



INGQUZA HILL LOCAL MUNICIPALITY

2024/25 ANNUAL BUDGET AND THE MEDIUM TERM AND REVENUE FRAMEWORK

May 31, 2024

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ABBREVIATION OF KEY TERMS

AG	:	Auditor General of South Africa
COGTA	:	Department of Cooperative Governance and Traditional Affairs
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
MTREF	:	Medium Term Revenue and Expenditure Framework
PPPFA	:	Preferential Procurement Policy Framework Act No 5 of 2000
SDBIP	:	Service Delivery Budget and Implementation Plan

PART 1 DRAFT ANNUAL BUDGET

1. MAYOR'S REPORT

A Budget and IDP Process Plan for the 2024/25 financial year was tabled by the Mayor in August 2023, to set out the milestones and timeframes at which those milestones would be achieved. This was done in compliance with the Municipal Finance Management Act, with the intention of ultimately having the council approve the 2024/25 annual budget and the medium-term revenue and expenditure framework.

In order to achieve a meaningful and impactful budget, the municipality needed to develop strategies for the municipality, identifying priorities that will see to the improvement of service delivery to the communities. The prioritisation by council has seen a number of infrastructure projects budgeted for including gravel access roads, sporting facilities and electrification of households.

The implementation of these projects is supported by capital grant funding received from various funders including the National Treasury, the Department of Mineral Resources and the Department of Arts Sport and Culture.

The municipality has set aside internally generated revenue to ensure that some of the prioritised projects are also implemented. These include the construction of Lusikisiki Offices, renovations of Flagstaff Municipal Offices, erection of High mast Lights in several villages, maintenance of roads and other projects.

The Council, in the 2023/24 financial year, resolved to and purchased plant to build internal capacity of the municipality to maintain its gravel access roads. A provision has therefore been made in the budget for the wet fuel for the plant, ensuring that there are personnel to operate the plant, and that were there are breakdowns, there is budget enough to maintain all the items of plant.

The compilation of the budget also included the publication of it to all communities and stakeholders for comments and input. This process was followed and all the received inputs have been incorporated into the budget approved by the IHLM Council.

2. LEGISLATIVE FRAMEWORK

- Municipal Finance Management Act No. 56 of 2003
- IHLM Budget Policy – Last Reviewed May 2023
- MFMA Treasury Circulars – Latest being Circular 128 – Issued 08 March 2024
- Division of Revenue Bill – 2024

3. ANNUAL 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 Council convened to consider a tabled budget on March 29, 2024.

The Ingquza Hill Local Municipality Council, acting in terms of section 24 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 2024/25 and the indicative outer years – 2025/26 and 2026/27 set out in the following tables:
- i. Budgeted Financial Performance (revenue and expenditure by functional classification);
 - ii. Budgeted Financial Performance (revenue and expenditure by municipal vote);
 - iii. Budgeted Financial Performance (revenue by source and expenditure by type); and
 - iv. Multi-year and single-year capital appropriations by municipal vote and functional classification and associated funding by source.
- b) The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
- i. Budgeted Financial Position.
 - ii. Budgeted Cash Flows.
 - iii. Cash backed reserves and accumulated surplus reconciliation.
 - iv. Asset management; and
 - v. Basic service delivery measurement.
- c) Multi-year Capital Budget – Council resolves that the multi-year capital appropriations and associated funding be approved.
- d) 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 2024 to 30 June 2025, provided that the rebates, as indicated and on application be allowed. The council also resolves to approve that the tariffs remain the same for 2024/25, and the CPI be applied for outer years.
- e) Measurable Performance Objectives – Council resolves that the measurable objectives for the budget for each of the years in the 2024/25 Medium Term Revenue and Expenditure Framework be approved.
- f) 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 | |

4. EXECUTIVE SUMMARY

The Municipal Finance Management Act No. 56, in section 16(1), requires that a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. In order to comply with this requirement section 16(2) of the same act 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 municipality must, at least 30 days before the start of the financial year, in terms of section 24 of the MFMA, approve the annual budget. The municipality is at the point where it must ensure that the budget is approved by the 31st May 2024.

SERVICE DELIVERY IMPERATIVES

It is the intention of the municipality that service delivery to the people is ensured. This has been done in the way of ensuring that the budget caters for the construction of roads and other infrastructure which has been catered for in the Municipal Infrastructure Grant (MIG) budget as well as internally raised revenue. The table below gives the detail of the projects that will be implemented from the MIG: -

Project Title	Project Type (water, sanitation etc)	Project Cost 2024/25
Flagstaff Internal Streets Phase 2	Roads and stormwater	10 300 890
Lusikisiki Internal Streets Phase 3	Roads and stormwater	11 584 500
Ward 2 MPCC	MPCC	2 000 000
Ward 31 Community Hall (Bhungeni)	Community Hall	500 000
New rest Community Hall in ward 19	Community Hall	500 000
Tumse Via Heleni to Hlwama Access road and Bridges	Roads and stormwater	1 142 472
Bisi Access road and Bridge	Roads and stormwater	448 471
Mtshayazafe to Madlelweni Access road and a Bridge	Roads and stormwater	1 242 717
Xhopozo Access Road in ward 8	Roads and stormwater	500 000
Galatyeni to Mfinca Access road in ward 13	Roads and stormwater	5 462 500
Mgojweni Extention via mvimvane to Fama Access road in ward 18	Roads and stormwater	4 845 000
Mtshayelo Access road in ward 27	Roads and stormwater	5 791 100
Ngonyameni to Maqanyeni Access road and bridge in ward 11	Roads and stormwater	4 113 750
Nqaqhumbe Access road in ward 16	Roads and stormwater	6 037 500
Sirhetshe to Sibuthe Access Road in ward 3	Roads and stormwater	6 152 500
		60 621 400

Other capital projects are funded from internally raised funding, and the municipality will ensure that they are implemented. A careful balance needs to be maintained to guard against overly committing on these projects, resulting in high outflows of cash. The following table shows some of the projects that are internally funded, including significantly, the renovations of Flagstaff Municipal Offices as well as construction of Lusikisiki offices:-

Description	DRAFT BUDGET 2025	DRAFT BUDGET 2026	DRAFT BUDGET 2027
Sports field - Ward 6	4 000 000	4 184 000	4 872 280
FENCING OF WARD 18 LANDFILL SITE	1 000 000	2 092 000	2 186 140
Fencing Ward 6 - Yards	885 000	925 710	967 367
ICT Computer equipment	2 500 000	2 615 000	2 732 675
Public High masts	9 000 000	-	-
community halls chairs	2 000 000	1 046 000	1 093 070
Purchase of Digital Camera	1 180 000	1 234 280	1 289 823
machinery and equipment for landfill site	3 100 000	3 242 600	3 388 517
Street Litter Bins	1 700 000	1 778 200	1 858 219
Lusikisiki Offices	30 000 000	31 380 000	32 792 100
Flagstaff Offices	15 000 000	15 690 000	16 396 050

The municipality has also been allocated just over R18 million for the Integrated National Electrification Programme. This is intended to ensure electrification of households in the communities of Ingquza Hill. The municipality has been proactive in ensuring that planning for some of the projects to be implemented has been done.

FINANCIAL MANAGEMENT

The municipality also has a responsibility of ensuring that there is sound financial management. To achieve this the municipality must therefore ensure that there are internal control processes in place that are implemented throughout the municipality. This will in turn result in the municipality receiving a clean audit opinion from the Auditor General this is confirmation enough to the communities or users of financial information that the municipality understands its responsibility of clean financial governance.

The municipality has in the recent past received negative audit opinions. Processes have been put in place to ensure that there is movement from these negative opinions and clean audit is achieved in the subsequent financial periods. A significant level of resources have been put to this effect where in and amount of just below R5 million has been set aside for the compilation of annual financial statements and ensuring that the fixed asset register is also GRAP compliant.

