	153 955	147 144	172 563	172 611	172 611	107 970	178 690	186 577	193 962
Remuneration of councillors		24 854	24 372	26 944	30 315	30 315	30 315	19 645	31 073	31 850	32 646
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	8	5 030	6 703	993	6 550	-	-	-	-	-	-
Debt impairment	3	-	-	-	12 363	12 363	12 363	1 227	12 363	12 363	12 363
Depreciation and amortisation		55 619	46 402	58 825	55 000	55 000	55 000	34 692	57 500	58 938	60 411
Interest		-	-	-	3 800	3 300	3 300	-	150	157	161
Contracted services		66 520	49 772	59 111	99 987	120 887	120 887	55 461	104 177	102 557	105 351
Transfers and subsidies		6 831	1 360	7 391	10 550	12 006	12 006	752	7 000	7 315	7 498
Irrecoverable debts written off		-	-	6 426	40 000	40 000	40 000	442	27 500	25 500	23 500
Operational costs		70 212	92 299	113 481	132 873	136 164	136 164	60 730	142 407	147 028	150 691
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>386 825</b>	<b>374 864</b>	<b>420 315</b>	<b>564 001</b>	<b>582 646</b>	<b>582 646</b>	<b>280 920</b>	<b>560 860</b>	<b>572 285</b>	<b>586 583</b>
<b>Surplus/(Deficit)</b>		<b>(47 887)</b>	<b>4 212</b>	<b>3 766</b>	<b>(102 731)</b>	<b>(109 398)</b>	<b>(109 398)</b>	<b>72 218</b>	<b>(107 965)</b>	<b>(125 103)</b>	<b>(75 486)</b>
Transfers and subsidies - capital (monetary)	6	18 921	70 414	61 395	61 014	71 236	71 236	58 947	65 535	70 494	73 778
Transfers and subsidies - capital (in-kind)	6	-	2 250	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(28 966)</b>	<b>76 876</b>	<b>65 161</b>	<b>(41 717)</b>	<b>(38 162)</b>	<b>(38 162)</b>	<b>131 165</b>	<b>(42 430)</b>	<b>(54 610)</b>	<b>(1 709)</b>
Income Tax		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after income tax</b>		<b>(28 966)</b>	<b>76 876</b>	<b>65 161</b>	<b>(41 717)</b>	<b>(38 162)</b>	<b>(38 162)</b>	<b>131 165</b>	<b>(42 430)</b>	<b>(54 610)</b>	<b>(1 709)</b>
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(28 966)</b>	<b>76 876</b>	<b>65 161</b>	<b>(41 717)</b>	<b>(38 162)</b>	<b>(38 162)</b>	<b>131 165</b>	<b>(42 430)</b>	<b>(54 610)</b>	<b>(1 709)</b>
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>1</b>	<b>(28 966)</b>	<b>76 876</b>	<b>65 161</b>	<b>(41 717)</b>	<b>(38 162)</b>	<b>(38 162)</b>	<b>131 165</b>	<b>(42 430)</b>	<b>(54 610)</b>	<b>(1 709)</b>

The table above shows further details on the revenue and expenditure in terms of the line items from which revenue will be generated, and from which expenditure will be incurred.

**Contracted Services:** An amount of R104 million is budgeted for contracted services and the following table provides a highlight of what is budget within this category: -

<b>Highlights from Contracted Services</b>			
<b>DESCRIPTION</b>	<b>2025/26 Medium Term Revenue and Expenditure Framework</b>		
	<b>Budget Year 2025/26</b>	<b>Budget Year+12026/27</b>	<b>Budget Year+12027/28</b>
Accounting and Auditing	4 749 999	4 963 749	5 087 843
Audit Committee	524 992	548 616	562 332
AFS review	1 668 000	1 668 000	1 768 000
Business and Advisory: Project Management	420 000	438 900	449 873
ENVIRONMENTAL IMPACT ASSESSMENT	900 000	940 500	964 013
LANDFILLSITE	900 000	940 500	964 013
Legal Advice and Litigation	5 000 000	5 225 000	5 355 625
Catering Services	9 824 972	10 064 365	10 315 974
Maintenance of Buildings and Facilities	1 500 000	1 567 500	1 606 688
Maintenance of Investment properties	3 000 000	3 135 000	3 213 375
Maintenance of Equipment	3 800 000	3 971 000	4 070 275
Maintenance of Equipment	2 500 000	2 612 500	2 677 813
Road Surfacing	2 500 000	2 612 500	2 677 813
Maintenance of Access Roads	6 000 000	6 270 000	6 426 750
Contractors: Maintenance of Unspecified Assets	15 000 000	15 675 000	16 066 875
Maintenance of Electrical Infrastructure	1 300 000	1 358 500	1 392 463
Maintenance of ward 19 Public Toilets	500 000	522 500	535 563
Maintenance of ward 6 Public Toilets	500 000	522 500	535 563
MAINTENANCE OF STREET LIGHTS FOR THE WHOLE OF IHLM	2 400 000	2 508 000	2 570 700
Cleaning services	1 500 000	1 567 500	1 606 688
Tree felling	1 000 000	1 045 000	1 071 125
INEP ELECTRIFICATION FOR VARIOUS WARDS	3 660 000	8 501 000	8 885 000
Drivers Licence Cards	300 000	313 500	321 338
EPWP LABOURERS	1 716 000	-	-
CONSUMABLES MATERIAL	1 500 000	1 567 500	1 606 688
security services	1 000 000	1 045 000	1 071 125
Re-planning of Nkululekweni	800 000	836 000	856 900
Land audit review	550 000	574 750	589 119
Street naming numbering	800 000	836 000	856 900
Formalization of un-surveyed properties	350 000	365 750	374 894
Housing sector Plan	350 000	365 750	374 894
MUNICIPAL CASUAL WORKERS- Including EPWP	7 400 000	7 733 000	7 926 325

