DRAFT BUDGET OF INXUBA YETHEMBA MUNICIPALITY

2025/26 TO 2027/28
MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CM	City Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act Programme
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

1. **Revenue**; **Electricity** increases using the 13,32% amounting to R212 928 955,39.

Below are the Strides to reach this projected figure;

- Bulk meter audits for businesses
- Implementation of the STS/TID rollover
- Appointment of the Electricity Manager to improve electricity network challenges and maintenance of infrastructure.
- Appointment of Panel of Attorneys to Implement handing over of defaulting customers over 90 days (Ward 1, 2 & 3).
- Development of the Revenue Enhancement Strategy
- Development of a Funding Plan
- Implementation of New General Valuation Roll 2024/2025 FY

IYM Commitments;

- Verification of Indigent Register through Auditor General SA CAATS
- Revive Incentives
- Revive Investments on cash received to accumulate interests
- Honouring ESKOM obligations through the Debt relief programme
- Robust implementation of Cost Containment

2. **Revenue**; Service charges – **Waste Management** projected at R47 946 864,60 using the 6% increase as a phased in approach for cost reflective tariffs

TOTAL REVENUE AMOUNTS TO R 501 586 544,43.

3. **Expenditure**; Electricity Bulk Purchases projected at R150 000 000.

Suggested strategies;

- Bulk account will be paid from the monthly collected amount added with the Equitable share
- Capital grants should at least be invested for 2 months to generate interest that can be used in maintaining the bulk accounts in order to comply with the debt relief programme.
- Half of the Operational grants can also be invested for a minimum of 3 months to generate interest that can also be used to maintain the bulk account for the compliance of the debt relief programme.
- Additional allocation projections to cover the funding status.

Committed to adjust budget to correct grossly understated expenditure items and non-realistic revenue projections. This is due to the factual assessment of under projection when comparing with actual audited figure.

4. **Non-Cash Items**; Debt impairment and Depreciation are realistically projected at R31,3 million and R55 million respectively considering last years audited figures.

IYM has a surplus of R9 387 145. The change is as a result of increased Expenditure items which were grossly understated which are: (Bulk Purchases, Debt impairment and Depreciation).

Total Operational Grants amounts to R**65 440 250**.
Total Capital Grants amounts to R**31 233 750.**

In conclusion the projected amounts both in Revenue and Expenditure line items are increasing by 4.4% in accordance with the CPI rate. All Municipal Tariffs have been increased by 8%.

PROPOSED AMENDMENTS ON POLICIES

- Reduction of 25% to 20 % on arrangements on arrear debt
- Implementation of 60/40 approach provided that the current debt is paid
- Implementation of handing over to debt collectors

1.2 Council Resolutions

On 28 March 2025 the Council of Inxuba Yethemba Local Municipality met in a Council Meeting held virtually to consider the draft budget of the municipality for the financial year 2025/26. The Council approved and adopted the following resolutions:

1. The Council of Inxuba Yethemba Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

   1.1. The annual budget of the municipality for the financial year 2025/26 and the multi-year and single-year capital appropriations as set out in the following tables:

   1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18;
   1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19;
   1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21; and
   1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22.

   1.2. 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:

   1.2.1. Budgeted Financial Position as contained in Table 23;
   1.2.2. Budgeted Cash Flows as contained in Table 24;
   1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25;
   1.2.4. Asset management as contained in Table 26; and
   1.2.5. Basic service delivery measurement as contained in Table 27.

2. The Council of Inxuba Yethemba Municipality Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2024:
   2.1. the tariffs for property rates – as set out in Annexure A,
   2.2. the tariffs for electricity – as set out in Annexure B,
   2.3. the tariffs for solid waste services – as set out in Annexure C

3. The Council of Inxuba Yethemba Municipality Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2024 the tariffs for other services, as set out in Annexures D and E respectively.

4. To give proper effect to the municipality's annual budget, the Council of Inxuba Yethemba Municipality Local Municipality approves:
   4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from service charges to ensure that all capital reserves and provisions, and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial recovery plan is essential and critical to ensure that the Municipality is financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. One on one sessions with departmental heads were conducted.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality will undertake various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 129 were used to guide the compilation of the 2025/26 MTREF.

The main challenges experienced during the compilation of the 2025/26 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and concerning cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

- Affordability of capital projects

The following budget principles and guidelines directly informed the compilation of the 2025/26 MTREF:

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2025/26 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2025/26 MTREF

R thousand	Adjustment Budget 2024/25	Annual Budget 2025-26	Annual Budget 2026-27	Annual Budget 2027-28
Total operating Revenue	464 265 360	501 586 544	537 825 848	597 432 423
Total Operating Expenditure	459 864 954	492 199 399	506 460 329	565 407 328
Surplus/Deficit for the year	4 400 406	9 387 146	31 365 519	32 025 095
Total Capital Expenditure	35 355 222	31 233 750	29 410 950	30 582 400

Total operating revenue has grown by 8 per cent for the 2025/26 financial year when compared to the 2024/25 Adjustments Budget. For the two outer years, operational revenue will increase by 7.1 and 11 per cent respectively.

When compared to the 2024/25 Adjustments Budget, operational expenditure has grown by 7 per cent in the 2025/26 budget and by 2.8 and 11 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years steadily increases to R29 million and R30 million.

The capital budget of R31 million for 2025/26 is -11,6 per cent more when compared to the 2024/25 Adjustment Budget. Consequently, the capital budget remains relatively flat over the medium-term.

Capital programmes are funded by;

Municipal infrastructure grant	22 804 750	19 285 950	19 999 400
Integrated national electrification programme (municipal) grant	-	10 125 000	10 583 000
Municipal disaster recovery grant	8 429 000	-	-
	31 233 750	**29 410 950**	**30 582 400**

1.4 Operating Revenue Framework

For Inxuba Yethemba Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2025/26 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

EC131 Inxuba Yethemba - Table A1 Budget Summary

Description	2020/21	2021/22	2022/23	Current Year 2023/24				2025/26 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2025/26	Budget Year +2 2027/28
Financial Performance										
Property rates	45 114	47 634	49 972	52 657	52 657	52 657	41 427	55 237	57 778	60 378
Service charges	127 834	139 180	137 462	239 527	219 527	219 527	145 296	249 690	279 289	315 415
Investment revenue	85	73	241	1 720	1 720	1 720	230	1 804	1 887	1 972
Transfer and subsidies - Operational	59 610	54 181	65 803	63 000	62 912	62 912	61 929	65 801	62 936	63 745
Other own revenue	34 786	13 625	27 200	63 973	67 432	67 432	33 971	70 736	73 990	77 320
Total Revenue (excluding capital transfers and contributions)	267 429	254 692	280 678	420 877	404 248	404 248	282 853	443 269	475 880	518 830
Employee costs	92 107	105 878	114 234	111 032	111 032	111 032	110 508	116 473	121 830	127 313
Remuneration of councillors	7 234	7 542	7 800	9 126	9 126	9 126	7 879	9 574	10 014	10 465
Depreciation and amortisation	61 541	65 547	66 058	76 404	76 404	76 404	–	68 000	71 128	74 400
Interest	9 874	18 920	39 580	10 484	14 500	14 500	(8 298)	15 211	15 910	16 626
Inventory consumed and bulk purchases	87 075	112 528	110 530	61 574	77 527	77 527	110 435	119 816	125 328	131 078
Transfers and subsidies	–	(0)	1 492	2 306	1 306	1 306	1 092	1 370	1 433	1 497
Other expenditure	97 191	98 806	128 144	102 395	111 938	111 938	97 827	109 172	114 194	119 380
Total Expenditure	355 021	409 221	467 838	373 321	401 834	401 834	319 443	439 615	459 837	480 758
Surplus/(Deficit)	(87 592)	(154 529)	(187 160)	47 555	2 414	2 414	(36 591)	3 654	16 043	38 072
Transfers and subsidies - capital (monetary allocations)	24 327	16 785	28 169	30 104	39 658	39 658	26 035	32 065	37 607	29 319
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(63 265)	(137 744)	(158 991)	77 659	42 072	42 072	(10 556)	35 719	53 650	67 391
Share of Surplus/Deficit attributable to Associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(63 265)	(137 744)	(158 991)	77 659	42 072	42 072	(10 556)	35 719	53 650	67 391
Capital expenditure & funds sources										
Capital expenditure	3 232	27 895	34 693	30 104	32 104	32 104	73 453	32 065	37 607	29 319
Transfers recognised - capital	3 232	27 895	34 693	30 104	30 104	30 104	67 911	32 065	37 607	29 319
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	2 000	2 000	5 542	–	–	–
Total sources of capital funds	3 232	27 895	34 693	30 104	32 104	32 104	73 453	32 065	37 607	29 319
Financial position										
Total current assets	69 944	101 730	136 910	245 198	177 530	177 530	228 633	223 066	310 237	362 454
Total non current assets	1 256 026	1 227 958	1 199 626	1 181 657	1 208 493	1 208 493	1 238 386	1 163 691	1 130 170	1 138 257
Total current liabilities	349 865	490 348	653 290	493 606	357 413	357 413	782 030	655 947	655 947	357 413
Total non current liabilities	31 728	41 635	25 013	36 254	28 291	28 291	22 355	22 355	22 355	28 291
Community wealth/Equity	1 024 715	954 867	831 722	896 995	1 000 319	1 000 319	672 736	708 455	762 105	1 115 006
Cash flows										
Net cash from (used) operating	165 148	110 050	(8 906)	102 202	61 305	72 155	(23 931)	45 466	63 845	78 116
Net cash from (used) investing	(14 530)	(1 872)	(22 986)	(22 604)	(21 004)	–	(40 620)	(20 421)	(25 428)	(16 591)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	157 199	87 503	(30 369)	80 573	42 068	73 921	(62 238)	27 357	65 775	127 300
Cash backing/surplus reconciliation										
Cash and investments available	1 767	975	2 313	82 010	43 505	43 505	(742)	26 920	64 880	125 381
Application of cash and investments	294 971	412 145	547 901	377 471	270 200	306 649	625 333	473 440	420 093	126 016
Balance - surplus (shortfall)	(293 204)	(411 170)	(545 589)	(295 460)	(226 694)	(263 143)	(626 075)	(446 520)	(355 213)	(635)
Asset management										
Asset register summary (WDV)	1 191 868	1 209 194	1 176 746	1 141 632	1 122 464	1 122 464		1 114 568	1 054 625	1 005 448
Depreciation	61 541	65 547	66 058	76 404	76 404	76 404		68 000	71 128	74 400
Renewal and Upgrading of Existing Assets	3 232	16 786	34 693	30 104	30 104	30 104		32 065	37 607	29 319
Repairs and Maintenance	2 979	16 892	14 210	1 484	2 484	2 484		4 331	4 530	4 734
Free services										
Cost of Free Basic Services provided	–	–	–	2 619	2 619	2 619		2 947	3 319	3 741
Revenue cost of free services provided	–	–	–	2 503	2 503	2 503		2 626	2 747	2 870
Households below minimum service level										
Water:	–	–	–	–	–	–		–	–	–
Sanitation/sewerage:	–	–	–	–	–	–		–	–	–
Energy:	–	–	–	–	–	–		–	–	–
Refuse:	–	–	–	–	–	–		–	–	–