5. ANNUAL BUDGET TABLES

a) Table A1 Budget Summary

EC153 Ngquza Hills - Table A1 Budget Summary										
Description	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Financial Performance										
Property rates	32 897	33 141	30 989	41 483	41 483	41 483	41 483	41 772	43 819	45 835
Service charges	1 387	1 377	1 351	1 600	1 600	1 600	1 600	1 500	1 574	1 646
Investment revenue	6 445	7 745	15 422	14 000	22 000	22 000	22 000	15 000	15 735	16 459
Transfer and subsidies - Operational	330 955	288 178	322 884	337 487	352 382	352 382	352 382	382 381	387 988	397 443
Other own revenue	101 132	5 801	9 296	15 603	19 523	19 523	19 523	20 617	21 628	22 622
Total Revenue (excluding capital transfers and contributions)	472 817	336 241	379 943	410 172	436 988	436 988	436 988	461 270	470 743	484 004
Employee costs	139 735	159 235	156 224	168 942	165 928	165 928	165 928	172 563	181 012	189 470
Remuneration of councillors	22 626	24 425	24 369	29 721	29 721	29 721	29 721	30 315	31 801	33 264
Depreciation and amortisation	49 947	216 818	47 104	70 000	46 034	46 034	46 034	55 000	57 695	60 349
Interest	2 375	2 259	2 997	-	3 800	3 800	3 800	3 800	4 039	4 178
Inventory consumed and bulk purchases	2 920	2 746	(0)	14 770	30	30	30	6 550	6 871	7 187
Transfers and subsidies	10 397	9 582	1 614	2 110	10 110	10 110	10 110	10 550	11 067	11 576
Other expenditure	107 436	147 946	163 813	247 185	268 733	268 733	268 733	285 223	247 810	250 719
Total Expenditure	335 436	563 013	396 121	532 728	524 356	524 356	524 356	564 001	540 295	556 742
Surplus/(Deficit)	137 381	(226 772)	(16 178)	(122 555)	(87 368)	(87 368)	(87 368)	(102 731)	(69 552)	(72 738)
Transfers and subsidies - capital (monetary allocations)	82 844	66 169	70 414	64 404	60 283	60 283	60 283	61 014	63 719	69 157
Transfers and subsidies - capital (in-kind)	-	-	2 250	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	220 226	(160 602)	56 486	(58 151)	(27 085)	(27 085)	(27 085)	(41 717)	(5 834)	(3 581)
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	220 226	(160 602)	56 486	(58 151)	(27 085)	(27 085)	(27 085)	(41 717)	(5 834)	(3 581)
Capital expenditure & funds sources										
Capital expenditure	105 214	96 482	100 897	132 684	137 022	137 022	137 022	143 189	101 688	108 873
Transfers recognised - capital	77 208	0	129 127	64 404	60 512	60 512	60 512	61 014	63 719	69 157
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	27 253	3 106	(36 871)	68 280	76 510	76 510	76 510	82 175	37 969	39 716
Total sources of capital funds	104 460	3 106	92 256	132 684	137 022	137 022	137 022	143 189	101 688	108 873
Financial position										
Investments	-	-	-	-	-	-	-	-	-	-
LIABILITIES	-	-	-	-	-	-	-	-	-	-
Financial liabilities	-	-	-	-	-	-	-	-	-	-
NET ASSETS	1 909 653	1 387 721	1 444 542	1 783 995	1 815 060	1 815 060	1 815 060	2 072 377	2 066 543	2 062 962
Community wealth/Equity	-	-	-	-	-	-	-	-	-	-
Cash flows										
Net cash from (used) operating	356 192	129 584	122 281	69 415	86 287	86 287	86 287	92 198	88 410	94 220
Net cash from (used) investing	(126 384)	(109 355)	(110 338)	(132 684)	(132 684)	(132 684)	(132 684)	(143 189)	(101 688)	(108 873)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	229 808	228 039	220 676	153 570	170 442	170 442	170 442	134 981	121 703	107 050
Cash backing/surplus reconciliation										
Non current Investments	1 058	10 413	5 100	-	800	800	800	-	-	-
Statutory requirements	198 295	162 694	178 191	126 736	88 838	88 838	88 838	71 071	30 095	(12 714)
Balance - surplus (shortfall)	(197 237)	(152 280)	(173 091)	(126 736)	(88 038)	(88 038)	(88 038)	(71 071)	(30 095)	12 714
Asset management										
Asset register summary (WDV)	1 620 604	1 150 421	1 126 880	1 567 141	1 596 444	1 596 444		1 883 101	1 927 566	1 976 584
Depreciation	49 947	53 043	47 104	70 000	46 034	46 034		55 000	57 695	60 349
Renewal and Upgrading of Existing Assets	10 766	58	(72)	1 858	2 453	2 453		6 426	799	55
Repairs and Maintenance	21 527	35 754	28 661	31 100	46 078	46 078		43 836	45 587	39 197

b) Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

EC153 Ngquza Hills - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	####	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue - Functional	1									
Governance and administration		462 831	326 474	365 431	392 153	404 137	404 137	418 691	437 365	457 322
Executive and council		-	-	-	-	1 184	1 184	1 593	-	-
Finance and administration		462 831	326 474	365 431	392 153	402 953	402 953	417 098	437 365	457 322
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		81 799	67 624	71 226	67 603	79 178	79 178	73 909	77 083	74 790
Planning and development		30 611	20 375	4 811	5 992	5 775	5 775	5 175	5 426	5 808
Road transport		51 188	47 249	66 416	61 611	73 403	73 403	68 734	71 658	68 982
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		11 031	8 313	15 949	14 820	13 956	13 956	29 684	20 013	21 049
Energy sources		2 319	-	6 585	2 618	2 618	2 618	18 162	8 000	8 501
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		8 712	8 313	9 364	12 202	11 338	11 338	11 522	12 013	12 548
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	555 661	402 410	452 607	474 577	497 271	497 271	522 284	534 461	553 162
Expenditure - Functional										
Governance and administration		196 080	224 040	211 462	309 417	299 417	299 417	305 415	280 682	293 755
Executive and council		91 291	92 248	70 270	85 185	88 180	88 180	91 502	94 315	98 653
Finance and administration		104 695	128 998	138 931	218 533	205 739	205 739	207 990	180 154	188 602
Internal audit		93	2 794	2 282	5 699	5 499	5 499	5 924	6 214	6 500
Community and public safety		-	-	-	-	500	500	-	-	-
Community and social services		-	-	-	-	500	500	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		70 865	259 964	103 781	109 626	126 650	126 650	131 650	137 701	135 681
Planning and development		19 587	27 994	30 017	31 552	31 403	31 403	36 187	37 958	39 836
Road transport		51 278	231 970	73 764	78 073	95 248	95 248	95 462	99 744	95 844
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		69 540	79 088	80 878	113 686	97 789	97 789	126 936	121 912	127 306
Energy sources		2 378	6 522	10 418	15 811	11 347	11 347	35 518	26 206	27 544
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		67 161	72 566	70 460	97 875	86 442	86 442	91 419	95 706	99 762
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	336 485	563 092	396 121	532 728	524 356	524 356	564 001	540 295	556 742
Surplus/(Deficit) for the year		219 177	(160 681)	56 486	(58 151)	(27 085)	(27 085)	(41 717)	(5 834)	(3 581)

c) Table A3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)

EC153 Ngquza Hills - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	####	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue by Vote	1									
Vote 1 - Governance and Administration		462 831	326 474	365 431	392 153	404 137	404 137	418 691	437 365	457 322
Vote 2 - Community Services and Public Safety		8 712	8 313	9 364	12 202	11 338	11 338	11 522	12 013	12 548
Vote 3 - Economic and Environmental Services		30 611	20 375	4 811	2 749	2 749	2 749	1 984	2 081	2 177
Vote 4 - Trading Services		2 319	-	6 585	2 618	2 618	2 618	18 162	8 000	8 501
Vote 5 - Technical Services		51 188	47 249	66 416	64 854	76 428	76 428	71 925	75 002	72 613
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	555 661	402 410	452 607	474 577	497 271	497 271	522 284	534 461	553 162
Expenditure by Vote to be appropriated	1									
Vote 1 - Governance and Administration		196 080	224 040	211 462	309 417	299 417	299 417	305 415	280 682	293 755
Vote 2 - Community Services and Public Safety		67 161	72 566	70 460	97 875	86 942	86 942	91 419	95 706	99 762
Vote 3 - Economic and Environmental Services		19 587	27 994	30 017	28 310	28 377	28 377	33 000	34 616	36 209
Vote 4 - Trading Services		2 378	6 522	10 418	15 811	11 347	11 347	35 518	26 206	27 544
Vote 5 - Technical Services		51 278	231 970	73 764	81 316	98 274	98 274	98 650	103 085	99 472
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	336 485	563 092	396 121	532 728	524 356	524 356	564 001	540 295	556 742
Surplus/(Deficit) for the year	2	219 177	(160 681)	56 486	(58 151)	(27 085)	(27 085)	(41 717)	(5 834)	(3 581)

d) Table A4 Budgeted Financial Performance (revenue and expenditure)