**Operational Costs:** The following can be highlighted from the Operational Costs:

<b>Highlights from Operational Costs</b>			
<b>DESCRIPTION</b>	<b>2025/26 Medium Term Revenue and Expenditure Framework</b>		
	<b>Budget Year 2025/26</b>	<b>Budget Year+1 2026/27</b>	<b>Budget Year+1 2027/28</b>
Bursaries (Employees)	1 000 000	1 045 000	1 071 125
External Audit Fees	6 000 000	6 270 000	6 426 750
Free basic and Indigent support services	15 000 000	15 675 000	16 066 875
Insurance premium for municipal assets	3 500 000	3 657 500	3 748 938
Training and Development	6 300 000	5 016 000	5 141 400
Electricity purchase	8 000 000	8 360 000	8 569 000
Printing Publications and Books	1 000 000	1 045 000	1 071 125
Salga staff	2 800 000	2 926 000	2 999 150
Operational Cost: System Access and Information Fees	12 100 000	12 644 500	12 960 613
Accommodation	13 099 028	13 688 484	14 030 696
Food and Beverage (Served)	4 510 516	4 713 489	4 831 327
Uniform and Protective Clothing	4 000 000	4 180 000	4 284 500
Ward committees stipend	8 500 000	8 882 500	9 104 563
Fuel & Oil	7 000 000	7 315 000	7 497 875
Wet fuel for municipal plant	2 000 000	2 090 000	2 142 250
Workmen's compensation	1 600 000	1 672 000	1 713 800
Telephone system	2 500 000	2 612 500	2 677 813
Cell phone & subscription	6 000 000	6 270 000	6 426 750
Stationery	1 200 000	1 254 000	1 285 350
Relocation of pegs	550 000	574 750	589 119

e) Table A5 – Budgeted Capital Expenditure (by vote, standard classification)

EC153 Ngquzu Hills - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	####	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>R thousand</b>	1										
<b>Capital expenditure - Vote</b>											
<b>Expenditure to be appropriated</b>	2										
Vote 1 - Governance and Administration		-	-	-	-	-	-	-	-	-	-
Vote 2 - Community Services and Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 3 - Economic and Environmental Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Trading Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 6 -		-	-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Expenditure to be appropriated</b>	2										
Vote 1 - Governance and Administration		6 248	2 033	4 309	16 175	22 153	22 153	-	12 550	3 790	3 880
Vote 2 - Community Services and Public Safety		158	392	3 415	9 983	7 703	7 703	-	7 170	731	750
Vote 3 - Economic and Environmental Services		2 061	4 194	720	160	1 160	1 160	-	2 000	-	-
Vote 4 - Trading Services		4 428	13 345	614	10 250	11 250	11 250	-	9 500	5 000	5 000
Vote 5 - Technical Services		89 145	77 610	63 299	106 621	101 732	101 732	-	74 835	65 294	68 577
Vote 6 -		-	-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		102 039	97 574	72 357	143 189	143 998	143 998	-	106 055	74 815	78 207
<b>Total Capital Expenditure - Vote</b>		102 039	97 574	72 357	143 189	143 998	143 998	-	106 055	74 815	78 207
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		6 248	2 033	4 309	16 175	22 153	22 153	4 881	12 550	3 790	3 880
Executive and council		-	-	30	300	150	150	50	300	-	-
Finance and administration		6 248	2 033	4 279	15 875	22 003	22 003	4 831	12 250	3 790	3 880
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	-	6 851	-	-	-	895	-	-	-
Community and social services		-	-	5 936	-	-	-	895	-	-	-
Sport and recreation		-	-	916	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		91 206	81 804	64 019	106 781	102 892	102 892	54 865	76 835	65 294	68 577
Planning and development		2 061	4 194	720	160	1 160	1 160	-	2 000	-	-
Road transport		89 145	77 610	63 299	106 621	101 732	101 732	54 865	74 835	65 294	68 577
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		4 585	13 737	5 740	20 233	18 952	18 952	10 197	16 670	5 732	5 750
Energy sources		4 428	13 345	2 325	10 250	11 250	11 250	8 841	9 500	5 000	5 000
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		158	392	3 415	9 983	7 703	7 703	1 357	7 170	731	750
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	102 039	97 574	80 920	143 189	143 998	143 998	70 838	106 055	74 815	78 207
<b>Funded by:</b>											
National Government		38 910	58 425	48 599	60 796	71 018	71 018	51 131	64 835	70 494	73 778
Provincial Government		23 835	3 522	2 059	218	218	218	675	700	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	62 746	61 947	50 658	61 014	71 236	71 236	51 805	65 535	70 494	73 778
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		35 791	34 760	23 363	82 175	72 761	72 761	18 138	40 520	4 322	4 430
<b>Total Capital Funding</b>	7	98 536	96 707	74 021	143 189	143 998	143 998	69 943	106 055	74 815	78 207

The table above shows the budgeted capital expenditure by vote, funded by both grants and internally generated funds. The following is the table showing all the grant funded projects:-