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2025/26 financial year, revenue from rates and services charges total R305 million. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Property rates is the second largest revenue source totaling to R55 million rand and increases to R60 million by 2027/28. The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R65.8 million in the 2023425 financial year and steadily reduces to R63.7 million by 2027/28. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

EC131 Inxuba Yethemba LM	2025/26 R thousands	2026/27 R thousands	2027/28 R thousands
OPERATIONAL			
Equitable share and related	58 946 000	59 882 000	62 572 000
MIG	1 200 250	1 015 050	1 052 600
Local government financial management grant	3 000 000	3 000 000	3 100 000
Expanded public works programme integrated grant for municipalities	2 294 000	-	-
	65 440 250	**63 897 050**	**66 724 600**

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

The percentage increases of Eskom bulk tariffs is far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). 35 per cent rebate will be granted on all residential properties (including state owned residential properties);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 30 per cent will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse.
  In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.

- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2025/26 financial year based on a 10 per cent increase from 1 July 2024 is contained below:

Table 4 Comparison of proposed rates to levied for the 2025/26 financial year

PROPERTY RATES TARIFFS						
TOWN AREAS		**Final Budget 2021/22**	**Final Budget 2022/23**	**Final Budget 2023/24**	**Final Budget 2024/25**	**Draft Budget 2025/26**
Accomodation Establishments		3,9%	4,8%	5,3%	4.9%	10%
Business		3,9%	4,8%	5,3%	4.9%	10%
Public Service Infrastructure	30% of valuation not ratable	3,9%	5,3%	4.9%	5,3%	10%

Residential	R15 000 discount on all Residential Properties	3,9%	4,8%	5,3%	4.9%	10%
Learning Institution		3,9%	4,8%	5,3%	4.9%	10%
State Owned Properties		3,9%	4,8%	5,3%	4.9%	10%
Religion		3,9%	4,8%	5,3%	4.9%	10%
Municipality		3,9%	4,8%	5,3%	4.9%	10%
FARMING AREAS		3,9%	4,8%	5,3%	4.9%	10%
Accomodation Establishments		3,9%	4,8%	5,3%	4.9%	10%
Agricutural (Bona Fide Farming)		3,9%	4,8%	5,3%	4.9%	10%
Game Farming		3,9%	4,8%	5,3%	4.9%	10%
Business		3,9%	4,8%	5,3%	4.9%	10%
Learning Institution		3,9%	4,8%	5,3%	4.9%	10%
Municipality		3,9%	4,8%	5,3%	4.9%	10%
Other		3,9%	4,8%	5,3%	4.9%	10%
Public Service Infrastructure	30% of valuation not ratable	5,3%	4.9%		4.9%	10%
Religion		3,9%	4,8%	5,3%	4.9%	10%
Residential		3,9%	4,8%	5,3%	4.9%	10%
State Owned Properties		3,9%	4,8%	5,3%	4.9%	10%

1.4.2 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 11.32 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2025.

Considering the Eskom increases, the consumer tariff had to be increased by 13.32 per cent to offset the additional bulk purchase cost from 1 July 2025. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs.

Table 5 Comparison between current electricity charges and increases (Domestic)

Monthly consumption kWh	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
100				
250				

500 **750** **1 000** **2 000**				

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality.

The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply).

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers.

1.4.3 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 8 per cent increase in the waste removal tariff is proposed from 1 July 2025.

The following table compares current and proposed amounts payable from 1 July 2025:

Table 6 Comparison between current waste removal fees and increases

REFUSE

	Final Budget 2023/24	% Increase	Draft Budget 2025/26	% Increase
First bin - household and churhes	211,62	4,9%	228,54	8%
First bin - business.industry and government institutions	291,85	4,9%	315,20	8%

First bin -users not included above	183,09	4,9%	197,74	8%
Auto bin	894,86	4,9%	966,45	8%
Bulk container	894,48	4,9%	966,45	8%
Special removal or request	369,50	4,9%	399,06	8%

1.4.4 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to 8% per cent.

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2025/26 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2025/26 budget and MTREF (classified per main type of operating expenditure):

Table 7 Summary of operating expenditure by standard classification item

EC131 Inxuba Yethemba - Table A1 Budget Summary										
Description	2021/22	2022/23	2023/24	Current Year 2024/25						
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	**Budget Year +1 2025/26**	**Budget Year +2 2027/28**
Employee costs	105 878	114 648	119 901	116 473	121 273	121 273	80 826	123 605	121 830	127 313
Remuneration of councillors	7 542	7 800	8 536	9 574	9 574	9 574	5 857	10 090	10 014	10 465
Depreciation and amortisation	65 547	66 058	54 686	68 000	46 000	46 000	34 012	55 000	71 128	74 400
Interest	18 920	39 625	38 819	15 211	29 211	29 211	19 573	18 490	15 910	16 626
Inventory consumed and bulk purchases	112 528	110 572	127 115	119 816	90 338	90 338	96 614	155 573	125 328	131 078
Transfers and subsidies	(0)	1 492	1 697	1 370	2 320	2 320	2 962	3 180	1 433	1 497
Other expenditure	55 612	113 083	120 495	109 172	161 150	161 150	108 519	126 261	114 194	119 380
Total Expenditure	366 026	453 278	471 249	439 615	459 865	459 865	348 362	492 199	459 837	480 758

The budgeted allocation for employee related costs for the 2025/26 financial year totals R124 million, which equals 25 per cent of the operating expenditure including non-cash items. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 5,4 per cent for the 2025/26 financial year. An annual increase of 5.5 and 3.5 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 95 per cent and the Debt Write-off Policy of the Municipality. For the 2025/26 financial year this amount equates to R31 million and escalates to R33 million by 2027/28. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R55 million for the 2025/26 financial and equates to 11 per cent of the total operating expenditure.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals.

In the 2025/26 financial year, contracted services total R50 million. For the two outer years growth has been limited to CPI per cent increases.

Operational costs comprise of various line items relating to the daily operations of the municipality.

The following chart gives a breakdown of the main expenditure categories for the 2025/26 financial year.