EC153 Ngquza Hills - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	###	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1										
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	1 387	1 377	1 351	1 600	1 600	1 600	1 600	1 500	1 574	1 646
Sale of Goods and Rendering of Services		303	363	325	793	793	793	793	616	646	675
Agency services		3 656	3 510	4 032	7 000	7 000	7 000	7 000	6 400	6 714	7 022
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		-	-	82	314	634	634	634	734	770	805
Interest earned from Current and Non Current Assets		6 445	7 745	15 422	14 000	22 000	22 000	22 000	15 000	15 735	16 459
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		973	1 057	894	1 859	1 859	1 859	1 859	1 200	1 259	1 317
Licence and permits		42	59	42	150	150	150	150	200	210	219
Operational Revenue		35	166	273	152	152	152	152	188	197	206
Non-Exchange Revenue											
Property rates	2	32 897	33 141	30 989	41 483	41 483	41 483	41 483	41 772	43 819	45 835
Surcharges and Taxes		(0)	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 382	1 217	1 450	1 251	1 251	1 251	1 251	1 361	1 428	1 494
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		330 955	288 178	322 884	337 487	352 382	352 382	352 382	382 381	387 988	397 443
Interest		-	-	742	4 083	6 683	6 683	6 683	8 918	9 355	9 786
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		751	(570)	1 457	-	1 000	1 000	1 000	1 000	1 049	1 097
Other Gains		93 991	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contrib		472 817	336 241	379 943	410 172	436 988	436 988	436 988	461 270	470 743	484 004
Expenditure											
Employee related costs	2	139 735	159 235	156 224	168 942	165 928	165 928	165 928	172 563	181 012	189 470
Remuneration of councillors		22 626	24 425	24 369	29 721	29 721	29 721	29 721	30 315	31 801	33 264
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	8	2 920	2 746	(0)	14 770	30	30	30	6 550	6 871	7 187
Debt impairment	3	-	-	-	16 363	16 363	16 363	16 363	12 363	7 163	7 963
Depreciation and amortisation		49 947	216 818	47 104	70 000	46 034	46 034	46 034	55 000	57 695	60 349
Interest		2 375	2 259	2 997	-	3 800	3 800	3 800	3 800	4 039	4 178
Contracted services		43 159	66 973	50 785	63 345	90 260	90 260	90 260	99 987	91 920	87 776
Transfers and subsidies		10 397	9 582	1 614	2 110	10 110	10 110	10 110	10 550	11 067	11 576
Irrecoverable debts written off		8 191	8 333	12 361	53 000	33 000	33 000	33 000	40 000	9 500	9 500
Operational costs		56 086	72 640	100 667	114 476	129 110	129 110	129 110	132 873	139 227	145 480
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-	-
Total Expenditure		335 436	563 013	396 121	532 728	524 356	524 356	524 356	564 001	540 295	556 742
Surplus/(Deficit)		137 381	(226 772)	(16 178)	(122 555)	(87 368)	(87 368)	(87 368)	(102 731)	(69 552)	(72 738)
Transfers and subsidies - capital (monetary)	6	82 844	66 169	70 414	64 404	60 283	60 283	60 283	61 014	63 719	69 157
Transfers and subsidies - capital (in-kind)	6	-	-	2 250	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		220 226	(160 602)	56 486	(58 151)	(27 085)	(27 085)	(27 085)	(41 717)	(5 834)	(3 581)

e) Table A5 Budgeted Capital Expenditure by vote

EC153 Ngquzu Hills - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	####	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	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 -		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Governance and Administration		11 926	2 570	(2 128)	13 725	14 754	14 754	14 754	16 175	4 096	4 276
Vote 2 - Community Services and Public Safety		1 575	118	130	7 780	9 765	9 765	9 765	9 983	4 484	4 690
Vote 3 - Economic and Environmental Services		261	-	277	500	1 600	1 600	1 600	160	-	-
Vote 4 - Trading Services		11 134	357	49	4 118	4 563	4 563	4 563	10 250	4 311	4 510
Vote 5 - Technical Services		80 318	93 437	63 856	106 561	106 340	106 340	106 340	106 621	88 798	95 398
Vote 6 -		-	-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		105 214	96 482	62 183	132 684	137 022	137 022	137 022	143 189	101 688	108 873
Total Capital Expenditure - Vote		105 214	96 482	62 183	132 684	137 022	137 022	137 022	143 189	101 688	108 873
Capital Expenditure - Functional											
Governance and administration		11 926	2 570	(2 128)	13 725	14 754	14 754	14 754	16 175	4 096	4 276
Executive and council		24	-	-	300	300	300	300	300	315	329
Finance and administration		11 902	2 570	(2 128)	13 425	14 454	14 454	14 454	15 875	3 781	3 947
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	21 425	-	-	-	-	-	-	-
Community and social services		-	-	8 574	-	-	-	-	-	-	-
Sport and recreation		-	-	12 851	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		80 580	93 437	64 133	107 061	107 940	107 940	107 940	106 781	88 798	95 398
Planning and development		261	-	277	500	1 600	1 600	1 600	160	-	-
Road transport		80 318	93 437	63 856	106 561	106 340	106 340	106 340	106 621	88 798	95 398
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		12 708	474	17 467	11 898	14 328	14 328	14 328	20 233	8 795	9 200
Energy sources		11 134	357	15 397	4 118	4 563	4 563	4 563	10 250	4 311	4 510
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		1 575	118	2 070	7 780	9 765	9 765	9 765	9 983	4 484	4 690
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	105 214	96 482	100 897	132 684	137 022	137 022	137 022	143 189	101 688	108 873
Funded by:											
National Government		50 873	-	127 588	64 404	60 512	60 512	60 512	60 796	63 719	69 157
Provincial Government		26 334	0	1 539	-	-	-	-	218	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	77 208	0	129 127	64 404	60 512	60 512	60 512	61 014	63 719	69 157
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		27 253	3 106	(36 871)	68 280	76 510	76 510	76 510	82 175	37 969	39 716
Total Capital Funding	7	104 460	3 106	92 256	132 684	137 022	137 022	137 022	143 189	101 688	108 873

f) Table A6 Budgeted Financial Position

EC153 Ngquza Hills - Table A6 Budgeted Financial Position

Description	###	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand											
ASSETS											
Current assets											
Cash and cash equivalents		207 309	208 733	225 657	153 570	173 145	173 145	173 145	134 981	121 703	107 050
Trade and other receivables from exchange transactions	1	1 134	1 277	1 159	1 951	2 227	2 227	2 227	4 731	2 641	787
Receivables from non-exchange transactions	1	24 458	25 780	12 969	31 474	54 074	54 074	54 074	34 781	29 648	23 912
Current portion of non-current receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	194	187	142	2 254	16 994	16 994	16 994	254	254	254
VAT		60 389	88 340	98 714	8 879	8 879	8 879	8 879	15 013	19 195	23 455
Other current assets		(3 770)	(40 145)	(52 545)	1 759	1 803	1 803	1 803	1 759	1 759	1 759
Total current assets		289 714	284 152	286 096	199 888	257 122	257 122	257 122	191 519	175 200	157 217
Non current assets											
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		865 386	518 147	518 147	761 157	761 157	761 157	761 157	940 157	939 108	938 011
Property, plant and equipment	3	841 005	703 936	759 979	882 110	912 063	912 063	912 063	1 052 220	1 097 734	1 147 849
Biological assets		-	-	-	-	-	-	-	-	-	-
Living and non-living resources		-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-
Intangible assets		-	-	-	3 150	2 500	2 500	2 500	-	-	-
Trade and other receivables from exchange transactions		-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-
Other non-current assets		-	-	-	-	-	-	-	-	-	-
Total non current assets		1 706 391	1 222 082	1 278 126	1 646 417	1 675 720	1 675 720	1 675 720	1 992 377	2 036 842	2 085 880
TOTAL ASSETS		1 996 104	1 506 234	1 564 222	1 846 304	1 932 842	1 932 842	1 932 842	2 183 896	2 212 042	2 243 077
LIABILITIES											
Current liabilities											
Bank overdraft		-	-	-	-	-	-	-	-	-	-
Financial liabilities		-	-	-	-	-	-	-	-	-	-
Consumer deposits		-	-	-	-	-	-	-	-	-	-
Trade and other payables from exchange transactions	4	27 460	40 562	44 973	31 351	88 022	88 022	88 022	76 119	106 663	137 732
Trade and other payables from non-exchange transactions	5	1 058	10 413	5 100	-	(1 200)	(1 200)	(1 200)	-	-	-
Provision		2 682	3 549	3 709	4 363	4 363	4 363	4 363	2 579	3 679	4 779
VAT		34 433	39 710	39 851	-	-	-	-	225	461	708
Other current liabilities		-	-	-	-	-	-	-	-	-	-
Total current liabilities		65 633	94 234	93 635	35 714	91 186	91 186	91 186	78 923	110 803	143 219
Non current liabilities											
Financial liabilities	6	-	-	-	-	-	-	-	-	-	-
Provision	7	20 818	24 279	26 045	26 596	26 596	26 596	26 596	32 596	34 696	36 896
Long term portion of trade payables		-	-	-	-	-	-	-	-	-	-
Other non-current liabilities		-	-	-	-	-	-	-	-	-	-
Total non current liabilities		20 818	24 279	26 045	26 596	26 596	26 596	26 596	32 596	34 696	36 896
TOTAL LIABILITIES		86 451	118 513	119 680	62 310	117 781	117 781	117 781	111 519	145 499	180 115
NET ASSETS		1 909 653	1 387 721	1 444 542	1 783 995	1 815 060	1 815 060	1 815 060	2 072 377	2 066 543	2 062 962
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	1 910 702	1 387 649	1 444 036	1 783 995	1 815 060	1 815 060	1 815 060	2 072 377	2 066 543	2 062 962
Reserves and funds	9	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	10	1 910 702	1 387 649	1 444 036	1 783 995	1 815 060	1 815 060	1 815 060	2 072 377	2 066 543	2 062 962