f) Table A6 – Budgeted Financial Position

EC153 Ngquza Hills - Table A6 Budgeted Financial Position												
R thousand	Description	####	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>ASSETS</b>												
<b>Current assets</b>												
	Cash and cash equivalents		209 092	228 853	267 667	134 981	150 628	150 628	330 787	196 818	122 480	50 160
	Trade and other receivables from exchange transactions	1	2 089	1 962	2 181	4 731	4 231	4 231	2 250	2 803	2 306	1 823
	Receivables from non-exchange transactions	1	32 979	24 391	18 956	34 781	34 781	34 781	23 385	22 487	16 997	19 129
	Current portion of non-current receivables		-	-	-	-	-	-	-	-	-	-
	Inventory	2	194	187	0	254	6 804	6 804	(0)	-	-	-
	VAT		88 264	98 442	35 020	15 013	15 013	15 013	34 279	5 979	5 979	5 979
	Other current assets		(40 145)	(48 774)	(0)	1 759	1 759	1 759	(0)	-	-	-
	<b>Total current assets</b>		<b>292 473</b>	<b>305 062</b>	<b>323 825</b>	<b>191 619</b>	<b>213 216</b>	<b>213 216</b>	<b>390 701</b>	<b>228 086</b>	<b>147 763</b>	<b>77 090</b>
<b>Non current assets</b>												
	Investments		-	-	-	-	-	-	-	-	-	-
	Investment property		865 386	518 147	750 923	940 157	940 157	940 157	769 934	798 734	797 504	796 243
	Property, plant and equipment	3	887 424	752 570	748 533	1 052 220	1 053 028	1 053 028	801 548	925 202	976 210	1 030 016
	Biological assets		-	-	-	-	-	-	-	-	-	-
	Living and non-living resources		-	-	-	-	-	-	-	-	-	-
	Heritage assets		-	-	-	-	-	-	-	-	-	-
	Intangible assets		-	-	0	-	-	-	-	900	900	900
	Trade and other receivables from exchange transactions		-	-	-	-	-	-	-	-	-	-
	Non-current receivables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-
	Other non-current assets		-	-	-	-	-	-	-	-	-	-
	<b>Total non current assets</b>		<b>1 752 810</b>	<b>1 270 717</b>	<b>1 499 455</b>	<b>1 992 377</b>	<b>1 993 185</b>	<b>1 993 185</b>	<b>1 571 481</b>	<b>1 724 835</b>	<b>1 774 614</b>	<b>1 827 159</b>
	<b>TOTAL ASSETS</b>		<b>2 045 283</b>	<b>1 575 778</b>	<b>1 823 280</b>	<b>2 183 996</b>	<b>2 206 401</b>	<b>2 206 401</b>	<b>1 962 183</b>	<b>1 952 921</b>	<b>1 922 376</b>	<b>1 904 249</b>
<b>LIABILITIES</b>												
<b>Current liabilities</b>												
	Bank overdraft		-	-	-	-	-	-	-	-	-	-
	Financial liabilities		-	-	-	-	-	-	-	-	-	-
	Consumer deposits		-	-	-	-	-	-	-	-	-	-
	Trade and other payables from exchange transactions	4	45 929	42 768	25 878	76 119	82 452	82 452	24 188	33 913	25 978	17 559
	Trade and other payables from non-exchange transactions	5	60 252	5 100	10 379	-	12 618	12 618	(1 375)	-	-	-
	Provision		2 682	3 549	3 709	2 579	2 579	2 579	3 787	4 136	4 136	4 136
	VAT		34 855	39 938	34 175	225	225	225	34 229	0	0	0
	Other current liabilities		-	-	-	-	-	-	-	-	-	-
	<b>Total current liabilities</b>		<b>143 719</b>	<b>91 355</b>	<b>74 142</b>	<b>78 923</b>	<b>97 873</b>	<b>97 873</b>	<b>60 828</b>	<b>38 049</b>	<b>30 113</b>	<b>21 695</b>
<b>Non current liabilities</b>												
	Financial liabilities	6	-	-	-	-	-	-	-	-	-	-
	Provision	7	20 818	24 279	26 045	32 596	32 596	32 596	29 025	35 925	35 925	35 925
	Long term portion of trade payables		-	-	-	-	-	-	-	-	-	-
	Other non-current liabilities		-	-	-	-	-	-	-	-	-	-
	<b>Total non current liabilities</b>		<b>20 818</b>	<b>24 279</b>	<b>26 045</b>	<b>32 596</b>	<b>32 596</b>	<b>32 596</b>	<b>29 025</b>	<b>35 925</b>	<b>35 925</b>	<b>35 925</b>
	<b>TOTAL LIABILITIES</b>		<b>164 537</b>	<b>115 635</b>	<b>100 187</b>	<b>111 519</b>	<b>130 469</b>	<b>130 469</b>	<b>89 854</b>	<b>73 974</b>	<b>66 039</b>	<b>57 620</b>
	<b>NET ASSETS</b>		<b>1 880 746</b>	<b>1 460 144</b>	<b>1 723 094</b>	<b>2 072 377</b>	<b>2 075 932</b>	<b>2 075 932</b>	<b>1 872 329</b>	<b>1 878 947</b>	<b>1 856 338</b>	<b>1 846 629</b>
<b>COMMUNITY WEALTH/EQUITY</b>												
	Accumulated surplus/(deficit)	8	1 880 746	1 459 638	1 723 093	2 072 377	2 075 932	2 075 932	1 871 497	1 878 947	1 856 338	1 846 629
	Reserves and funds	9	-	-	-	-	-	-	-	-	-	-
	Other		-	-	-	-	-	-	-	-	-	-
	<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	10	<b>1 880 746</b>	<b>1 459 638</b>	<b>1 723 093</b>	<b>2 072 377</b>	<b>2 075 932</b>	<b>2 075 932</b>	<b>1 871 497</b>	<b>1 878 947</b>	<b>1 856 338</b>	<b>1 846 629</b>

g) Table A7 – Budgeted Cashflows

EC153 Ngqiza Hills - Table A7 Budgeted Cash Flows											
Description	####	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		25 359	34 020	34 733	43 087	43 087	43 087	43 087	53 407	55 811	57 206
Service charges		608	934	1 035	1 899	1 899	1 899	1 899	184	192	197
Other revenue		44 077	14 208	7 309	42 456	42 456	42 456	42 456	11 371	11 883	12 180
Transfers and Subsidies - Operational	1	286 625	304 723	332 222	382 381	382 159	382 159	382 159	361 586	347 928	363 553
Transfers and Subsidies - Capital	1	18 921	3 533	-	61 014	71 236	71 236	71 236	66 330	70 494	73 778
Interest		-	-	-	15 000	20 000	20 000	20 000	22 000	22 990	23 585
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(244 088)	(231 499)	(171 867)	(442 288)	(461 259)	(461 259)	(461 259)	(439 706)	(450 622)	(464 938)
Interest		-	-	-	(800)	(800)	(800)	(800)	-	-	-
Transfers and Subsidies	1	-	-	-	(10 550)	(10 550)	(10 550)	(10 550)	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>131 500</b>	<b>125 917</b>	<b>203 432</b>	<b>92 198</b>	<b>88 227</b>	<b>88 227</b>	<b>88 227</b>	<b>75 183</b>	<b>58 676</b>	<b>65 539</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		(111 016)	(110 338)	(87 167)	(143 189)	(145 489)	(145 489)	(145 489)	(138 555)	(108 255)	(112 483)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(111 016)</b>	<b>(110 338)</b>	<b>(87 167)</b>	<b>(143 189)</b>	<b>(145 489)</b>	<b>(145 489)</b>	<b>(145 489)</b>	<b>(138 555)</b>	<b>(108 255)</b>	<b>(112 483)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>20 484</b>	<b>15 580</b>	<b>116 265</b>	<b>(50 991)</b>	<b>(57 262)</b>	<b>(57 262)</b>	<b>(57 262)</b>	<b>(63 372)</b>	<b>(49 580)</b>	<b>(46 944)</b>
Cash/cash equivalents at the year begin:	2	207 374	208 733	225 657	185 972	207 890	207 890	207 890	283 882	220 510	170 930
Cash/cash equivalents at the year end:	2	227 858	224 313	341 923	134 981	150 628	150 628	150 628	220 510	170 930	123 986

## **PART II – SUPPORTING DOCUMENTATION**

### **5. OVERVIEW OF THE PROCESS FOLLOWED**

The Municipal Finance Management Act No. 56, in section 16(1), requires that a municipality must for each financial years approve an annual budget for the municipality before the start of that financial year. To achieve this, the municipality must follow a number of prescribed steps, including the tabling of the budget at least 90 days before the start of the financial year, ending up with the approval of the annual budget at least 30 days before the start of the financial year.