1.5.1 Repairs and maintenance

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

For the 2025/26 financial year, R8.3 million has been set aside repairs and maintenance. The Municipality understands that this will not be enough as the majority of our infrastructure and buildings require major maintenance. However, due to cash flow challenges, not enough financial resources have been allocated to this line item.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 8 2025/26 Medium-term capital budget per vote

Vote Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25						
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	**Full Year Forecast**	**Pre-audit outcome**	**Budget Year 2025/26**	**Budget Year +1 2025/26**	**Budget Year +2 2027/28**
Capital Expenditure - Functional							**2 000**	**691**	**–**	**–**	**–**
Governance and administration		–	–	–	–	–	2 000	691	–	–	–
Executive and council		–	–	–	–	–					
Finance and administration											
Internal audit							**–**	**4 767**	**–**	**–**	**–**
Community and public safety		–	–	–	–	–					
Community and social services		–	–	–	–	–	–	4 767	–	–	–
Sport and recreation											
Public safety											
Housing											
Health							**25 104**	**67 911**	**32 065**	**37 607**	**29 319**
Economic and environmental services		15 294	35 752	(1 073)	32 065	32 065					
Planning and development		15 294	35 752	(1 073)	32 065	32 065	25 104	67 911	32 065	37 607	29 319
Road transport											
Environmental protection							**5 000**	**84**	**–**	**–**	**–**
Trading services		12 601	–	1 073	–	–	5 000	–	–	–	–
Energy sources		12 601	–	1 073	–	–					
Water management		–	–	–	–	–					
Waste water management							–	84	–	–	–
Waste management							–		–	–	–
Other							**32 104**	**73 453**	**32 065**	**37 607**	**29 319**
Total Capital Expenditure - Functional	3	27 895	35 752	–	32 065	32 065					
Funded by:							30 104	67 911	32 065	37 607	29 319
National Government		27 895	35 752	–	32 065	32 065					
Provincial Government											
District Municipality											
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)							**30 104**	**67 911**	**32 065**	**37 607**	**29 319**
Transfers recognised - capital	4	27 895	35 752	–	32 065	32 065	2 000	5 542	–	–	–
Borrowing	6						**32 104**	**73 453**	**32 065**	**37 607**	**29 319**

Total new assets represent R32 million of the total capital budget.

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2025/26 budget and MTREF as noted by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 9 MBRR Table A1 - Budget Summary

Description	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousands	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
Financial Performance										
Property rates	–	–	66 566	55 237	71 237	71 237	25 074	78 361	86 197	94 817
Service charges	139 180	137 462	158 830	249 690	232 296	232 296	117 909	260 876	296 651	337 524
Investment revenue	73	241	296	1 804	1 804	1 804	195	1 948	2 104	2 273
Transfer and subsidies - Operational	54 181	65 803	63 815	65 801	65 801	65 801	49 456	65 440	63 897	66 725
Other own revenue	13 625	27 200	81 353	70 736	93 127	93 127	28 392	94 961	88 977	96 095
Total Revenue (excluding capital transfers and contributions)	207 059	230 706	370 859	443 269	464 265	464 265	221 026	501 586	537 826	597 433
Employee costs	105 878	114 648	119 901	116 473	121 273	121 273	80 826	123 605	130 404	134 968
Remuneration of councillors	7 542	7 800	8 536	9 574	9 574	9 574	5 857	10 090	10 645	11 018
Depreciation and amortisation	65 547	66 058	54 686	68 000	46 000	46 000	34 012	55 000	55 000	55 000
Interest	18 920	39 625	38 819	15 211	29 211	29 211	19 573	18 490	19 322	19 805
Inventory consumed and bulk purchases	112 528	110 572	127 115	119 816	90 338	90 338	96 614	155 573	155 824	205 969
Transfers and subsidies	(0)	1 492	1 697	1 370	2 320	2 320	2 962	3 180	3 323	3 406
Other expenditure	55 612	113 083	120 495	109 172	161 150	161 150	108 519	126 261	131 943	135 241
Total Expenditure	366 026	453 278	471 249	439 615	459 865	459 865	348 362	492 199	506 460	565 407
Surplus/(Deficit)	(158 967)	(222 572)	(100 390)	3 654	4 400	4 400	(127 336)	9 387	31 365	32 025
Transfers and subsidies - capital (monetary allocations)	16 785	28 169	36 368	32 065	32 065	32 065	23 339	31 234	29 411	30 582
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(142 182)	(194 403)	(64 022)	35 719	36 465	36 465	(103 997)	40 621	60 776	62 607
Share of Surplus/Deficit attributable to Associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(142 182)	(194 403)	(64 022)	35 719	36 465	36 465	(103 997)	40 621	60 776	62 607
Capital expenditure & funds sources										
Capital expenditure	27 895	35 752	–	32 065	32 065	32 065	26 443	31 734	29 411	30 582
Transfers recognised - capital	27 895	35 752	–	32 065	32 065	32 065	25 024	31 234	29 411	30 582
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	1 409	500	–	–
Total sources of capital funds	27 895	35 752	–	32 065	32 065	32 065	26 432	31 734	29 411	30 582
Financial position										
Total current assets	101 730	136 349	205 272	223 066	255 672	255 672	315 596	276 746	326 850	391 968
Total non current assets	1 227 958	1 202 407	1 196 335	1 163 691	1 182 400	1 182 400	1 160 299	1 176 601	1 151 012	1 126 594
Total current liabilities	490 348	648 745	793 772	655 947	794 313	794 313	906 976	794 313	794 313	794 313
Total non current liabilities	41 635	25 013	27 278	22 355	26 737	26 737	26 737	26 737	26 737	26 737
Community wealth/Equity	954 867	838 425	678 052	708 455	617 022	617 022	583 582	628 759	653 269	693 963
Cash flows										
Net cash from (used) operating	110 050	(5 919)	(21 233)	43 661	(15 500)	37 367	38 786	71 010	65 449	63 934
Net cash from (used) investing	–	–	69	11 644	16 644	–	26	(19 159)	(29 411)	(30 582)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	110 050	(5 919)	(21 163)	55 305	1 144	37 367	38 812	52 327	88 365	121 716
Cash backing/surplus reconciliation										
Cash and investments available	975	2 318	5 707	26 920	4 129	4 129	(3 049)	21 049	10 530	10 175
Application of cash and investments	402 302	527 957	660 682	517 354	623 807	675 698	698 393	534 883	488 099	422 692
Balance - surplus (shortfall)	(401 327)	(525 639)	(654 975)	(490 434)	(619 679)	(671 570)	(701 442)	(513 834)	(477 569)	(412 516)
Asset management										
Asset register summary (WDV)	1 209 194	1 176 739	1 125 905	1 115 068	1 126 210	1 126 210		983 884	931 374	878 858
Depreciation	65 547	66 058	51 262	68 000	46 000	46 000		55 000	55 000	55 000
Renewal and Upgrading of Existing Assets	16 786	35 752	–	32 065	32 065	32 065		23 305	29 411	19 999

Repairs and Maintenance	16 892	14 261	3 264	4 331	10 919	10 919		8 306	8 680	8 897
Free services										
Cost of Free Basic Services provided	–	–	–	2 947	2 947	2 947		3 403	3 868	4 395
Revenue cost of free services provided	–	–	–	2 626	2 626	2 626		2 889	3 177	3 495
Households below minimum service level										
Water:	–	–	–	–	–	–		–	–	–
Sanitation/sewerage:	–	–	–	–	–	–		–	–	–
Energy:	–	–	–	–	–	–		–	–	–
Refuse:	–	–	–	–	–	–		–	–	–

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
    a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
    b. Capital expenditure is balanced by capital funding sources, of which
        i. Transfers recognised is reflected on the Financial Performance Budget;
        ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
        iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2025/26, when a small surplus is reflected.

5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase.

Table 10 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

EC131 Inxuba Yethemba - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2021/22	2021/22	2022/23	Current Year 2023/24			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2025/26	Budget Year +2 2027/28
Revenue - Functional										
Governance and administration		99 243	**99 243**	**119 863**	**162 891**	**167 921**	**167 921**	**176 686**	**183 524**	**189 738**
Executive and council		–	–	–	–	–	–	–	–	–
Finance and administration		99 243	99 243	119 863	162 891	167 921	167 921	176 686	183 524	189 738
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		7 210	**7 210**	**7 772**	**13 564**	**12 394**	**12 394**	**13 026**	**10 550**	**11 025**
Community and social services		4 585	4 585	4 704	4 953	3 941	3 941	4 447	1 576	1 647
Sport and recreation		110	110	84	734	715	715	710	743	776
Public safety		2 489	2 489	2 967	7 838	7 652	7 652	7 799	8 158	8 525
Housing		26	26	17	38	86	86	70	74	77
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		19 214	**19 214**	**35 809**	**33 019**	**37 248**	**37 248**	**34 442**	**40 086**	**31 931**
Planning and development		575	575	4 406	1 223	1 223	1 223	7 625	12 571	11 549
Road transport		18 639	18 639	31 403	31 796	36 024	36 024	26 816	27 515	20 381
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		145 815	**145 815**	**145 408**	**241 507**	**226 342**	**226 342**	**251 180**	**279 327**	**315 454**
Energy sources		112 866	112 866	110 559	199 866	184 705	184 705	207 937	235 615	269 776
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		32 949	32 949	34 850	41 641	41 637	41 637	43 243	43 712	45 679
Other	4	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Revenue - Functional	2	271 483	**271 483**	**308 852**	**450 980**	**443 906**	**443 906**	**475 334**	**513 487**	**548 149**
Expenditure - Functional										
Governance and administration		109 888	**109 888**	**147 346**	**110 512**	**118 893**	**118 893**	**117 082**	**122 468**	**127 979**
Executive and council		43 772	43 772	57 920	50 802	49 517	49 517	47 641	49 832	52 074
Finance and administration		65 281	65 281	88 250	57 662	67 250	67 250	66 848	69 923	73 070
Internal audit		835	835	1 176	2 048	2 126	2 126	2 594	2 713	2 835
Community and public safety		25 168	**29 297**	**31 370**	**31 982**	**32 328**	**32 328**	**38 982**	**40 775**	**42 612**
Community and social services		11 062	11 062	11 978	14 966	15 061	15 061	16 163	16 906	17 669
Sport and recreation		9 810	9 810	10 950	9 677	9 677	9 677	12 349	12 917	13 499
Public safety		1 894	6 024	6 026	4 341	4 341	4 341	7 587	7 936	8 293
Housing		2 402	2 402	2 416	2 999	3 249	3 249	2 883	3 015	3 151
Health		–	–	–	0	0	0	–	–	–
Economic and environmental services		89 800	**89 800**	**103 513**	**103 103**	**101 753**	**101 753**	**93 568**	**97 872**	**102 342**
Planning and development		10 457	10 457	13 137	23 007	21 456	21 456	17 343	18 141	18 957
Road transport		79 343	79 343	90 376	80 097	80 297	80 297	76 225	79 731	83 385
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		180 236	**180 236**	**185 610**	**127 661**	**148 796**	**148 796**	**189 983**	**198 722**	**207 825**
Energy sources		108 948	108 948	116 436	79 068	100 167	100 167	141 682	148 199	155 001
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		71 288	71 288	69 174	48 593	48 630	48 630	48 301	50 522	52 824
Other	4	–	**–**	**–**	**63**	**63**	**63**	**–**	**–**	**–**
Total Expenditure - Functional	3	405 092	**409 221**	**467 838**	**373 321**	**401 834**	**401 834**	**439 615**	**459 837**	**480 758**
Surplus/(Deficit) for the year		(133 609)	**(137 738)**	**(158 986)**	**77 659**	**42 072**	**42 072**	**35 719**	**53 650**	**67 391**