g) Table A7 Budgeted Cashflows

EC153 Nngquza Hills - Table A7 Budgeted Cash Flows											
Description	###	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		27 316	25 359	34 020	35 260	35 260	35 260	35 260	43 087	45 198	47 277
Service charges		679	608	934	1 674	1 674	1 674	1 674	1 899	1 992	2 084
Other revenue		26 184	44 077	14 208	9 954	9 954	9 954	9 954	42 456	36 516	37 431
Transfers and Subsidies - Operational	1	329 255	286 625	304 723	337 487	353 182	353 182	353 182	382 381	387 988	397 443
Transfers and Subsidies - Capital	1	46 272	18 921	3 533	64 404	60 283	60 283	60 283	61 014	63 719	69 157
Interest		-	-	-	14 000	22 000	22 000	22 000	15 000	15 735	16 459
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(73 514)	(246 005)	(235 136)	(393 365)	(396 067)	(396 067)	(396 067)	(442 289)	(450 831)	(463 177)
Interest		-	-	-	-	-	-	-	(800)	(839)	(878)
Transfers and Subsidies	1	-	-	-	-	-	-	-	(10 550)	(11 067)	(11 576)
NET CASH FROM/(USED) OPERATING ACTIVITIES		356 192	129 584	122 281	69 415	86 287	86 287	86 287	92 198	88 410	94 220
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(126 384)	(109 355)	(110 338)	(132 684)	(132 684)	(132 684)	(132 684)	(143 189)	(101 688)	(108 873)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(126 384)	(109 355)	(110 338)	(132 684)	(132 684)	(132 684)	(132 684)	(143 189)	(101 688)	(108 873)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		229 808	20 229	11 943	(63 269)	(46 397)	(46 397)	(46 397)	(60 991)	(13 278)	(14 653)
Cash/cash equivalents at the year begin:	2	-	207 810	208 733	216 840	216 840	216 840	216 840	185 972	134 981	121 703
Cash/cash equivalents at the year end:	2	229 808	228 039	220 676	153 570	170 442	170 442	170 442	134 981	121 703	107 050

h) Table A8 Cash backed reserves/surplus reconciliation

EC153 Nngquza Hills - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	229 808	228 039	220 676	153 570	170 442	170 442	170 442	134 981	121 703	107 050
Other current investments > 90 days		(22 499)	(19 306)	4 981	-	2 702	2 702	2 702	(0)	(0)	(0)
Non current Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		207 309	208 733	225 657	153 570	173 145	173 145	173 145	134 981	121 703	107 050
Application of cash and investments											
Unspent conditional transfers		1 058	10 413	5 100	-	800	800	800	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	(22 186)	(8 484)	(6 317)	(8 879)	(8 879)	(8 879)	(8 879)	(14 788)	(18 734)	(22 747)
Other working capital requirements	3	27 460	40 562	44 973	31 351	88 022	88 022	88 022	76 119	106 663	137 732
Other provisions		2 682	3 549	3 709	4 363	4 363	4 363	4 363	2 579	3 679	4 779
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		9 014	46 039	47 466	26 835	84 307	84 307	84 307	63 910	91 608	119 764
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits		198 295	162 694	178 191	126 736	88 838	88 838	88 838	71 071	30 095	(12 714)
Creditors transferred to Debt Relief - Non-Current portion		-	-	-	-	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits		198 295	162 694	178 191	126 736	88 838	88 838	88 838	71 071	30 095	(12 714)

PART 2 – SUPPORTING DOCUMENTATION

1. OVERVIEW OF THE BUDGET PROCESS FOLLOWED

The municipality developed an IDP and Budget Process Plan for the 2024/25 financial year period, which tabulated several key milestones and dates at which those milestones must be achieved. The municipality has followed this timetable with the aim of ensuring that the budget and the IDP are approved by the council on or before 31 May 2024.

To achieve this, a timetable for consultation with various departments within the municipality was compiled and circulated. The departments were consulted in preparation for the draft 2024/25 annual budget and the medium-term revenue and expenditure framework. Submissions were received from all departments, engagements held before after the draft budget was presented. The consultation after the draft budget was tabled to council was to ensure that issues that were raised during public consultations, and any other issues would have been taken into consideration to get to the adopted budget.

There were public consultations on the budget which were held in the first week of May 2024, and comments that were received have been incorporated into the final budget.

The Budget Steering Committee also convened to consider the 2024/15 annual budget and the MTREF, as well as related documents like the IDP, the budget related policies, the organisational structure, and others.

A procurement plan has also been developed to support the implementation of the approved budget. This is essential to ensure that all procurement processes are well planned out and implemented as such.

2. 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.

Having said this, it is important to indicate there is a lot of work to be done by management to ensure that there is seamless alignment of the budget and the IDP/SDBIP, both in terms of aligned budgets with strategic objectives, and clear referencing between the two documents. This would facilitate easy and meaningful oversight by various stakeholders.

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.

3. 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:

- 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
- Supply Chain Management 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: -

3.1 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 policy is amended to consider the amendments of the SCM Regulations as per the Government Gazette No 4198 issued on December 14, 2023. In terms of these amendments, in essence:
 - The policy will not refer to verbal quotations.
 - Change of the threshold for formal written quotations to a range of R2000 to R300 000.
 - Competitive Bidding for procurement of bids with transactions higher than R300 000.
- The policy will also cater for procurement of goods and services for procurement with values up to R2000 via petty cash. An important point is made about ensuring that there is proper management of internal control processes around petty cash.
- The policy will also be amended to consider the comments made by the Provincial Treasury after they carried out an assessment of the compliance of the IHLM SCM Policy with the SCM Regulations, and the following are the issues raised that require amendment: -
 - Inclusion of definitions aligned with the SCM Regulations and PPPFA Regulations.
 - Inclusion of the following provisions in the policy:
 - Local Production and Content

- Tenders for income generating contracts.
- Criteria for breaking deadlock
- The participation of the municipality on transversal tenders
- Validity of bids
- Policy Provisions
 - Having fixed prices is not in line with SCM Regulations, furthermore such practices are against the Competition act and all prices should be open to the market for determination.
 - The approval of specification by the Chief Financial Officer mentioned in this section is not in line with the requirement of section 27 of the SCM Regulations, it is clearly stated that the specification must be approved by the Accounting Officer.
 - Specific Goals – Allocate points for the specific goals.
- The policy has been amended to also include a paragraph that provides guidance on the performance evaluation of service providers, which is proposed to be done on contracts that are greater than R300 000 and on a quarterly basis.

3.2The 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

3.3The 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.

3.4 Cost 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 used 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

3.5 Tariffs 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.

3.6 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.

3.7 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.

3.8 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

3.9 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.

3.10 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

3.11 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.

3.12 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.

3.13 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.

3.14 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.

3.15 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

3.16 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.

3.17 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.

4. 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.128

Fiscal Year	2024/25	2025/26	2026/27
CPI Inflation	4,9%	4,6%	4,6%

- b) The SALGBC implementation comes to an end at 30 June 2024. The municipality has applied the CPI to the employee related costs, while considering amendments to the organisational structure. Actual expenditure is budgeted for in terms of remuneration of councillors.

- c) The municipality utilises zero-budgeting as far as is possible.