To achieve this, the Mayor tabled to council, and IDP and Budget Process Plan which clearly identified the different targets to be achieved, and the dates at which those set targets needed to be achieved. The tabling of the process plan happened in August 2024.

In the implementation of the Budget Process Plan, the following can be highlighted:

- The mid-term review process for the 2024/25 financial year was done, resulting in an adjustment budget which was approved on February 28, 2025.
- In March 2025, a council strategic planning session was convened to ensure that the municipality identified priorities that need to be attended to, whilst taking into account the limited resources available within the municipality's own funds and expected allocations in terms of the Division of Revenue by the National Treasury.
- The 2025/26 draft budget and the medium-term revenue and expenditure framework will be tabled to the municipal council on or before March 31, 2025, in terms of section 16(2) of the MFMA which requires the Mayor of the municipality to table the annual budget at a council meeting at least 90 days before the start of the budget year.
- The tabled budget will then publish, and communities will be invited to comment on it in various IDP and Budget Roadshows which will held in each of the municipality's 32 Wards. The received comments will be incorporated into this budget compilation process.
- To comply with MFMA No 56 of 2003, section 22(b), the budget will be submitted to the National and Provincial Treasuries for their comments and reviews.

### **6. ALIGNMENT OF THE ANNUAL BUDGET WITH THE IDP**

The submissions received from departments and utilised in the compilation of the budget are informed by strategic objectives that are set out in IHLM Integrated Development Plan. The key performance areas are then cascaded down from those strategic objectives, resulting in key performance indicators and projects that are listed in the SDBIP. Management then ensures that the budget allocations are aligned with the strategic objectives.

Management has followed a process that would ensure that the key performance objectives and indicators satisfy the SMART principle – specific, measurable, achievable, realistic and timebound. This is an area where management must continue to pay attention to so that

there is effective implementation of the objectives, but as well as achievement of a clean audit when the annual performance report is audited by the AG.

## **7. OVERVIEW OF BUDGET RELATED POLICIES**

In consideration of the annual budget, the municipality must also review its budget related policies and amend where necessary. This is in terms of section 21 of the MFMA. The necessity of amendment can be due to changes in legislation and regulations, challenges encountered during the implementation of the policies, improvements to procedures and many other factors. The following are the budget related policies that have been reviewed:

- Supply Chain Management Policy
- Asset Management Policy
- Cash and Investment Policy
- Virement Policy
- Bad Debts and Write-Off Policy
- Budget Policy
- Cost Containment Policy
- Credit Control and Debt Management Policy
- Donations Policy
- Indigent Policy
- Property Rates Policy
- Subsistence and Travelling Policy
- Tariffs Policy
- Unknown Deposits Policy
- Fleet Management Policy
- Irregular Expenditure Policy

The budget related policies are summarised here under, including highlights of the amendments that have been proposed to some. These amendments also include the editing of the policies to ensure logical structuring, spelling errors as well as numbering: -

### **6.1 The Supply Chain Management Policy**

The purpose of the supply chain management policy is to: -

- Regulate all Supply Chain Management practices within the Municipality.
- Align supply chain management practices as envisaged in the MFMA Act No 56 of 2003 and its Regulations.
- Fair, equitable, transparent competitive and cost effective and comply with a prescribed regulatory framework.
- The uniformity in Supply Chain Management Systems between organs of state in all spheres

The following are the proposed amendments to the policy: -

- The second sub-paragraph of paragraph 2.3.31 has been removed. This paragraph refers to the consideration of the variation order by the BAC. This cannot be supported by any legislated requirement but is recommended to be considered for improvement of internal controls around the administration of variation orders.

### **6.2 The Budget Policy**

The objectives of the budget policy are to set out:

- The principles which the municipality will follow in preparing each medium-term revenue and expenditure framework budget.

- The responsibilities of the mayor, the accounting officer, the chief financial officer, and other senior managers in compiling the budget
- To establish and maintain procedures to ensure adherence to Ingquza Hill's IDP review and budget processes.

The budget policy emphasizes on the following principles:

- IHLM shall not budget for a deficit – budget considers realistic revenue projections based on actual collection levels.
- Expenses may only be incurred in terms of the approved budget and within limits of each appropriated vote.
- IHLM shall prepare a three-year budget (Medium Term Revenue and Expenditure Framework –MTREF)
- MTREF Budget must at all times be within the Municipal IDP

### **6.3The Virement Policy**

The purpose of the policy is to ensure that there are adequate controls to achieve effective system of internal controls in the management of virements within the approved budget. This is with the view: -

- To ensure that all senior managers for each department spend within the approved budget.
- To provide guidelines to senior management in the use of virements as a mechanism in their day-to-day management.
- To provide flexibility in the use of budgeted funds to enable management to act on unforeseen events and price hikes.
- To empower Senior Management with an efficient financial and budgetary system to ensure optimum service delivery within the current legislative framework of the MFMA.

### **6.4Cost Containment Policy**

The purpose of the policy is to regulate spending and implementation of cost containment measures in the municipality. The main thrust of the policy is to ensure that the resources of the municipality are use efficiently and effectively and is applicable to municipal officials and councillors.

The policy gives guidance in the following main areas:-

- Use of consultants
- Vehicles for political office bearers
- Travelling and subsistence
- Sponsorships, events and catering
- Communications – printing of newsletters

### **6.5Tariffs Policy**

The purpose of the tariff policy is to:

- Prescribe the accounting and administrative policies and procedures relating to the determining and levying tariffs by the IHLM.

- Ensure that tariffs are cost reflective and
- Consider the impact to consumers and local economic development.

### **6.6 Cash and Investment Policy**

The cash and investment policy is meant to provide guidance in the following:

- Ensure that investment of surplus funds forms part of the financial management procedures.
- ensure that prudent investment procedures are applied consistently.
- To gain the highest possible return without undue risk during those periods when funds are not needed.

### **6.7 Property Rates Policy**

This policy of the municipality is meant to:

- Ensure compliance with the Municipal Property Rates Act No 6 of 2004 which requires and adoption of the Property Rates Policy by the municipality.
- Enable municipality to impose Rates on properties.

### **6.8 Credit Control and Debt Management Policy**

The purpose of the policy is to assist management and officials of IHLM to implement and maintain consistent, efficient, and effective controls over their revenue to achieve and maintain high levels of revenue collection.