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables

the National Treasury to compile ‘whole of government’ reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 11 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

EC131 Inxuba Yethemba - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2021/22	2022/23	**2022/23**	**Current Year 2023/24**			**2025/26 Medium Term Revenue & Expenditure Framework**		
R thousand		Audited Outcome	Audited Outcome	**Audited Outcome**	**Original Budget**	**Adjusted Budget**	**Full Year Forecast**	**Budget Year 2025/26**	**Budget Year +1 2025/26**	**Budget Year +2 2027/28**
Revenue by Vote	1									
Vote 1 - MUNICIPAL MANAGER (11: IE)		–	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICES (12: IE)		99	134	134	741	741	741	777	813	849
Vote 3 - FINANCIAL SERVICES (13: IE)		106 938	126 620	127 395	157 895	159 325	159 325	167 668	174 091	179 881
Vote 4 - COMMUNITY SERVICES (14: IE)		38 850	41 174	41 174	53 310	52 089	52 089	54 322	52 224	54 575
Vote 5 - TECHNICAL SERVICES (15: IE)		124 825	139 934	139 934	237 550	230 217	230 217	251 068	284 790	311 205
Vote 6 - LED. SERVICES (17: IE)		770	215	215	1 486	1 534	1 534	1 499	1 568	1 639
Vote 7 - CORPORATE SERVICES (12: CAPEX)		–	–	–	–	–	–	–	–	–
Vote 8 - COMMUNITY SERVICES (14: CAPEX)		–	–	–	–	–	–	–	–	–
Vote 9 - TECHNICAL SERVICES (15: CAPEX)		–	–	–	–	–	–	–	–	–
Vote 10 - LED. SERVICES (17: CAPEX)		–	–	–	–	–	–	–	–	–
Vote 11 - Municipal Manager (31: CAPEX)			–	–	–	–	–	–	–	–
Vote 12 - Corporate Services:Admin (32: CAPEX)			–	–	–	–	–	–	–	–
Vote 13 - Corporeate services:Community (33: CAPEX)		–	–	–	–	–	–	–	–	–
Vote 14 - RATES AND GENERAL SERVICES (37: CAPEX)		–	–	–	–	–	–	–	–	–
Vote 15 - ELEC TRADING SERVICE (38: CAPEX)		–	–	–	–	–	–	–	–	–
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Total Revenue by Vote	2	271 483	308 078	**308 852**	**450 980**	**443 906**	**443 906**	**475 334**	**513 487**	**548 149**
Expenditure by Vote to be appropriated	1									
Vote 1 - MUNICIPAL MANAGER (11: IE)		50 785	59 306	61 948	53 531	52 324	52 324	50 235	52 546	54 910
Vote 2 - CORPORATE SERVICES (12: IE)		23 928	20 839	20 478	17 728	18 888	18 888	27 701	28 975	30 281
Vote 3 - FINANCIAL SERVICES (13: IE)		39 155	69 672	69 280	43 768	52 197	52 197	43 675	45 684	47 740
Vote 4 - COMMUNITY SERVICES (14: IE)		87 648	84 326	84 265	62 853	62 890	62 890	69 501	72 698	75 997
Vote 5 - TECHNICAL SERVICES (15: IE)		195 530	217 680	217 152	176 145	197 444	197 444	230 323	240 918	251 957
Vote 6 - LED. SERVICES (17: IE)		12 174	14 907	14 715	19 296	18 091	18 091	18 181	19 017	19 873
Vote 7 - CORPORATE SERVICES (12: CAPEX)		–	–	–	–	–	–	–	–	–
Vote 8 - COMMUNITY SERVICES (14: CAPEX)		–	–	–	–	–	–	–	–	–
Vote 9 - TECHNICAL SERVICES (15: CAPEX)		–	–	–	–	–	–	–	–	–
Vote 10 - LED. SERVICES (17: CAPEX)		–	–	–	–	–	–	–	–	–
Vote 11 - Municipal Manager (31: CAPEX)			–	–	–	–	–	–	–	–
Vote 12 - Corporate Services:Admin (32: CAPEX)			–	–	–	–	–	–	–	–
Vote 13 - Corporeate services:Community (33: CAPEX)		–	–	–	–	–	–	–	–	–
Vote 14 - RATES AND GENERAL SERVICES (37: CAPEX)		–	–	–	–	–	–	–	–	–
Vote 15 - ELEC TRADING SERVICE (38: CAPEX)		–	–	–	–	–	–	–	–	–
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Total Expenditure by Vote	2	409 221	466 730	**467 838**	**373 321**	**401 834**	**401 834**	**439 615**	**459 837**	**480 758**
Surplus/(Deficit) for the year	2	(137 738)	(158 652)	**(158 986)**	**77 659**	**42 072**	**42 072**	**35 719**	**53 650**	**67 391**

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 12 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

EC131 Inxuba Yethemba - Table A4 Budgeted Financial Performance (revenue and expenditure)

EC131 Inxuba Yethemba - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	1	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
Revenue											
Exchange Revenue											
Service charges - Electricity	2	112 579	110 520	130 353	207 901	187 901	187 901	101 020	212 929	244 868	281 599
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	26 600	26 942	28 477	41 789	44 395	44 395	16 890	47 947	51 783	55 925
Sale of Goods and Rendering of Services		1 329	1 033	1 135	2 076	2 888	2 888	962	3 119	3 369	3 638
Agency services		-	-	308	2 609	2 609	2 609	269	2 817	3 043	3 286
Interest											
Interest earned from Receivables		7 187	13 165	16 322	41 052	41 052	41 052	9 885	44 336	47 883	51 714
Interest earned from Current and Non Current Assets		73	241	296	1 804	1 804	1 804	195	1 948	2 104	2 273
Dividends											
Rent on Land											
Rental from Fixed Assets		1 283	1 801	1 705	1 980	2 896	2 896	1 193	3 128	3 378	3 648
Licence and permits		-	3	15	60	81	81	50	87	94	102
Special rating levies											
Operational Revenue		2 187	4 909	1 557	377	9 014	9 014	5 495	9 735	10 514	11 355
Non-Exchange Revenue											
Property rates	2	-	-	66 566	55 237	71 237	71 237	25 074	78 361	86 197	94 817