5. SUMMARY OVERVIEW OF THE BUDGET

The following is the summary of the IHLM Budget, and the further detail and narrative is provided in various paragraphs below: -

EC153 Ngquza Hills - Table A1 Budget Summary										
Description	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousands										
Financial Performance										
Property rates	32 897	33 141	30 989	41 483	41 483	41 483	41 483	41 772	43 819	45 835
Service charges	1 387	1 377	1 351	1 600	1 600	1 600	1 600	1 500	1 574	1 646
Investment revenue	6 445	7 745	15 422	14 000	22 000	22 000	22 000	15 000	15 735	16 459
Transfer and subsidies - Operational	330 955	288 178	322 884	337 487	352 382	352 382	352 382	382 381	387 988	397 443
Other own revenue	101 132	5 801	9 296	15 603	19 523	19 523	19 523	20 617	21 628	22 622
Total Revenue (excluding capital transfers and contributions)	472 817	336 241	379 943	410 172	436 988	436 988	436 988	461 270	470 743	484 004
Employee costs	139 735	159 235	156 224	168 942	165 928	165 928	165 928	172 563	181 012	189 470
Remuneration of councillors	22 626	24 425	24 369	29 721	29 721	29 721	29 721	30 315	31 801	33 264
Depreciation and amortisation	49 947	216 818	47 104	70 000	46 034	46 034	46 034	55 000	57 695	60 349
Interest	2 375	2 259	2 997	-	3 800	3 800	3 800	3 800	4 039	4 178
Inventory consumed and bulk purchases	2 920	2 748	(0)	14 770	30	30	30	6 550	6 871	7 187
Transfers and subsidies	10 307	9 682	1 614	2 110	10 110	10 110	10 110	10 550	11 067	11 576
Other expenditure	107 436	147 946	163 813	247 185	288 733	288 733	288 733	285 223	247 810	250 719
Total Expenditure	335 436	563 013	396 121	532 728	524 356	524 356	524 356	564 001	540 295	556 742
Surplus/(Deficit)	137 381	(226 772)	(16 178)	(122 555)	(87 368)	(87 368)	(87 368)	(102 731)	(69 552)	(72 738)
Transfers and subsidies - capital (monetary allocations)	82 844	66 169	70 414	64 404	60 283	60 283	60 283	61 014	63 719	69 157
Transfers and subsidies - capital (in-kind)	-	-	2 250	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	220 226	(160 602)	56 486	(58 151)	(27 085)	(27 085)	(27 085)	(41 717)	(5 834)	(3 581)
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	220 226	(160 602)	56 486	(58 151)	(27 085)	(27 085)	(27 085)	(41 717)	(5 834)	(3 581)
Capital expenditure & funds sources										
Capital expenditure	105 214	96 482	100 897	132 684	137 022	137 022	137 022	143 189	101 688	108 873
Transfers recognised - capital	77 208	0	129 127	64 404	60 512	60 512	60 512	61 014	63 719	69 157
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	27 253	3 106	(36 871)	68 280	76 510	76 510	76 510	82 175	37 969	39 716
Total sources of capital funds	104 460	3 106	92 256	132 684	137 022	137 022	137 022	143 189	101 688	108 873
Financial position										
Investments	-	-	-	-	-	-	-	-	-	-
LIABILITIES										
Financial liabilities	-	-	-	-	-	-	-	-	-	-
NET ASSETS	1 909 653	1 387 721	1 444 542	1 783 995	1 815 060	1 815 060	1 815 060	2 072 377	2 066 543	2 062 962
Community wealth/Equity	-	-	-	-	-	-	-	-	-	-
Cash flows										
Net cash from (used) operating	356 192	129 584	122 281	69 415	86 287	86 287	86 287	92 198	88 410	94 220
Net cash from (used) investing	(126 384)	(109 355)	(110 338)	(132 684)	(132 684)	(132 684)	(132 684)	(143 189)	(101 688)	(108 873)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	229 808	228 039	220 676	153 570	170 442	170 442	170 442	134 981	121 703	107 050
Cash backing/surplus reconciliation										
Non current Investments	1 058	10 413	5 100	-	800	800	800	-	-	-
Statutory requirements	198 295	162 694	178 191	126 736	88 838	88 838	88 838	71 071	30 095	(12 714)
Balance - surplus (shortfall)	(197 237)	(152 280)	(173 091)	(126 736)	(88 038)	(88 038)	(88 038)	(71 071)	(30 095)	12 714
Asset management										
Asset register summary (WDV)	1 620 604	1 150 421	1 126 880	1 567 141	1 596 444	1 596 444	1 596 444	1 883 101	1 927 566	1 976 584
Depreciation	49 947	53 043	47 104	70 000	46 034	46 034	46 034	55 000	57 695	60 349
Renewal and Upgrading of Existing Assets	10 766	58	(72)	1 858	2 453	2 453	2 453	6 426	799	55
Repairs and Maintenance	21 527	35 754	28 661	31 100	46 078	46 078	46 078	43 836	45 587	39 197

6. OVERVIEW OF BUDGET FUNDING

Section 18 of the MFMA requires that the annual budget of the municipality must be funded from:

- a) Realistically anticipated revenues to be collected.
- b) Cash backed accumulated funds from previous years' surpluses not committed for other purposes; and
- c) Borrowed funds, but only for the capital budget.

It is important to note that the IHLM budget is heavily funded from grant funding from the National Revenue Fund, a situation which must be gradually turned around to ensure that the municipality would be able to operate with out the transfers and subsidies from national government. The grants received are extracted from the Division of Revenue Act as well as relevant gazettes that are issued by the relevant funders. The Provincial Treasury also issues a communication confirming the grant allocations of the municipality. The following is an overview of the anticipated funding for the budget from grant funding: -

6.1 Operating Grants Revenue

Name of the Grant/Allocation	2024/25 Annual Budget	2025/26 Annual Budget	2026/27 Annual Budget
Library grant	1 277 000,00	1 495 008,00	1 546 008,00
LG SETA	500 000,00	500 004,00	500 004,00
Municipal Infrastructure Grant (MIG)- operational	3 190 600,00	3 344 400,00	3 630 648,00
Integrated National Electrification Programme	18 162 000,00	8 000 004,00	8 501 004,00
Local Government Financial Management Grant	2 825 004,00	2 825 004,00	2 825 004,00
Equitable Share	346 719 996,00	363 709 276,00	380 439 902,00
Municipal Disaster Response Grant	8 113 000,00	8 114 004,00	-
Expanded Public Works Programme	1 593 000,00	-	-
	<u>382 380 600,00</u>	<u>387 987 700,00</u>	<u>397 442 570,00</u>

6.2 Capital Grants Revenue

The municipality is also allocation capital conditional grants which can only be utilised for the purpose for which the funder intended. The listing below provides a detail of the conditional grant funding that is received from the national government and other funders:-

Name of the Grant	2024/25 Annual Budget	2025/26 Annual Budget	2026/27 Annual Budget
Library Grant - Capital	218 000,00	-	-
Local Government Financial Management Grant - Capital	174 996,00	175 000,00	175 000,00
MIG grant	60 621 400,00	63 543 600,00	68 982 348,00
	<u>61 014 396,00</u>	<u>63 718 600,00</u>	<u>69 157 348,00</u>

6.3 Own Revenue

- a. **Interest Dividend and Rent on Land** – This is mainly composed of interests received from amounts that the municipality keeps in its various banking accounts, including short-term deposits and call accounts. The amount

budgeted for is reduced for the 2024/25 financial year because we forecast that there will a significant outflow of cash due to projects planned for the financial year.

The municipality implements the cash and investment policy to place surplus cash not immediately required or service delivery on short term deposits with institutions registered in terms of the Banks Act. The intention is to ensure maximum returns on these cash and cash equivalents.

- b. **Property Rates** – As a result of continued data cleansing and the supplementary valuation compiled, there are properties that will be introduced into the roll, and therefore billed. This includes both commercial and government properties. This is the reason for the increase in projected revenue from property rates. The overall impact is however reduced because of the rebates and revenue foregone to comply with the provisions of the Property Rates Act.

6.4 Other Revenue

The following are some of the items of revenue included in other own revenue:-

Own Revenue	2024/25 Annual Budget	2025/26 Annual Budget	2026/27 Annual Budget
Pound Fees	- 51 876,00	- 54 418,00	- 56 921,00
Agency Fees	- 6 400 008,00	- 6 713 608,00	- 7 022 434,00
Cemetery and Burial	- 31 416,00	- 32 955,00	- 34 471,00
Traffic fines	- 1 309 404,00	- 1 373 565,00	- 1 436 749,00
Transaction Handling Fees	- 129 996,00	- 136 366,00	- 142 639,00
Insurance refund	- 8 004,00	- 8 396,00	- 8 782,00
Interest on Outstanding Debt	- 8 918 304,00	- 9 355 301,00	- 9 785 645,00
Leases	- 1 200 000,00	- 1 258 800,00	- 1 316 705,00
Building Plan Approval	- 200 004,00	- 209 804,00	- 219 455,00
Advertising rental	- 9 996,00	- 10 486,00	- 10 968,00
Advertisements	- 249 996,00	- 262 246,00	- 274 309,00
Application Fees for Land Usage	- 124 176,00	- 130 261,00	- 136 253,00

6.5 Debtors Collection Levels

The municipality considered the collection levels for the 2023/24 financial year, where at the end of April 2024 the overall rate was 95%. A consideration needs to be given to the collection rate on the total debt owed to the municipality which is not very good. Management continues to work on ensuring that the collection rate is improved continuously. The estimations on the revenue sources has taken into account this fact.