The objectives of the policy include:

- Ensuring that all money due to the IHLM is collected efficiently and promptly.
- Provision for credit control procedures and mechanisms and debt collection procedures and mechanisms.
- Provision for interest on overdue accounts.
- Provision for extension of time for the payment of overdue amounts.
- Promotion of a culture of good payment habits amongst debtors and instill a sense of responsibility towards the payment of accounts and reducing municipal debt
- Effectively and efficient deal with defaulters in accordance with the terms and conditions of this policy

### **6.9 Indigent Policy**

Council recognizes that many residents can simply not afford the basic services provided and for this reason the council will endeavor to ensure affordability through.

- Setting guidelines on the level of services that will be supplied to indigent household.

### **6.10 Irregular Expenditure Policy**

The purpose of this policy is to ensure that:

- All reasonable steps to ensure that unauthorised, irregular; fruitless and wasteful expenditure and other losses are prevented.

- Disciplinary or, when appropriate, criminal proceedings are instituted against any official or councillor of IHLM who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA

### **6.11 Asset Management Policy**

The objective of the policy is to:

- has consistent application of asset management principles.
- implements accrual accounting.
- complies with MFMA, Treasury Regulation, GAAP, GRAP and other related legislation;
- safeguards and controls the assets of the municipality; and
- optimizes asset usage only by the person/official allocated to.

### **6.12 Bad Debts and Write-Off Policy**

The purpose of this policy is to:

- To identify a process to be followed to identify bad debts and writing-off of such debt
- Process to be follow for the provision of doubtful debt

Bad Debts Write-Off can be considered under the following circumstances:

- It is not economical to pursue the debt further.
- The debt cannot be proved and cannot be located.
- The debt has been prescribed.
- The consumer is registered as an indigent.
- The debt is owed by a liquidated company or an insolvent estate.
- The household is headed by a minor because of death of parents.
- The debtor is deceased, and the estate is not sufficient to cover the debt.

### **6.13 Donations Policy**

The purpose of the policy is to outline the general conditions applicable to the municipality on receiving grants, sponsorships, gifts and/or donations. The policy ensures that:

- All gifts, sponsorships or donations received by the municipality shall be recorded in the gifts register.
- Gifts register shall be maintained by the Accounting Officer
- All gifts, sponsorships, donations received by political office bearers and municipal officials more than R350 shall be recorded in the gifts register.

### **6.14 Fleet Management Policy**

The purpose of the policy is to provide a framework for the management and operations of the municipal fleet to ensure effective, efficient use of the resources.

The policy:-

- Provides for competency requirements for operating municipal fleet.
- Provides for the utilisation of trip authorities.
- Provides for the maintenance of logbooks.
- Provides for operators to utilise municipal fleet with courtesy.

- Provides the requirement for all municipal vehicles to be insured.
- Provides general internal controls for the operation of municipal fleet.

### **6.15 Loss Control Policy**

The purpose of this policy is to assist the municipality to ensure that incidents and claims against the municipality is done in compliance with the relevant laws and regulations. This is with the objective to

- manage losses and set procedures on reporting and investigation of losses.
- To guide the establishment of loss control committee
- To guide the reporting of incidents by affected department.
- To set reporting and sitting of lost control committee

The following are the proposed amendments to the policy:

- Paragraph 5.2 that deals with the membership of the committee has been amended to remove the Risk Officer or Internal Audit Representative, as well as Legal Services representative
- Paragraph 7 regarding the reporting requirements has been amended to do the reporting to the Budget and Treasury Office, rather than Community Services.

### **6.16 Subsistence and Travelling Policy**

The purpose of the policy is to outline measures for the application and the payments of subsistence and travelling expenses to councillors and officials of Ingquza Hill Local Municipality.

Amongst other things, the policy:

- Provides for the types of subsistence and travelling expenses paid by the municipality to Councillors and employees.
- Provides a fixed night allowance per day as per SARS and NT circulars.
- Own accommodation of R550 per day
- Travelling claims utilise the Department of Transport monthly tariffs.

### **6.17 Unknown Deposits Policy**

The purpose of this policy is to assist the municipality to ensure that the recording of unknown deposit and transfer to other revenue is done in compliance with the relevant laws and regulations.

## **8. OVERVIEW OF BUDGET ASSUMPTIONS**

In compiling the budget, the municipality has taken into consideration several assumptions which are listed here under:

- a) The CPI Inflation has been applied to as guided by the MFMA Treasury Circular No.130

<b>Fiscal Year</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
CPI Inflation	4,3%	4,6%	4,4%

- b) The SALGBC as signed, indicating a 4.4% increase to salaries for all municipal employees falling within the category
- c) The municipality utilises zero-budgeting as far as is possible.

### 8.1 The Tariff Structure

There has been a consideration of the internal revenue sources and how the municipality has in the past collected. Coupled with this, there are on-going discussions with ratepayers in relation to the current billing by the municipality as well as the valuation roll that must be implemented in the new year.

The municipality had applied for an extension of the validity of the 2019 valuation roll to also include 2024/25. The extension was granted by the MEC of CoGTA. This however means that the municipality must now, without fail, implement the new valuation roll from July 01. 2025.

The municipality has applied a 2% increment on all tariffs, this in consideration of the on-going engagements with the Ratepayers, as well as the economic situation of the area in which the municipality operates of low revenue base.

The following is the 2025/26 Tarriff Structure:

CATEGORY	2024/25	2025/26	2025/26	2026/27
<b>BUSINESS LICENCES</b>				
<b>Formal Businesses</b>				
Big Business(Chain stores with more than 150m2)	2076,10	2117,62	2215,04	2312,50
Small Business (Small Stores with less than 150m2)	692,04	705,88	738,35	770,84
Liquor stores	2076,10	2117,62	2215,04	2312,50
Liquor stores (with special trading hours)	2768,15	2823,51	2953,40	3083,35
<b>Informal Businesses</b>				
Hawker Stall Registration	184,85	188,55	197,22	205,90
Hawker Stalls annual rental	618,68	631,06	660,08	689,13
Chicken stalls	1082,73	1104,39	1155,19	1206,02
Sheep stalls	486,40	496,13	518,95	541,79
Fruit and Vege	694,67	708,56	741,16	773,77
Kitchen	416,54	424,87	444,41	463,97
Small Commodities(General)	416,54	424,87	444,41	463,97
<b>ADVERTISING</b>				
<b>Local</b>				
Bill Board 1m(h) x3m(w)-Local	447,96	456,92	477,94	498,97
Bill Board 1,5m(h) x2m(w)-Local	523,13	533,59	558,13	582,69
Bill Board 2m(h)x 3m(w)-Local	598,27	610,23	638,30	666,39
Bill Board 3m(h)x4m(w)-Local	671,98	685,42	716,95	748,49
<b>National</b>				
Bill board 1,5m(h) x 3m(w)-National	229,30	233,89	244,65	255,41