Surcharges and Taxes											
Fines, penalties and forfeits		44	78	43 794	367	567	567	174	396	428	462
Licences or permits		2 481	2 952	3 402	4 802	6 455	6 455	2 808	6 971	7 529	8 131
Transfer and subsidies - Operational		54 181	65 803	63 815	65 801	65 801	65 801	49 456	65 440	63 897	66 725
Interest		6 809	10 792	12 762	5 770	10 922	10 922	7 422	11 796	12 739	13 759
Fuel Levy											
Operational Revenue											
Gains on disposal of Assets		(7 695)	(7 532)	(234)	11 644	16 644	16 644	26	12 575	-	-
Other Gains		-	-	587	-	-	-	109	-	-	-
Discontinued Operations											
Total Revenue (excluding capital transfers and contributions)		**207 059**	**230 706**	**370 859**	**443 269**	**464 265**	**464 265**	**221 026**	**501 586**	**537 826**	**597 433**
Expenditure											
Employee related costs	2	105 878	114 648	119 901	116 473	121 273	121 273	80 826	123 605	130 404	134 968
Remuneration of councillors		7 542	7 800	8 536	9 574	9 574	9 574	5 857	10 090	10 645	11 018
Bulk purchases - electricity	2	93 275	94 959	116 868	105 000	85 000	85 000	91 301	150 000	150 000	200 000
Inventory consumed	8	19 254	15 613	10 247	14 816	5 338	5 338	5 313	5 573	5 824	5 969
Debt impairment	3	-	40 313	9 004	45 000	30 000	30 000	22 500	31 320	32 729	33 548
Depreciation and amortisation		65 547	66 058	54 686	68 000	46 000	46 000	34 012	55 000	55 000	55 000
Interest		18 920	39 625	38 819	15 211	29 211	29 211	19 573	18 490	19 322	19 805
Contracted services		21 044	28 222	50 682	28 506	72 984	72 984	48 983	50 096	52 350	53 659
Transfers and subsidies		(0)	1 492	1 697	1 370	2 320	2 320	2 962	3 180	3 323	3 406
Irrecoverable debts written off											
Operational costs		34 568	39 973	61 678	35 666	58 166	58 166	37 036	44 845	46 863	48 035
Losses on disposal of Assets											
Other Losses		-	4 575	(868)	-	-	-	-	-	-	-
Total Expenditure		**366 026**	**453 278**	**471 249**	**439 615**	**459 865**	**459 865**	**348 362**	**492 199**	**506 460**	**565 407**
Surplus/(Deficit)		**(158 967)**	**(222 572)**	**(100 390)**	**3 654**	**4 400**	**4 400**	**(127 336)**	**9 387**	**31 365**	**32 025**
Transfers and subsidies - capital (monetary allocations)	6	16 785	28 169	36 368	32 065	32 065	32 065	23 339	31 234	29 411	30 582

Transfers and subsidies - capital (in-kind)	6										
Surplus/(Deficit) after capital transfers & contributions		**(142 182)**	**(194 403)**	**(64 022)**	**35 719**	**36 465**	**36 465**	**(103 997)**	**40 621**	**60 776**	**62 607**
Income Tax											
Surplus/(Deficit) after income tax		**(142 182)**	**(194 403)**	**(64 022)**	**35 719**	**36 465**	**36 465**	**(103 997)**	**40 621**	**60 776**	**62 607**
Share of Surplus/Deficit attributable to Joint Venture											
Share of Surplus/Deficit attributable to Minorities											
Surplus/(Deficit) attributable to municipality		**(142 182)**	**(194 403)**	**(64 022)**	**35 719**	**36 465**	**36 465**	**(103 997)**	**40 621**	**60 776**	**62 607**
Share of Surplus/Deficit attributable to Associate	7										
Intercompany/Parent subsidiary transactions											
Surplus/(Deficit) for the year	1	**(142 182)**	**(194 403)**	**(64 022)**	**35 719**	**36 465**	**36 465**	**(103 997)**	**40 621**	**60 776**	**62 607**

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R443 million in 2025/26 and escalates to R481 million by 2027/28. Revenue to be generated from property rates is R55 million in the 2025/26 financial year and increases to R60 million by 2027/28 which represents 12.4 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 4.9 per cent, 4.6 per cent and 4.6 per cent for each of the respective financial years of the MTREF.

2. Services charges relating to electricity, and refuse removal constitutes the biggest component of the revenue basket of the Municipality totaling R250 million for the 2025/26 financial year and increasing to R314 million by 2027/28. For the 2025/26 financial year services charges amount to 56 per cent of the total revenue base.

3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 4.9 per cent and 4.6 per cent for the two outer years.

Figure 2 Expenditure by major type

4. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 13 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	1	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
Capital expenditure - Vote											
Capital single-year expenditure sub-total		27 895	35 752	–	32 065	32 065	32 065	26 407	31 734	29 411	30 582
Total Capital Expenditure - Vote		27 895	35 752	–	32 065	32 065	32 065	26 407	31 734	29 411	30 582
Capital Expenditure - Functional											
Governance and administration		–	–	–	–	–	–	37	–	–	–
Executive and council		–	–	–	–	–	–	37	–	–	–
Finance and administration											
Internal audit											
Community and public safety		–	–	–	–	–	–	1 383	–	–	–
Community and social services											
Sport and recreation		–	–	–	–	–	–	1 383	–	–	–
Public safety											
Housing											
Health											
Economic and environmental services		15 294	35 752	(1 073)	32 065	32 065	32 065	24 289	23 305	19 286	19 999
Planning and development		15 294	35 752	(1 073)	32 065	32 065	32 065	24 289	23 305	19 286	19 999
Road transport											
Environmental protection											
Trading services		12 601	–	1 073	–	–	–	735	8 429	10 125	10 583
Energy sources		12 601	–	1 073	–	–	–	–	–	10 125	–
Water management											
Waste water management		–	–	–	–	–	–	735	8 429	–	10 583
Waste management											
Other											
Total Capital Expenditure - Functional	3	27 895	35 752	–	32 065	32 065	32 065	26 443	31 734	29 411	30 582
Funded by:											
National Government		27 895	35 752	–	32 065	32 065	32 065	25 024	31 234	29 411	30 582

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.

3. Single-year capital expenditure has been appropriated at R32 million for the 2025/26 financial year and remains relatively constant over the MTREF at levels of R37 million and R29 million respectively for the two outer years.

4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality.

5. The capital programme is funded from capital grants and transfers. For 2025/26, capital transfers totals R32 million and reduce to R29 million by 2027/28.

Table 14 MBRR Table A6 - Budgeted Financial Position

EC131 Inxuba Yethemba - Table A6 Budgeted Financial Position

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		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
ASSETS											
Current assets											
Cash and cash equivalents		975	2 318	5 707	26 920	4 129	4 129	(3 049)	21 049	10 530	10 175
Trade and other receivables from exchange transactions	1	29 938	35 206	33 363	76 258	74 415	74 415	148 577	77 700	125 583	177 297
Receivables from non-exchange transactions	1	–	–	48 274	20 271	59 196	59 196	37 962	60 069	72 809	86 567
Current portion of non-current receivables		–	(24)	(5 072)	(20)	(5 068)	(5 068)	(5 142)	(5 072)	(5 072)	(5 072)
Inventory	2	6 639	7 702	7 749	7 441	7 749	7 749	1 317	7 749	7 749	7 749
VAT		64 115	90 924	114 777	91 972	114 777	114 777	133 507	114 777	114 777	114 777
Other current assets		64	224	473	224	473	473	2 424	473	473	473
Total current assets		**101 730**	**136 349**	**205 272**	**223 066**	**255 672**	**255 672**	**315 596**	**276 746**	**326 850**	**391 968**
Non current assets											
Investments											
Investment property		54 339	53 477	54 345 297	51 096	53 086	53 086	54 345	52 840	51 335	49 830
Property, plant and equipment	3	1 157 598	1 132 910	1 125 970	1 096 575	1 113 293	1 113 293	1 089 934	1 107 741	1 083 657	1 060 744
Biological assets											
Living and non-living resources											
Heritage assets		16 020	16 020	16 020	16 020	16 020	16 020	16 020	16 020	16 020	16 020
Intangible assets											
Trade and other receivables from exchange transactions											
Non-current receivables from non-exchange transactions											
Other non-current assets											
Total non current assets		**1 227 958**	**1 202 407**	**1 196 335**	**1 163 691**	**1 182 400**	**1 182 400**	**1 160 299**	**1 176 601**	**1 151 012**	**1 126 594**
TOTAL ASSETS		**1 329 688**	**1 338 756**	**1 401 607**	**1 386 757**	**1 438 072**	**1 438 072**	**1 475 896**	**1 453 347**	**1 477 862**	**1 518 562**
LIABILITIES											
Current liabilities	-										
Bank overdraft											
Financial liabilities		–	–	–	–	–	–	–	–	–	–
Consumer deposits		3 517	3 613	3 837	3 613	3 837	3 837	3 984	3 837	3 837	3 837
Trade and other payables from exchange transactions	4	419 141	554 263	671 424	558 809	671 965	671 965	758 505	671 965	671 965	671 965
Trade and other payables from non-exchange transactions	5	584	(852)	2 710	(852)	2 710	2 710	10 510	2 710	2 710	2 710
Provision		2 078	2 111	2 093	2 111	2 093	2 093	2 093	2 093	2 093	2 093
VAT		36 680	56 875	78 962	56 875	78 962	78 962	97 139	78 962	78 962	78 962