7. 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 means that the municipality will implement the same valuation roll as from July 01, 2024.

Having considered all of this, the following is then the tariff structure for the period budgeted for:

CATEGORY	2023/24	2024/25	2025/26	2026/27
BUSINESS LICENCES				
Formal Businesses				
Big Business (Chain stores with more than 150m2)	2076,10	2076,10	2171,60	2271,50
Small Business (Small Stores with less than 150m2)	692,04	692,04	723,87	757,17
Liquor stores	2076,10	2076,10	2171,60	2271,50
Liquor stores (with special trading hours)	2768,15	2768,15	2895,49	3028,68
Informal Businesses				
Hawker Stall Registration	184,85	184,85	193,36	202,25
Hawker Stalls annual rental	618,68	618,68	647,14	676,91
Chicken stalls	1082,73	1082,73	1132,54	1184,64
Sheep stalls	486,40	486,40	508,78	532,18
Fruit and Vege	694,67	694,67	726,62	760,05
Kitchen	416,54	416,54	435,70	455,74
Small Commodities(General)	416,54	416,54	435,70	455,74
ADVERTISING				
Local				
Billboard 1m(h) x3m(w)-Local	447,96	447,96	468,57	490,12
Billboard 1,5m(h) x2m(w)-Local	523,13	523,13	547,19	572,36
Billboard 2m(h)x 3m(w)-Local	598,27	598,27	625,79	654,57
Billboard 3m(h)x4m(w)-Local	671,98	671,98	702,89	735,22
National				
Billboard 1,5m(h) x 3m(w)-National	229,30	229,30	239,85	250,88
Billboard 3m(h) x 6m(w)-National	323,73	323,73	338,62	354,19
Billboard 6m(h)x 4m(w)-National	431,64	431,64	451,50	472,27
Billboard 3w m(h) x 12m(w)-National	694,67	694,67	726,62	760,05
Billboard 9m(h)x 6m(w)-National	1213,98	1213,98	1269,83	1328,24
Lease rentals (Municipal Properties)				
It will depend on lease agreement conditions, rental calculation by valuator and extent of the areas leased (Will increase 5,4%)				
PLAN FEES AND SERVITUDES				
Plan fee for dwelling House	544,16	544,16	569,19	595,37
Plan fee outbuilding	195,04	195,04	204,01	213,40

Plan fee for offices, flats, hotels, shops, government development etc (all Non-Residential development)	20,21	20,21	21,14	22,11
Plan fees outbuilding	2197,48	2197,48	2298,56	2404,29
Plan fee for offices, flats, hotels, shops, government development etc (all Non-Residential development)	2370,51	2370,51	2479,55	2593,61
Flats/Hotels /Town houses	2512,73	2512,73	2628,32	2749,22
Patio/veranda	942,68	942,68	986,05	1031,40
Minor Work: Boundary walls etc (per plan)	394,04	394,04	412,16	431,12
Drainage Plan per plan	472,92	472,92	494,68	517,43
Swimming Pools (Per plan)	315,27	315,27	329,77	344,94
Cell phone base station applications	7911,89	7911,89	8275,84	8656,53
PLAN FINES				
Construction within commonage without building plan approved by the municipality as outlined in the National Building Regulations and Standard Act 103 of 1977				
Residential	7464,05	7464,05	7807,39	8166,53
Businesses	7464,05	7464,05	7807,39	8166,53
Commercials	7464,05	7464,05	7807,39	8166,53
Valuation certificate and Clearance Certificate	50,44	50,44	52,77	55,19
LAND USE APPLICATION FEES				
Category 1-Land Development Applications				
Rezoning				
(a)Advertising Fees	3555,45	3555,45	3719,00	3890,07
(b) Erven 0-2500m2	3519,14	3519,14	3681,02	3850,34
(c)Erven 2501-5000m2	3646,66	3646,66	3814,40	3989,87
(d)Erven 5001-10 000 m2	3920,16	3920,16	4100,48	4289,11
(e)Erven 1 ha -5 ha	4102,32	4102,32	4291,03	4488,41
(f)Erven over 5 ha	4284,60	4284,60	4481,69	4687,85
Removal, amendment, suspensions of restrictive or obsolete condition, servitude or reservations against the title of the land	788,97	788,97	825,26	863,22
Amendment or cancellation of a general plan of a township	2233,30	2233,30	2336,03	2443,49
Subdivision of land				
(a)Basic fee	1945,71	1945,71	2035,21	2128,83
(b) Charge per subdivision (remainder considered a subdivision)	176,88	176,88	185,01	193,52
© Subdivision into more than 80 erven (Township establishment)	16096,26	16096,26	16836,69	17611,17
Permanent closure of a public place per closure	675,72	675,72	706,80	739,31
Development on communal land	6479,73	6479,73	6777,80	7089,58
Encroachment application fees	2027,15	2027,15	2120,39	2217,93
Category 2- Land use application				
Subdivision of land provided for land use scheme or town planning	662,99	662,99	693,49	725,39
Subdivision of land	662,99	662,99	693,49	725,39
Consent use	1641,56	1641,56	1717,08	1796,06

The removal, amendment or suspension of a restrictive title	788,97	788,97	825,26	863,22
Departures				
(a) Advertising fee for departures	3490,56	3490,56	3651,13	3819,08
(b) Erven smaller than 500 m2	585,36	585,36	612,28	640,45
© Erven 500-750 m2	1135,10	1135,10	1187,32	1241,93
(d) Erven larger than 750 m2	2036,05	2036,05	2129,71	2227,67
8. Material amendments to original application prior to approval/refusal				
Miscellaneous Fees				
Extension of validity period of approval	1507,96	1507,96	1577,32	1649,88
Certificates				
(a) Zoning certificate per certificate	183,24	183,24	191,67	200,49
(b) Any other certificate per certificate	183,24	183,24	191,67	200,49
3. Public hearing and inspection	4429,69	4429,69	4633,45	4846,59
4. Reason for decision of municipal planning tribunal, land development officer or appeal authority	2251,11	2251,11	2354,67	2462,98
5. Re-issuing of any notice of approval of any application	327,04	327,04	342,09	357,83
6. Copy of the title deed for informal only	207,42	207,42	216,96	226,94
Public notice				
Public notice and advertisements in the legal section of the paper	2027,15	2027,15	2120,39	2217,93
Public notice and advertisements in the body of the paper	3649,62	3649,62	3817,50	3993,11
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	3192,78	3339,65	3493,27
9. Any other application not provided for elsewhere in this schedule of fees	4429,69	4429,69	4633,45	4846,59
Copies of planning documents				
1. Spatial development framework				
(a) Hard copy per region	221,42	221,42	231,60	242,26
(b) In electronic format per region	104,35	104,35	109,15	114,17
2. Copy of Land Use Scheme OR Town planning scheme (Scheme Book)	510,30	510,30	533,77	558,32
3. Scheme Regulation per set	848,79	848,79	887,83	928,67
4. Search fees per erf	34,37	34,37	35,95	37,60
5. Search fees per Diagrams	34,37	34,37	35,95	37,60
6. Valuation Roll (GV or SV)	848,79	848,79	887,83	928,67
SALE OF SITE/LAND				
The values of properties are determined by the valuation carried out by registered valuator				
REFUSE CHARGES				
Domestic/Residential	126,86	126,86	132,69	138,80

Commercial/Business	248,71	248,71	260,15	272,12
Government properties	376,80	376,80	394,14	412,27
Special refuse- Residential	817,28	817,28	854,88	894,20
Special refuse- Business	1533,14	1533,14	1603,67	1677,44
HALL HIRE				
Town Hall				
Security deposit	2666,34	2666,34	2788,99	2917,28
Hiring (Church, Memorial service and Meetings)	933,22	933,22	976,15	1021,05
Hiring (Weddings and Concerts etc)	1999,75	1999,75	2091,74	2187,96
CEMETERIES				
Sale of adult Plot	938,59	938,59	981,76	1026,92
Sale of adult Plot (double)	1770,82	1770,82	1852,28	1937,49
Sale of Children's Plot	567,57	567,57	593,68	620,99
Digging of the hole	447,92	447,92	468,52	490,07
POUND FEES				
Pound fees per head per day (Cattle, Horse and Donkey)	136,42	136,42	142,70	149,26
Pound fees per head per day (Sheep and Goat)	81,90	81,90	85,67	89,61
Sustenance per day for donkeys, cattle and horses	54,52	54,52	57,03	59,65
Sustenance per day for Pigs	61,43	61,43	64,26	67,21
Damages	68,21	68,21	71,34	74,63
SPORTS FIELD				
Occasion with no gates	682,12	682,12	713,49	746,31
Occasion with gates	954,96	954,96	998,89	1044,84
School per day	682,10	682,10	713,48	746,30
PROPERTY RATES				
Residential Property	0,0165	0,0165	0,0173	0,0181
Business /industrial and commercial property	0,0220	0,0220	0,0230	0,0241
Government Properties	0,0220	0,0220	0,0230	0,0241
Agricultural Property	0,0042	0,0042	0,0044	0,0046
Public Service Infrastructure Property (PSI)	0,0042	0,0042	0,0044	0,0046
Interest	Interest is charged at 10% of the outstanding debt in arrears			