Bill board 3m(h) x 6m(w)-National	323,73	330,20	345,39	360,59
Bill board 6m(h)x 4m(w)-National	431,64	440,28	460,53	480,79
Bill board 3w m(h) x 12m(w)-National	694,67	708,56	741,16	773,77
Bill board 9m(h)x 6m(w)-National	1213,98	1238,26	1295,22	1352,21
<b>Lease rentals (Municipal Properties)</b>				
It will depend on lease agreement conditions, rental calculation by valuator and extent of the areas leased (Will increase 5,4%)				
<b>PLAN FEES AND SERVITUDES</b>				
Plan fee for dwelling House	544,16	555,04	580,57	606,12
Plan fee outbuilding	195,04	198,94	208,09	217,25
Plan fee for offices, flats, hotels, shops, government development etc (all Non-Residential development)	20,21	20,61	21,56	22,51
Plan fees outbuilding	2197,48	2241,43	2344,53	2447,69
Plan fee for offices, flats, hotels, shops, government development etc (all Non-Residential development)	2370,51	2417,92	2529,14	2640,43
Flats/Hotels /Town houses	2512,73	2562,99	2680,89	2798,85
Patio/verandah	942,68	961,54	1005,77	1050,02
Minor Work: Boundary walls etc (per plan)	394,04	401,92	420,41	438,90
Drainage Plan per plan	472,92	482,38	504,57	526,77
Swimming Pools (Per plan)	315,27	321,57	336,37	351,17
Cellphone base station applications	7911,89	8070,13	8441,36	8812,78
<b>PLAN FINES</b>				
<b>Construction within commonage without building plan approved by the municipality as outlined in the National Building Regulations and Standard Act 103 of 1977</b>				
Residential	7464,05	7613,33	7963,54	8313,94
Businesses	7464,05	7613,33	7963,54	8313,94
Commercials	7464,05	7613,33	7963,54	8313,94
Valuation certificate and Clearance Certificate	50,44	51,45	53,82	56,19
<b>LAND USE APPLICATION FEES</b>				
<b>Category 1-Land Development Applications</b>				
<b>Rezoning</b>				
(a)Advertising Fees	3555,45	3626,56	3793,38	3960,29
(b) Erven 0-2500m2	3519,14	3589,52	3754,64	3919,84
(c)Erven 2501-5000m2	3646,66	3719,59	3890,69	4061,88
(d)Erven 5001-10 000 m2	3920,16	3998,56	4182,49	4366,52
(e)Erven 1 ha -5 ha	4102,32	4184,37	4376,85	4569,43
(f)Erven over 5 ha	4284,60	4370,29	4571,33	4772,46
Removal, amendment, suspensions of restrictive or obsolete condition, servitude or reservations against the title of the land	788,97	804,75	841,77	878,80
Amendment or cancellation of a general plan of a township	2233,30	2277,96	2382,75	2487,59
<b>Subdivision of land</b>				

(a)Basic fee	1945,71	1984,62	2075,92	2167,26
(b) Charge per subdivision (remainder considered a subdivision)	176,88	180,42	188,71	197,02
© Subdivision into more than 80 erven(Township establishment)	16096,26	16418,18	17173,42	17929,05
Permanent closure of a public place per closure	675,72	689,23	720,94	752,66
Development on communal land	6479,73	6609,33	6913,35	7217,54
Encroachment application fees	2027,15	2067,69	2162,80	2257,97
<b>Catergory 2- Land use application</b>				
Subdivision of land provided for land use scheme or town planning	662,99	676,25	707,36	738,48
Subdivision of land	662,99	676,25	707,36	738,48
Consent use	1641,56	1674,40	1751,42	1828,48
The removal , amendment or suspension of a restrictive title	788,97	804,75	841,77	878,80
<b>Departures</b>				
(a) Advertising fee for departures	3490,56	3560,37	3724,15	3888,01
(b)Erven smaller than 500 m2	585,36	597,06	624,53	652,01
© Erven 500-750 m2	1135,10	1157,80	1211,06	1264,35
(d) Erven larger than 750 m2	2036,05	2076,77	2172,30	2267,88
8. Material amendments to original application prior to approval/refusal				
<b>Miscellaneous Fees</b>				
Extension of validity period of approval	1507,96	1538,12	1608,87	1679,66
<b>Certificates</b>				
(a)Zoning cerficate per certificate	183,24	186,91	195,50	204,10
(b) Any other certificate per certificate	183,24	186,91	195,50	204,10
3.Public hearing and inspection	4429,69	4518,28	4726,12	4934,07
4. Reason for decision of municipal planning tribunal, land development officer or appeal authority	2251,11	2296,14	2401,76	2507,44
5. Re-issuing of any notice of approval of any application	327,04	333,59	348,93	364,28
6. Copy of the tittle deed for informal only	207,42	211,57	221,30	231,04
<b>Public notice</b>				
Public notice and advertisements in the legal section of the paper	2027,15	2067,69	2162,80	2257,97
Public notice and advertisements in the body of the paper	3649,62	3722,61	3893,85	4065,18
8. Wayleave application (Application to determine where the council's services are located or a specific area where new services are to be installed)	3192,78	3256,63	3406,44	3556,32
9. Any other application not provided for elsewhere in this schedule of fees	4429,69	4518,28	4726,12	4934,07
<b>Copies of planning documents</b>				