Other current liabilities		28 348	32 734	34 746	35 392	34 746	34 746	34 746	34 746	34 746	34 746
Total current liabilities		**490 348**	**648 745**	**793 772**	**655 947**	**794 313**	**794 313**	**906 976**	**794 313**	**794 313**	**794 313**
Non current liabilities											
Financial liabilities	6	–	–	–	–	–	–	–	–	–	–
Provision	7	36 254	22 355	27 278	22 355	26 737	26 737	26 737	26 737	26 737	26 737
Long term portion of trade payables		–	–	–	–	–	–	–	–	–	–
Other non-current liabilities		5 381	2 658	–	–	–	–	–	–	–	–
Total non current liabilities		**41 635**	**25 013**	**27 278**	**22 355**	**26 737**	**26 737**	**26 737**	**26 737**	**26 737**	**26 737**
TOTAL LIABILITIES		**531 983**	**673 758**	**821 051**	**678 303**	**821 050**	**821 050**	**933 713**	**821 051**	**821 051**	**821 051**
NET ASSETS		**797 705**	**664 998**	**580 557**	**708 455**	**617 022**	**617 022**	**542 183**	**632 296**	**656 811**	**697 511**
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	1 077 884	961 443	801 850	831 472	740 820	740 820	707 380	752 557	777 066	817 761
Reserves and funds	9	(123 018)	(123 018)	(123 798)	(123 018)	(123 798)	(123 798)	(123 798)	(123 798)	(123 798)	(123 798)
Other											
TOTAL COMMUNITY WEALTH/EQUITY	10	**954 867**	**838 425**	**678 052**	**708 455**	**617 022**	**617 022**	**583 582**	**628 759**	**653 269**	**693 963**

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
   - Call investments deposits;
   - Consumer debtors;
   - Property, plant and equipment;
   - Trade and other payables;
   - Provisions non-current;
   - Changes in net assets; and
   - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 15 MBRR Table A7 - Budgeted Cash Flow Statement

EC131 Inxuba Yethemba - Table A7 Budgeted Cash Flows

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		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
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		36 128	32 385	31 280	56 138	72 863	–	28 326	77 995	85 795	94 374
Service charges		70 133	91 509	104 783	207 637	206 617	–	78 273	243 825	251 935	290 396
Other revenue		8 827	14 997	25 075	12 271	28 089	–	19 104	62 714	58 026	64 276
Transfers and Subsidies - Operational	1	54 298	61 592	72 080	60 228	60 144	–	52 689	59 148	56 851	58 834
Transfers and Subsidies - Capital	1	9 292	10 511	24 179	53 592	32 065	452 699	96 353	31 234	29 411	30 582
Interest		192	3 143	798	–	–	–	195	1 948	2 104	2 273
Dividends									–	–	–
Payments											
Suppliers and employees		(68 820)	(220 057)	(279 428)	(330 994)	(386 067)	(386 121)	(236 154)	(387 365)	(399 352)	(456 997)
Interest		–	–	–	(15 211)	(29 211)	(29 211)	–	(18 490)	(19 322)	(19 805)
Transfers and Subsidies	1								–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**110 050**	**(5 919)**	**(21 233)**	**43 661**	**(15 500)**	**37 367**	**38 786**	**71 010**	**65 449**	**63 934**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	69	11 644	16 644	–	26	12 575	–	–
Decrease (increase) in non-current receivables									–	–	–
Decrease (increase) in non-current investments									–	–	–
Payments											
Capital assets									(31 734)	(29 411)	(30 582)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**–**	**–**	**69**	**11 644**	**16 644**	**–**	**26**	**(19 159)**	**(29 411)**	**(30 582)**
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		**110 050**	**(5 919)**	**(21 163)**	**55 305**	**1 144**	**37 367**	**38 812**	**51 851**	**36 038**	**33 352**
Cash/cash equivalents at the year begin:	2								**476**	**52 327**	**88 365**
Cash/cash equivalents at the year end:	2	**110 050**	**(5 919)**	**(21 163)**	**55 305**	**1 144**	**37 367**	**38 812**	**52 327**	**88 365**	**121 716**

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.

2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

3. It can be seen that the cash levels of the Municipality fell significantly over the years.

4. As part of the 2025/26 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.

5. In addition the Municipality undertook an extensive debt collection drive resulting in cash receipts on arrear debtors.

Table 16 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC131 Inxuba Yethemba - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		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
Cash and investments available											
Cash/cash equivalents at the year end	1	110 050	(5 919)	(21 163)	55 305	1 144	37 367	38 812	52 327	88 365	121 716
Other current investments > 90 days		(109 075)	8 237	26 871	(28 386)	2 985	(33 238)	(41 861)	(31 278)	(77 835)	(111 541)
Non current Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		**975**	**2 318**	**5 707**	**26 920**	**4 129**	**4 129**	**(3 049)**	**21 049**	**10 530**	**10 175**
Application of cash and investments											
Unspent conditional transfers		584	(852)	2 710	(852)	2 710	2 710	10 510	2 710	2 710	2 710
Unspent borrowing											
Statutory requirements	2	(27 435)	(34 048)	(35 815)	(35 097)	(35 816)	(35 816)	(36 368)	(35 815)	(35 815)	(35 815)
Other working capital requirements	3	398 727	528 012	656 948	515 800	620 074	671 965	687 413	531 149	484 365	418 958
Other provisions		30 426	34 845	36 839	37 503	36 839	36 839	36 839	36 839	36 839	36 839
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		**402 302**	**527 957**	**660 682**	**517 354**	**623 807**	**675 698**	**698 393**	**534 883**	**488 099**	**422 692**
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits		**(401 327)**	**(525 639)**	**(654 975)**	**(490 434)**	**(619 679)**	**(671 570)**	**(701 442)**	**(513 834)**	**(477 569)**	**(412 516)**
Creditors transferred to Debt Relief - Non-Current portion		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits		**(401 327)**	**(525 639)**	**(654 975)**	**(490 434)**	**(619 679)**	**(671 570)**	**(701 442)**	**(513 834)**	**(477 569)**	**(412 516)**

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

5. As part of the budgeting and planning guidelines that informed the compilation of the 2025/26 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 17 MBRR Table A9 - Asset Management

EC131 Inxuba Yethemba - Table A9 Asset Management

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		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
CAPITAL EXPENDITURE										
Total New Assets	1	**11 109**	**–**	**–**	**–**	**–**	**–**	**8 429**	**–**	**10 583**
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	8 429	–	10 583
Electrical Infrastructure		11 109	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***11 109***	**–**	**–**	**–**	**–**	**–**	***8 429***	**–**	***10 583***
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Heritage Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Biological or Cultivated Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Computer Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Furniture and Office Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Machinery and Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transport Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Land		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Mature		–	-	-	-	-	-	-	-	-

Immature		–	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	**13 448**	**32 143**	**–**	**25 743**	**25 743**	**25 743**	**23 305**	**29 411**	**19 999**
Roads Infrastructure		13 448	32 143	–	25 743	25 743	25 743	23 305	29 411	19 999
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***13 448***	***32 143***	**–**	***25 743***	***25 743***	***25 743***	***23 305***	***29 411***	***19 999***
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Heritage Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Biological or Cultivated Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Computer Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Furniture and Office Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Machinery and Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transport Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Land		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Mature		–	-	-	-	-	-	-	-	-
Immature		–	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	**3 338**	**3 609**	**–**	**6 322**	**6 322**	**6 322**	**–**	**–**	**–**
Roads Infrastructure		1 846	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–

Electrical Infrastructure		1 492	3 609	–	6 322	6 322	6 322	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***3 338***	***3 609***	**–**	***6 322***	***6 322***	***6 322***	**–**	**–**	**–**
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Heritage Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Biological or Cultivated Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Computer Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Furniture and Office Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Machinery and Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transport Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Land		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Mature		–	-	-	-	-	-	-	-	-
Immature		–	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
<u>**Total Capital Expenditure**</u>	4	**27 895**	**35 752**	**–**	**32 065**	**32 065**	**32 065**	**31 734**	**29 411**	**30 582**
Roads Infrastructure		15 294	32 143	–	25 743	25 743	25 743	23 305	29 411	19 999
Storm water Infrastructure		–	–	–	–	–	–	8 429	–	10 583
Electrical Infrastructure		12 601	3 609	–	6 322	6 322	6 322	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–

Infrastructure		***27 895***	***35 752***	***–***	***32 065***	***32 065***	***32 065***	***31 734***	***29 411***	***30 582***
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Heritage Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Biological or Cultivated Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Computer Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Furniture and Office Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Machinery and Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transport Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Land		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Mature		–	-	-	-	-	-	-	-	-
Immature		–	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		**27 895**	**35 752**	**–**	**32 065**	**32 065**	**32 065**	**31 734**	**29 411**	**30 582**
ASSET REGISTER SUMMARY - PPE (WDV)	5	1 209 194	1 176 739	1 125 905	1 115 068	1 126 210	1 126 210	983 884	931 374	878 858
Roads Infrastructure		859 382	849 717	805 589	803 897	807 083	807 083	769 055	732 522	695 988
Storm water Infrastructure										
Electrical Infrastructure		12 601	3 609	–	9 931	6 322	6 322	(550)	(605)	(666)
Water Supply Infrastructure										
Sanitation Infrastructure										
Solid Waste Infrastructure		4 733	4 325	6 811	4 325	6 811	6 811	6 811	6 811	6 811
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure		–	–	–	(372)	(252)	(252)	(301)	(601)	(902)
Infrastructure		***876 716***	***857 652***	***812 400***	***817 782***	***819 965***	***819 965***	***775 016***	***738 126***	***701 231***
Community Assets		106 863	103 169	98 626	102 274	104 797	104 797	97 556	96 487	95 417
Heritage Assets		**16 020**	**16 020**	**16 020**	**16 020**	**16 020**	**16 020**	**16 020**	**16 020**	**16 020**