8. OPERATIONAL EXPENDITURE OVERVIEW

The expenditure of the municipality is forecast to be as tabulated below:

General Expenditure

EC153 Ngquza Hills - Table A1 Budget Summary										
Description	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousands										
Financial Performance										
Property rates	32 897	33 141	30 989	41 483	41 483	41 483	41 483	41 772	43 819	45 835
Service charges	1 387	1 377	1 351	1 600	1 600	1 600	1 600	1 500	1 574	1 646
Investment revenue	6 445	7 745	15 422	14 000	22 000	22 000	22 000	15 000	15 735	16 459
Transfer and subsidies - Operational	330 955	288 178	322 884	337 487	352 382	352 382	352 382	382 381	387 988	397 443
Other own revenue	101 132	5 801	9 296	15 603	19 523	19 523	19 523	20 617	21 628	22 622
Total Revenue (excluding capital transfers and contributions)	472 817	336 241	379 943	410 172	436 988	436 988	436 988	461 270	470 743	484 004
Employee costs	139 735	159 235	156 224	168 942	165 928	165 928	165 928	172 563	181 012	189 470
Remuneration of councillors	22 626	24 425	24 369	29 721	29 721	29 721	29 721	30 315	31 801	33 264
Depreciation and amortisation	49 947	216 818	47 104	70 000	46 034	46 034	46 034	55 000	57 695	60 349
Interest	2 375	2 259	2 997	-	3 800	3 800	3 800	3 800	4 039	4 178
Inventory consumed and bulk purchases	2 920	2 746	(0)	14 770	30	30	30	6 550	6 871	7 187
Transfers and subsidies	10 397	9 582	1 614	2 110	10 110	10 110	10 110	10 550	11 067	11 576
Other expenditure	107 436	147 946	163 813	247 185	268 733	268 733	268 733	285 223	247 810	250 719
Total Expenditure	335 436	563 013	396 121	532 728	524 356	524 356	524 356	564 001	540 295	556 742
Surplus/(Deficit)	137 381	(226 772)	(16 178)	(122 555)	(87 368)	(87 368)	(87 368)	(102 731)	(69 552)	(72 738)
Transfers and subsidies - capital (monetary allocations)	82 844	66 169	70 414	64 404	60 283	60 283	60 283	61 014	63 719	69 157
Transfers and subsidies - capital (in-kind)	-	-	2 250	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	220 226	(160 602)	56 486	(58 151)	(27 085)	(27 085)	(27 085)	(41 717)	(5 834)	(3 581)
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	220 226	(160 602)	56 486	(58 151)	(27 085)	(27 085)	(27 085)	(41 717)	(5 834)	(3 581)
Capital expenditure & funds sources										
Capital expenditure	105 214	96 482	100 897	132 684	137 022	137 022	137 022	143 189	101 688	108 873
Transfers recognised - capital	77 208	0	129 127	64 404	60 512	60 512	60 512	61 014	63 719	69 157
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	27 253	3 106	(36 871)	68 280	76 510	76 510	76 510	82 175	37 969	39 716
Total sources of capital funds	104 460	3 106	92 256	132 684	137 022	137 022	137 022	143 189	101 688	108 873
Financial position										
Investments	-	-	-	-	-	-	-	-	-	-
LIABILITIES	-	-	-	-	-	-	-	-	-	-
Financial liabilities	-	-	-	-	-	-	-	-	-	-
NET ASSETS	1 909 653	1 387 721	1 444 542	1 783 995	1 815 060	1 815 060	1 815 060	2 072 377	2 066 543	2 062 962
Community wealth/Equity	-	-	-	-	-	-	-	-	-	-
Cash flows										
Net cash from (used) operating	356 192	129 584	122 281	69 415	86 287	86 287	86 287	92 198	88 410	94 220
Net cash from (used) investing	(126 384)	(109 355)	(110 338)	(132 684)	(132 684)	(132 684)	(132 684)	(143 189)	(101 688)	(108 873)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	229 808	228 039	220 676	153 570	170 442	170 442	170 442	134 981	121 703	107 050
Cash backing/surplus reconciliation										
Non current Investments	1 058	10 413	5 100	-	800	800	800	-	-	-
Statutory requirements	198 295	162 694	178 191	126 736	88 838	88 838	88 838	71 071	30 095	(12 714)
Balance - surplus (shortfall)	(197 237)	(152 280)	(173 091)	(126 736)	(88 038)	(88 038)	(88 038)	(71 071)	(30 095)	12 714
Asset management										
Asset register summary (WDV)	1 620 604	1 150 421	1 126 880	1 567 141	1 596 444	1 596 444		1 883 101	1 927 566	1 976 584
Depreciation	49 947	53 043	47 104	70 000	46 034	46 034		55 000	57 695	60 349
Renewal and Upgrading of Existing Assets	10 766	58	(72)	1 858	2 453	2 453		6 426	799	55
Repairs and Maintenance	21 527	35 754	28 661	31 100	46 078	46 078		43 836	45 587	39 197

a) Employee Related Costs – The employee related costs have been adjusted as guided by the CPI. This is because the SALGBC agreement for the period starting from July 01, 2024, has not been finalised. These costs including the remuneration of councillors account for 38,7% of the operational expenditure.

b) The Remuneration of Councillors – The remuneration of councillors is estimated to be just over R30 million for the 2024/25 financial period. This is informed by the

review of the previous adjustments as indicated in the gazettes on the upper limits of political office bearers.

The table below shows a breakdown of both employee related costs as well as the remuneration of councillors: -

EC153 Ngquzu Hills - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	####	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		15 418	20 334	19 495	19 496	19 496	19 496	19 886	20 860	21 820
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		4 016	1 691	2 324	6 031	6 031	6 031	6 151	6 453	6 750
Cellphone Allowance		2 547	2 336	2 547	3 594	3 594	3 594	3 666	3 846	4 023
Housing Allowances		-	-	-	132	132	132	135	141	148
Other benefits and allowances		645	65	4	468	468	468	477	501	524
Sub Total - Councillors		22 626	24 425	24 369	29 721	29 721	29 721	30 315	31 801	33 264
% increase	4		8,0%	(0,2%)	22,0%	-	-	2,0%	4,9%	4,6%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		6 735	5 620	4 769	7 249	7 030	7 030	4 933	5 175	5 413
Pension and UIF Contributions		39	14	12	19	20	20	208	218	228
Medical Aid Contributions		696	60	-	-	-	-	295	310	324
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		2 500	2 505	2 850	3 517	3 517	3 517	399	419	438
Motor Vehicle Allowance	3	891	550	501	1 070	1 233	1 233	1 568	1 645	1 721
Cellphone Allowance	3	46	15	-	106	106	106	417	437	457
Housing Allowances	3	-	-	-	-	-	-	204	214	224
Other benefits and allowances	3	545	0	-	19	19	19	7	7	8
Payments in lieu of leave		1 068	18	751	-	55	55	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	36	38	40
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		12 521	8 782	8 882	11 980	11 980	11 980	8 067	8 462	8 852
% increase	4		(29,9%)	1,1%	34,9%	-	-	(32,7%)	4,9%	4,6%
Other Municipal Staff										
Basic Salaries and Wages		81 919	95 959	90 131	99 092	94 579	94 579	98 112	103 545	108 440
Pension and UIF Contributions		11 658	13 312	13 015	16 277	15 878	15 878	16 650	17 465	18 268
Medical Aid Contributions		6 161	7 746	8 067	8 810	8 769	8 769	9 198	9 648	10 091
Overtime		13 170	13 462	14 001	12 051	12 171	12 171	11 767	12 344	12 912
Performance Bonus		962	3 155	3 500	4 233	4 335	4 335	7 628	8 001	8 369
Motor Vehicle Allowance	3	7 342	9 117	10 573	9 184	9 256	9 256	10 209	10 185	10 653
Cellphone Allowance	3	599	625	599	603	818	818	858	900	942
Housing Allowances	3	3 023	3 378	4 607	4 448	4 963	4 963	5 206	5 461	5 712
Other benefits and allowances	3	16	185	91	64	114	114	1 193	1 251	1 309
Payments in lieu of leave		313	1 969	731	117	107	107	969	1 016	1 063
Long service awards		-	(4)	554	508	658	658	690	724	757
Post-retirement benefit obligations	6	1 710	874	1 173	1 055	761	761	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		1 391	754	300	520	1 540	1 540	2 016	2 009	2 102
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		128 263	150 532	147 343	156 962	153 948	153 948	164 496	172 550	180 618
% increase	4		17,4%	(2,1%)	6,5%	(1,9%)	-	6,9%	4,9%	4,7%
Total Parent Municipality		163 410	183 739	180 594	198 663	195 649	195 649	202 879	212 813	222 733

c) Contracted Services - The following expenditure items can be highlighted and are included in the contracted services totalling to just over R87 Million: -