1. Spatial development framework				
(a) Hard copy per region	221,42	225,85	236,23	246,63
(b) In electronic format per region	104,35	106,43	111,33	116,23
2. Copy of Land Use Scheme OR Town planning scheme (Scheme Book)	510,30	520,50	544,45	568,40
3. Scheme Regulation per set	848,79	865,76	905,59	945,43
4. Search fees per erf	34,37	35,05	36,67	38,28
5. Search fees per Diagrams	34,37	35,05	36,67	38,28
6. Valuation Roll (GV or SV)	848,79	865,76	905,59	945,43
<b>SALE OF SITE/LAND</b>				
The values of properties are determined by the valuation carried out by registered valuator				
<b>REFUSE CHARGES</b>				
Domestic/Residential	126,86	129,39	135,35	141,30
Commercial/Business	248,71	253,69	265,35	277,03
Government properties	376,80	384,34	402,02	419,71
Special refuse- Residential	817,28	833,63	871,97	910,34
Special refuse- Business	1533,14	1563,81	1635,74	1707,72
<b>HALL HIRE</b>				
<b>Town Hall</b>				
Security deposit	2666,34	2719,66	2844,77	2969,94
Hiring (Church, Memorial service and Meetings)	933,22	951,88	995,67	1039,48
Hiring (Weddings and Concerts etc)	1999,75	2039,74	2133,57	2227,45
<b>CEMETERIES</b>				
Sale of adult Plot	938,59	957,36	1001,40	1045,46
Sale of adult Plot (double)	1770,82	1806,24	1889,33	1972,46
Sale of Children's Plot	567,57	578,93	605,56	632,20
Digging of the hole	447,92	456,87	477,89	498,92
<b>POUND FEES</b>				
Pound fees per head per day (Cattle, Horse and Donkey)	136,42	139,15	145,55	151,96
Pound fees per head per day (Sheep and Goat)	81,90	83,54	87,39	91,23
Sustenance per day for donkeys, cattle and horses	54,52	55,61	58,17	60,73
Sustenance per day for Pigs	61,43	62,66	65,54	68,43
Damages	68,21	69,57	72,77	75,97
<b>SPORTS FIELD</b>				
Occasion with no gates	682,12	695,76	727,76	759,78
Occasion with gates	954,96	974,06	1018,87	1063,70
School per day	682,10	695,75	727,75	759,77
<b>PROPERTY RATES</b>				
Residential Property	0,0165	0,0169	0,0176	0,0184

Business /industrial and commercial property	0,0220	0,0225	0,0235	0,0245
Government Properties	0,0220	0,0225	0,0235	0,0245
Agricultural Property	0,0042	0,0043	0,0045	0,0047
Public Service Infrastructure Property (PSI)	0,0042	0,0043	0,0045	0,0047
Interest	<b>Interest is charged at 10% of the outstanding debt in arrears</b>			

## 9. OVERVIEW OF BUDGET FUNDING

As indicated in earlier paragraphs, the 2025/26 Annual Budget and the MTREF, is heavily funded from grant funding. This calls the municipality into action of ensuring that there is noticeable improvement in the generation of revenue and collection of outstanding debt from consumers.

The IHLM has managed over time, to establish a health cashflow status, with its cost coverage at some point indicating a 10-month period within which it would be able to operate without receiving grants. The availability of this cash has enabled the municipality to remain with a funded budget, and all precaution must be taken to ensure that this status is not lost.

There is currently no need for a financial recovery plan as the municipality can meet its obligations as they fall due, however, as stated earlier, there should be no room for complacency and expenditure on non-essential items.

The internally generated funds are made up mainly of Property Rates and Taxes, Interest on Bank Accounts, and provision of Waste Management Services. It is clear from the budgets presented and previous performances that the municipality is running its trading services at a deficit and this requires urgent attention.

The Property Rates are supported or billed based on the General Valuation Roll in terms of the MPRA. A new GV is currently being compiled which will be implemented from July 01, 2025. The expected outcome from the valuation roll is for all rateable properties be included in the roll, so that there is certainty that all revenue due to the municipality is collected and accounted for.

Some of the revenue generated internally is from Agency Fees, which are received from the Department of Transport for running a providing service at the DLTC. There is room for improvement and an opportunity to grow these fees as the centre is not yet operating at full capacity.

## 10. COUNCILLORS ALLOWANCES AND EMPLOYEE BENEFITS

The municipality has budget for employee related costs as well as remuneration of councillors.

- i) **Employee Related Costs:** The budgeted amount for employee related costs is R178 million. This was arrived at after looking at the staff compliment already employed as well as the vacancies that will be filled soon. An incremental percentage of 4% was affected, guided by the Bargaining Council agreement as signed.

The employee related costs, including the remuneration of councillors is 37% of the total operational budget, which is within the National Treasury norms.

- ii) **Remuneration of Councillors:** The remuneration of councillors is guided by the gazette on the Upper Limits for Office Bearers and the practice has been that it is increased at 2%, and this is what we have applied.

The following is the tabular representation of these allowances:

EC153 Ngquza Hills - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	####	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		20 339	19 498	21 924	19 886	19 886	19 886	20 383	20 892	21 415
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		2 118	2 325	2 242	6 151	6 151	6 151	6 305	6 463	6 624
Cellphone Allowance		2 332	2 547	2 725	3 666	3 666	3 666	3 758	3 852	3 948
Housing Allowances		-	-	48	135	135	135	138	142	145
Other benefits and allowances		65	2	5	477	477	477	489	501	514
<b>Sub Total - Councillors</b>		<b>24 854</b>	<b>24 372</b>	<b>26 944</b>	<b>30 315</b>	<b>30 315</b>	<b>30 315</b>	<b>31 073</b>	<b>31 850</b>	<b>32 646</b>
<b>% increase</b>	4		(1,9%)	10,6%	12,5%	-	-	2,5%	2,5%	2,5%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		5 790	4 769	3 036	4 933	5 063	5 063	5 286	5 524	5 745
Pension and UIF Contributions		27	12	6	208	16	16	17	17	18
Medical Aid Contributions		155	-	286	295	295	295	308	322	335
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		2 487	2 850	2 877	399	3 651	3 651	3 812	3 983	4 143
Motor Vehicle Allowance	3	1 494	501	650	1 568	1 432	1 432	1 495	1 562	1 625
Cellphone Allowance	3	19	-	29	417	252	252	197	206	214
Housing Allowances	3	-	-	-	204	202	202	211	220	229
Other benefits and allowances	3	1	-	0	7	8	8	8	9	9
Payments in lieu of leave		772	751	54	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	36	36	36	38	39	41
In kind benefits		-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>10 745</b>	<b>8 882</b>	<b>6 939</b>	<b>8 067</b>	<b>10 954</b>	<b>10 954</b>	<b>11 371</b>	<b>11 883</b>	<b>12 358</b>
<b>% increase</b>	4		(17,3%)	(21,9%)	16,3%	35,8%	-	3,8%	4,5%	4,0%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		92 615	90 204	84 768	98 112	98 522	98 522	102 281	106 846	111 094
Pension and UIF Contributions		13 387	13 008	13 072	16 650	15 337	15 337	15 782	16 490	17 130
Medical Aid Contributions		7 749	8 033	7 968	9 198	10 068	10 068	10 500	10 971	11 390
Overtime		13 182	13 279	14 063	11 767	12 187	12 187	12 724	13 296	13 828
Performance Bonus		3 169	3 403	3 551	7 628	4 436	4 436	4 625	4 832	5 012
Motor Vehicle Allowance	3	8 542	10 267	8 898	10 209	10 632	10 632	10 577	10 994	11 434
Cellphone Allowance	3	767	645	738	858	1 323	1 323	1 381	1 444	1 501
Housing Allowances	3	3 374	4 563	5 003	5 206	5 399	5 399	5 636	5 837	6 071
Other benefits and allowances	3	184	43	75	1 193	441	441	460	481	500
Payments in lieu of leave		412	240	22	969	192	192	200	209	218
Long service awards		60	184	257	690	690	690	720	753	783
Post-retirement benefit obligations	6	938	839	470	-	681	681	711	743	772
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		2 635	365	1 321	2 016	1 750	1 750	1 722	1 800	1 872
In kind benefits		-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		<b>147 014</b>	<b>145 074</b>	<b>140 205</b>	<b>164 496</b>	<b>161 657</b>	<b>161 657</b>	<b>167 320</b>	<b>174 695</b>	<b>181 605</b>
<b>% increase</b>	4		(1,3%)	(3,4%)	17,3%	(1,7%)	-	3,5%	4,4%	4,0%
<b>Total Parent Municipality</b>		<b>182 613</b>	<b>178 327</b>	<b>174 089</b>	<b>202 879</b>	<b>202 927</b>	<b>202 927</b>	<b>209 763</b>	<b>218 427</b>	<b>226 609</b>
			(2,3%)	(2,4%)	16,5%	0,0%	-	3,4%	4,1%	3,7%