Investment properties		**54 339**	**52 957**	**53 477**	**51 096**	**53 086**	**53 086**	**52 840**	**51 335**	**49 830**
Other Assets		101 902	94 719	88 649	91 530	86 521	86 521	–	–	–
Biological or Cultivated Assets										
Intangible Assets										
Computer Equipment		**9 827**	**10 219**	**10 915**	**4 041**	**6 662**	**6 662**	**5 830**	**745**	**(4 340)**
Furniture and Office Equipment		**2 232**	**2 580**	**2 306**	**1 323**	**1 341**	**1 341**	**(81)**	**(1 235)**	**(2 389)**
Machinery and Equipment		**2 228**	**1 826**	**430**	**(6 298)**	**(4 965)**	**(4 965)**	**(6 021)**	**(12 472)**	**(18 923)**
Transport Assets		**2 095**	**1 271**	**6 754**	**973**	**6 456**	**6 456**	**6 398**	**6 041**	**5 685**
Land		**36 971**	**36 327**	**36 327**	**36 327**	**36 327**	**36 327**	**36 327**	**36 327**	**36 327**
Zoo's, Marine and Non-biological Animals										
Living Resources										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	**1 209 194**	**1 176 739**	**1 125 905**	**1 115 068**	**1 126 210**	**1 126 210**	**983 884**	**931 374**	**878 858**
EXPENDITURE OTHER ITEMS		**82 439**	**80 318**	**54 526**	**72 331**	**56 919**	**56 919**	**63 306**	**63 680**	**63 897**
Depreciation	7	65 547	66 058	51 262	68 000	46 000	46 000	55 000	55 000	55 000
Repairs and Maintenance by Asset Class	3	**16 892**	**14 261**	**3 264**	**4 331**	**10 919**	**10 919**	**8 306**	**8 680**	**8 897**
Roads Infrastructure		16 226	15 153	3 016	2 463	6 691	6 691	5 045	5 272	5 403
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***16 226***	***15 153***	***3 016***	***2 463***	***6 691***	***6 691***	***5 045***	***5 272***	***5 403***
Community Facilities		(703)	116	196	300	334	334	258	269	276
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		***(703)***	***116***	***196***	***300***	***334***	***334***	***258***	***269***	***276***
Heritage Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Biological or Cultivated Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Computer Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Furniture and Office Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Machinery and Equipment		**1 368**	**(1 008)**	**52**	**1 568**	**3 894**	**3 894**	**3 004**	**3 139**	**3 218**
Transport Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Land		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Mature		–	-	-	-	-	-	-	-	-
Immature		–	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		**82 439**	**80 318**	**54 526**	**72 331**	**56 919**	**56 919**	**63 306**	**63 680**	**63 897**
Renewal and upgrading of Existing Assets as % of total capex		*60,2%*	*100,0%*	*0,0%*	*100,0%*	*100,0%*	*100,0%*	*73,4%*	*100,0%*	*65,4%*
Renewal and upgrading of Existing Assets as % of deprecn		*25,6%*	*54,1%*	*0,0%*	*47,2%*	*69,7%*	*69,7%*	*42,4%*	*53,5%*	*36,4%*
R&M as a % of PPE & Investment Property		*1,4%*	*1,2%*	*0,3%*	*0,4%*	*1,0%*	*1,0%*	*0,9%*	*0,9%*	*1,0%*
Renewal and upgrading and R&M as a % of PPE and Investment Property		*2,8%*	*4,3%*	*0,3%*	*3,3%*	*3,9%*	*3,9%*	*3,3%*	*4,2%*	*3,3%*

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations because of financial constraints.

Table 18 MBRR Table A10 - Basic Service Delivery Measurement

EC131 Inxuba Yethemba - Table A10 Basic service delivery measurement

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Household service targets	1									
Water:										
Piped water inside dwelling		–	–	–	–	–	–	–	–	–
Piped water inside yard (but not in dwelling)		–	–	–	–	–	–	–	–	–
Using public tap (at least min.service level)	2	–	–	–	–	–	–	–	–	–
Other water supply (at least min.service level)	4	–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		–	–	–	–	–	–	–	–	–
Flush toilet (with septic tank)		–	–	–	–	–	–	–	–	–
Chemical toilet		–	–	–	–	–	–	–	–	–
Pit toilet (ventilated)		–	–	–	–	–	–	–	–	–
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Energy:										
Electricity (at least min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Refuse:										
Removed at least once a week		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Removed less frequently than once a week		–	–	–	–	–	–	–	–	–
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free minimum level service)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed at least once a week)		–	–	–	–	–	–	–	–	–
Informal Settlements		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Formal Settlements (R'000)										
Water (6 kilolitres per **indigent** household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free sanitation service to **indigent households**)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per **indigent** household per month)		–	–	–	2 386	2 386	2 386	2 704	3 110	3 576
Refuse (removed once a week **for indigent households**)		–	–	–	561	561	561	699	759	819
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–	–	–	–	–	–	–
Total cost of FBS provided	8	**–**	**–**	**–**	**2 947**	**2 947**	**2 947**	**3 403**	**3 868**	**4 395**
Highest level of free service provided per household										
Property rates (R value threshold)		15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)		132	149	157	168	168	168	178	189	200
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		97	120	134	145	145	145	157	166	176
Revenue cost of subsidised services provided (R'000)	9									
Property rates **(tariff adjustment)** (**impermissable values per section 17 of MPRA**)		–	–	–	–	–	–	–	–	–
Property rates exemptions, reductions and rebates **and impermissable values in excess of section 17 of MPRA)**		–	–	–	2 626	2 626	2 626	2 889	3 177	3 495
Water **(in excess of 6 kilolitres per indigent household per month)**		–	–	–	–	–	–	–	–	–
Sanitation **(in excess of free sanitation service to indigent households)**		–	–	–	–	–	–	–	–	–

Electricity/other energy **(in excess of 50 kwh per indigent household per month)**		–	–	–	–	–	–	–	–	–
Refuse **(in excess of one removal a week for indigent households)**		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates		–	–	–	–	–	–	–	–	–
Housing - top structure subsidies	6	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Total revenue cost of subsidised services provided		**–**	**–**	**–**	**2 626**	**2 626**	**2 626**	**2 889**	**3 177**	**3 495**

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2023) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2023. Key dates applicable to the process were:

- **August 2023** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2023/24 MTREF;

- **November 2023 –** Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **3 to 7 January 2024** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2024 –** Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **28 January 2024** - Council considers the 2023/24 Mid-year Review and Adjustments Budget;
- **February 2023** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The 2025/26 MTREF is revised accordingly;
- **25 March 2024** - Tabling in Council of the 2025/26 IDP and 2025/26 MTREF for public consultation;
- **April 2024 –** Public consultation;
- **6 May 2024** - Closing date for written comments;
- **6 to 21 May 2024 –** finalisation of the 2025/26 IDP and 2025/26 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2024** - Tabling of the 2025/26 MTREF before Council for consideration and approval.

INXUBA YETHEMBA LOCAL MUNICIPALITY 2023/2024- IDP/ BUDGET-PMS PROCESS PLAN				
	Activities		**Timeframe**	**Responsible Department**
A	**Preparation phase / Pre-planning**			
1	**IDP/ Budget Steering Committee Meeting**	IDP	17 August 2023	MM
2	**IGR & IDP/PMS/ Budget Rep Forum (Conducted a SOMA)**	IGR/REP FORUM	23 August 2023	MM
3	**Council Approval of Framework Plan & Process Plans (IDP & Budget)**	IDP	31 August 2023	MM
B+C	**Analysis Phase / Monitoring and evaluation**			
4	Collection of Community Needs	IDP	8-28 November 2023	MM
5	IDP/Budget Steering Committee meeting	IDP	22 November 2023	MM
6	Budget Steering Committee	BTO	14 September 2023	MM

7	IGR & IDP/Budget/Rep Forum	IGR/REP FORUM	14 August 2023	MM
D	**Strategies Phase / Refined objectives, strategies, programmes and projects phase**			
8	IDP/Budget Steering Committee meeting	IDP	23 January 2024	MM
9	**2022/23 Mid-Year Engagement**	PT/NT	30 January 2024	MM
10	IGR & IDP/Budget Rep Forum	IDP	15 February 2024	MM
11	Budget Steering Committee =Adjustment Budget	BTO	17 February 2024	BTO
12	Institutional Strategic planning session. *Adopt proposed overall direction of the 2023-2024 IDP - agree on main themes and key strategic objectives and key financial issues. Refine objectives, strategies, programmes and draft projects as necessary for MTEF period*	IDP	6-7 March 2024	MM
13	Council Meeting - Adopt Draft IDP/Budget and Sector Plans	IDP	31 March 2024	MM
14	IDP/Budget Road shows - public hearings	IDP	04-23 April 2024	MM/BTO
15	Advertise for public comment (21days)	IDP	05 April 2024	MM
16	**2023/24 Benchmark Engagement**	PT/NT	21 April 2024	MM
17	Budget Steering Committee	BTO	25 April 2024	BTO
E	**Reviewed IDP document (Integration/programme implementation and operational plan)**			
18	Incorporate relevant comments to the Draft final reviewed IDP and submit to Council For Approval	IDP	April - May 2024	MM
19	IGR & IDP/Budget Rep Forum Meeting	IGR/REP	08 May 2024	MM
20	IDP/Budget Steering committee meeting	IDP	23 May 2024	MM
F	**Approval phase**			
21	Advertisement Final IDP		07 June 2024	MM