Description	DRAFT BUDGET 2025	DRAFT BUDGET 2026	DRAFT BUDGET 2027
Accounting and Auditing	5 000 000	5 230 000	5 465 350
Cleaning Material	1 500 000	1 569 000	1 639 605
Consumable Materials	2 560 000	2 677 760	2 798 259
Disaster Response Grant	10 812 000	2 928 800	
Environmental Impact Assessment	1 100 000	1 150 600	1 202 377
EPWP Workers	1 593 000	-	-
Legal Advice and Litigation	5 200 000	5 439 200	5 683 964
Maintenance of Access Roads	10 000 000	10 060 000	10 512 700
Maintenance of Buildings and Facilities	4 500 000	4 707 000	4 918 815
Maintenance of Equipment - Municipal Fleet	4 200 000	4 393 200	4 590 894
Maintenance of Equipment - Yellow Fleet	3 000 000	3 138 000	3 279 210
Maintenance Of streetlights	1 800 000		
Municipal Casual Workers	4 000 000	4 184 000	4 372 280
Sewerage Services	3 000 000	3 138 000	3 279 210

d) Operational Expenditure: The following expenditure items can be highlighted from the operational expenditure: -

Description	DRAFT BUDGET 2025	DRAFT BUDGET 2026	DRAFT BUDGET 2027
Bursaries (Employees)	2 500 000,00	2 615 000,00	2 732 675,00
Cellular contracts	4 000 000,00	4 184 000,00	4 372 280,00
Telephone	2 500 000,00	2 615 000,00	2 732 675,00
External Audit Fees	7 500 000,00	7 845 000,00	8 198 025,00
MAINTAINANCE OF NETWORK AND EMAILS	2 000 000,00	2 092 000,00	2 186 140,00
System support	6 650 000,00	6 955 900,00	7 268 915,50
System Adviser	1 500 000,00	1 569 000,00	1 639 605,00
Hire charges for plant	2 000 000,00	2 092 000,00	2 186 140,00
Hiring charges	2 000 000,00	2 092 000,00	2 186 140,00
Free basic and indigent support services	14 000 000,00	14 644 000,00	15 302 980,00
Insurance premium for municipal assets	2 500 000,00	2 615 000,00	2 732 675,00
Learnerships and Internships	3 600 000,00	3 765 600,00	3 935 052,00
Electricity purchase	8 400 000,00	8 786 400,00	9 181 788,00
Salga staff	2 800 000,00	2 928 800,00	3 060 596,00
Accommodation	5 800 000,00	6 066 800,00	6 339 806,00
Car Rental for principals	1 500 000,00	1 569 000,00	1 639 605,00
Uniform and Protective Clothing	3 000 000,00	3 138 000,00	3 279 210,00
Ward Committee stipend	9 000 000,00	9 414 000,00	9 837 630,00
Fuel & Oil	7 000 000,00	7 322 000,00	7 651 490,00
Wet fuel for municipal plant	2 500 000,00	2 615 000,00	2 732 675,00
Workmen's compensation	1 600 000,00	1 673 600,00	1 748 912,00

9. BUDGET FOR REPAIRS AND MAINTENANCE

The following table shows the repairs and maintenance that have been budgeted for. For the year 2024/25, the percentage of the repairs and maintenance to operational budget is just below 7,89% and can be detailed as follows:

Description	Final Budget 2024	Draft Budget 2025	Draft Budget 2026	Draft Budget 2027
Renovations of libraries	-	9 996	10 456	10 926
Maintenance of Buildings and Facilities	4 500 000	4 500 000	4 707 000	4 918 815
VTC equipment calibration	260 000	260 000	271 960	284 198
Maintenance of Equipment - Municipal Fleet	4 099 996	4 200 000	4 393 200	4 590 894
Maintenance of Equipment	200 004	200 000	209 200	218 614
Maintenance of Equipment	50 000	200 000	209 200	218 614
Maintenance of Grass Cutters	150 000	150 000	156 900	163 961
Maintenance of Equipment - Yellow Fleet	3 300 000	3 000 000	3 138 000	3 279 210
Pavements @ ward 6	-	1 000 000	1 046 000	1 093 070
Maintenance of Access Roads	9 399 996	10 000 000	10 060 000	10 512 700
Disaster relief ward 30	1 250 000	1 250 000	1 307 500	
Disaster relief ward 21	335 000	339 000	354 594	
Road markings and signs	300 000	300 000	313 800	327 921
Maintenance of Pavements	1 800 000	1 000 000	1 046 000	1 093 070
Disaster relief ward 24	4 927 000	4 923 000	1 954 106	
Disaster relief ward 12	2 800 000	2 800 000	2 928 800	
Disaster relief ward 18	1 786 678	1 500 000	1 569 000	
Electrical: Buildings	100 004	100 004	104 604	109 311
Electrical: Ward 6	900 000	900 000	941 400	983 763
Electrical: Ward 15	655 500	655 500	685 653	716 507
Maintenance of Network and Emails	1 300 000	2 000 000	2 092 000	2 186 140
Computer Maintenance	99 996	100 000	104 600	109 307
Maintenance of Modula Library	500 000	500 000	523 000	546 535
Maintenance of streetlights	-	1 800 000	-	-
	38 714 174	41 687 500	38 126 973	31 363 557

10. CAPITAL EXPENDITURE OVERVIEW

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

Project Title	Project Type (water, sanitation etc)	Project Cost 2024/25
Flagstaff Internal Streets Phase 2	Roads and stormwater	10 300 890
Lusikisiki Internal Streets Phase 3	Roads and stormwater	11 584 500
Ward 2 MPCC	MPCC	2 000 000
Ward 31 Community Hall (Bhungeni)	Community Hall	500 000
New rest Community Hall in ward 19	Community Hall	500 000
Tumse Via Heleni to Hlwama Access road and Bridges	Roads and stormwater	1 142 472
Bisi Access road and Bridge	Roads and stormwater	448 471

Mtshayazafe to Madlelweni Access road and a Bridge	Roads and stormwater	1 242 717
Xhopozo Access Road in ward 8	Roads and stormwater	500 000
Galatyeni to Mfinca Access road in ward 13	Roads and stormwater	5 462 500
Mgojweni Extention via mvimvane to Fama Access road in ward 18	Roads and stormwater	4 845 000
Mtshayelo Access road in ward 27	Roads and stormwater	5 791 100
Ngonyameni to Maqanyeni Access road and bridge in ward 11	Roads and stormwater	4 113 750
Nqaqhumba Access road in ward 16	Roads and stormwater	6 037 500
Sirhetshe to Sibuthe Access Road in ward 3	Roads and stormwater	6 152 500
		60 621 400

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

Description	DRAFT BUDGET 2025	DRAFT BUDGET 2026	DRAFT BUDGET 2027
ICT computer software	100 000	104 600	109 307
Sports field - Ward 6	4 000 000	4 184 000	4 872 280
Fencing - Ward 6 - Parks	900 000	941 400	983 763
FENCING OF WARD 18 LANDFILL SITE	1 000 000	2 092 000	2 186 140
Fencing Ward 6 - Yards	885 000	925 710	967 367
ICT Computer equipment	2 500 000	2 615 000	2 732 675
Plotter Machines	300 004	313 804	327 925
Public High masts	9 000 000	-	-
community halls chairs	2 000 000	1 046 000	1 093 070
Office furniture and office equipment	1 500 000	1 569 000	1 639 605
Speakers; loud hailers; speaker tops and voice recorder '15F	200 000	209 200	218 614
Machinery and Equipment: Sound and components	300 000	313 800	327 921
Purchase of Digital Camera	1 180 000	1 234 280	1 289 823
machinery and equipment for landfill site	3 100 000	3 242 600	3 388 517
Street Litter Bins	1 700 000	1 778 200	1 858 219
Lusikisiki Offices	30 000 000	31 380 000	32 792 100
Flagstaff Offices	15 000 000	15 690 000	16 396 050
Networking	1 500 000	-	-
Device locker	100 000	104 600	109 307
	75 265 004	67 744 194	71 292 683

11. QUALITY CERTIFICATE

I....., Municipal Manager of Ingquza Hill Local Municipality (EC 153), hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

PRINT NAME: _____, Municipal Manager of Ingquza Hill Local Municipality (EC153)

SIGNATURE: _____

DATE: _____