## 11. CAPITAL EXPENDITURE OVERVIEW

The following is the listing of capital expenditure that is funded out of the Municipal Infrastructure Grant:

Municipal Infrastructure Grant Funded Projects			
DESCRIPTION	2025/26 Medium Term Revenue and Expenditure Framework		
	Budget Year 2025/26	Budget Year+12026/27	Budget Year+12027/28
Sport and Recreation Facilities: Indoor Facilities: Ward 16	1 850 000	1 850 000	1 850 000
Sport and Recreation Facilities: Outdoor Facilities: Ward 3 Sports field	2 500 000	2 500 000	2 500 000
Facelift Towns (Internal Streets Flagstaff) Phase 2	14 300 000	14 300 000	14 300 000
Mtshayelo Access Road	6 255 000	10 545 810	10 321 697
Ngonyameni TO Maqanyeni Access Road	8 760 000	8 760 000	8 760 000
Sirhetshe to Sibuthe Access Road	5 850 000	5 850 000	5 850 000
Resurfacing of Lusikisiki Internal Streets Phase 3	14 620 000	15 000 000	15 000 000
Landfill Sites:Landfill Sites	500 000	1 487 750	3 500 000
Chwechwela access road	1 000 000	1 000 000	1 500 000
Ngibe Access road	1 000 000	1 000 000	1 500 000
Newrest to Khonjwayo access road via France	1 000 000	1 000 000	1 495 800
Mkhamela to Makolonini Access road	1 000 000	1 000 000	1 000 000
5 Migh masts	5 000 000	5 000 000	5 000 000
Planning of Lusikisiki bypass	1 000 000	1 000 000	1 000 000
<b>TOTAL</b>	<b>64 635 000</b>	<b>70 293 560</b>	<b>73 577 497</b>

The following is the listing of internally funded capital projects/expenditure: -

Internally Funded Capital Projects			
DESCRIPTION	2025/26 Medium Term Revenue and Expenditure Framework		
	Budget Year 2025/26	Budget Year+12026/27	Budget Year+12027/28
Viewing Deck	1 000 000	-	-
Lusikisiki Town Hall - Phase 2 - Ward 19	1 200 000	-	-
Outdoor Facilities: Ward 3 Sports field	3 000 000	-	-
Acquisition of & UPS	2 500 000	-	-
ICT Computer equipment	3 250 000	1 500 000,00	1 537 500,00
PUBLIC HIGHMASTS	3 000 000	-	-
Office furniture and office equipment	1 500 000	1 567 500,00	1 606 687,50
Networking Municipal Offices	500 000	522 500,00	535 562,50
Containers for filling	700 000		
Street Litter Bins	700 000	731 500,00	749 787,50
Municipal Offices - Lusikisiki	20 000 000	20 900 000,00	21 422 500,00
Municipal Offices - Flagstaff	12 000 000	12 540 000,00	12 853 500,00
Designs and costing of coastal infrastructure	1 000 000	-	-
Designs and costing of forestry depo	500 000	-	-
Buzz bus	1 800 000	-	-

Fencing of Lusikisiki pound	1 350 000	-	-
Acquisition of grass cutting machines	420 000	-	-
Purchase of earth moving machines	1 200 000	-	-
Beach equipment	450 000	-	-
Acquisition and installation of cameras	1 500 000	-	-
Installation of Boom gate at Mbotyi	50 000	-	-
Procurement of safety equipment	200 000	-	-
Construction of beach infrastructure	2 000 000	-	-
Construction of information centre	2 500 000	-	-
Renovation of Simphiwe Frazer Mnguni Hall	1 000 000	-	-
Furniture for Flagstaff ward 6 townhall	2 500 000	-	-
New standby generator for lusikisiki offices	1 500 000	-	-
Constrction of Lusikisiki animal pound	1 500 000	-	-
Construction of Flagstaff animal pound	1 500 000	-	-
Software	300 000	-	-
Billboards	900 000	-	-
Centres Buy Back	1 500 000	-	-
<b>Total</b>	<b>73 020 000</b>	<b>37 761 500</b>	<b>38 705 538</b>

The following projects are funded from the Municipal Disaster Recovery Grant

<b>Municipal Disaster Recovery Grant</b>			
<b>DESCRIPTION</b>	<b>2025/26 Medium Term Revenue and Expenditure Framework</b>		
	<b>Budget Year 2025/26</b>	<b>Budget Year+12026/27</b>	<b>Budget Year+12027/28</b>
Construction of ward 4 bridge	4 057 000	-	-
Construction of ward 11 bridge	4 057 000	-	-
<b>TOTAL</b>	<b>8 114 000</b>	<b>-</b>	<b>-</b>