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in May 2023. It started in September 2023 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2025/26 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2025/26 MTREF, based on the approved 2025/26 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2025/26 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2023/24 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2025/26 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2025/26 MTREF:

- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, increasing household debt,)
- Performance trends

- The approved 2023/24 adjustments budget and performance against the SDBIP
- Cash Flow
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery
- New General Valuation Roll
- Installation of smart metering

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 126 and 128 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The 2025/26 MTREF as tabled before Council on 31 March 2024 for community consultation will be published on the municipality's website, and hard copies will be made available at customer care offices, municipal notice boards and various libraries. E-mail notifications will be sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees will be utilised to facilitate the community consultation process from April 2024. The applicable dates and venues will published in all the local newspapers. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions will be scheduled with organised business and imbizo's will be held to further ensure transparency and interaction. Other stakeholders involved in the consultation include churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2025/26 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;

- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Remuneration packages of council officials were criticized as being very high, relative their private sector counterparts within the City;
- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the City strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2025/26 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 19 IDP Strategic Objectives

2025/26 Financial Year	2025/26 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities

4. Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the City to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
    - Provide electricity;
    - Provide water;
    - Provide sanitation;
    - Provide waste removal;
    - Provide housing;
    - Provide roads and storm water;
    - Provide public transport;
    - Provide city planning services; and
    - Maintaining the infrastructure of the Municipality.

2. Economic growth and development that leads to sustainable job creation by:
    - Ensuring the is a clear structural plan for the Municipality;
    - Ensuring planning processes function in accordance with set timeframes;
    - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
- Effective implementation of the Indigent Policy;
- Extending waste removal services and ensuring effective city cleansing;
- Ensuring save working environments by effective enforcement of building and health regulations;

- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly coordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2023/24 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 20 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2025/26	Budget Year +2 2027/28
Good Governance & Municipal transformation	To ensure development and implementation of improved systems of communication, public participation, and good governance in line with applicable laws and regulations by June 2022 to achieve clean administration									38 053	78 569	82 660
Institutional Transformation	Institutional Strategic Objective: To ensure effective implementation and monitoring of municipal systems to achieve clean administration									18 968	19 992	21 092
Local Economic Development	INSTITUTIONAL STRATEGIC OBJECTIVE: TO PROMOTE, FACILITATE AND IMPROVE									23 515	41 455	44 635

Strategic Objective	Goal	Goal Code	Ref	2020/21 Audited Outcome	2021/22 Audited Outcome	2022/23 Audited Outcome	Current Year 2023/24 Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2025/26	Budget Year +2 2027/28
											–	–
Financial Viability	To maintain and improve financial viability of the Municipality by June 2022									154 936	111 020	112 315
Service Delivery	Institutional Strategic Objective: To provide, improve and maintain infrastructure and basic services to local communities and/ or households by June 2022									161 139	169 840	179 181
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	–	–	–	–	–	–	**396 610**	**420 877**	**439 883**

Table 21 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2025/26	Budget Year +2 2027/28
Good Governance & Municipal transformation	To ensure development and implementation of improved systemsof communication, ublic participation, and good governance in line with applicable laws and regulations by June 2022 to achieve clean administration	5		–	–	–	–	–	–	30 826	32 491	34 278
Good Governance & Municipal transformation	Institutional Strategic Objective: To ensure development and implementation of improved systemsof communication, ublic participation, and good governance in line with applicable laws and regulations by June 2022 to achieve clean administration	0		–	–	–	–	–	–	150 136	158 783	167 794
Institutional Transformation	Institutional Strategic Objective: To ensure effective implementation and monitoring of municipal	0		–	–	–	–	–	–	18 582	19 585	20 662

	systems to achieve clean administration											
Local Economic Development	INSTITUTIONAL STRATEGIC OBJECTIVE: TO PROMOTE, FACILITATE AND IMPROVE	0		–	–	–	–	–	–	10 180	10 730	11 320
Financial Viability	To maintain and improve financial viability of the Municipality by June 2022	0		–	–	–	–	–	–	160 723	166 978	172 721
Service Delivery	Institutional Strategic Objective: To provide, improve and maintain infrastructure and basic services to local communities and/ or households by June 2022	0		–	–	–	–	–	–	2 875	3 048	3 245
Total Expenditure			1	–	–	–	–	–	–	**373 321**	**391 614**	**410 020**

Table 22 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

EC131 Inxuba Yethemba - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2020/21	2021/22	2022/23	Current Year 2023/24			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 2025/26	Budget Year +2 2027/28
Vote 1 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										

Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										

Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
And so on for the rest of the Votes										

1. Include a measurable performance objective for each revenue source (within a relevant function) and each vote (MFMA s17(3)(b))

2. Include all Basic Services performance targets from 'Basic Service Delivery' to ensure Table SA7 represents all strategic responsibilities

3. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

EC131 Inxuba Yethemba - Entities measureable performance objectives

Description	Unit of measurement	2020/21	2021/22	2022/23	Current Year 2023/24			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 2025/26	Budget Year +2 2027/28
Entity 1 - (name of entity)										
Insert measure/s description										
Entity 2 - (name of entity)										
Insert measure/s description										
Entity 3 - (name of entity)										
Insert measure/s description										
And so on for the rest of the Entities										

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

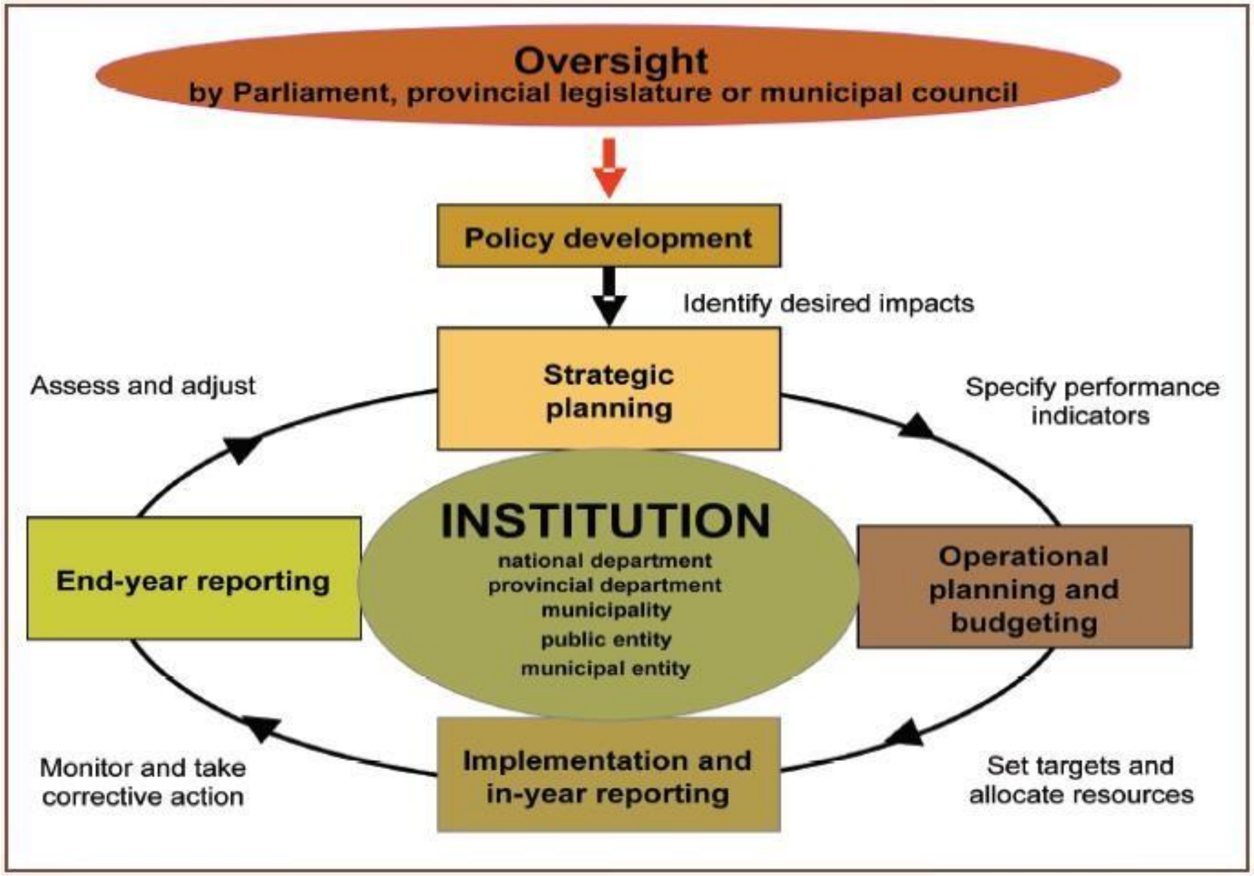

Figure 3 Planning, budgeting and reporting cycle

The performance of the City relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The City therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);

- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the City in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

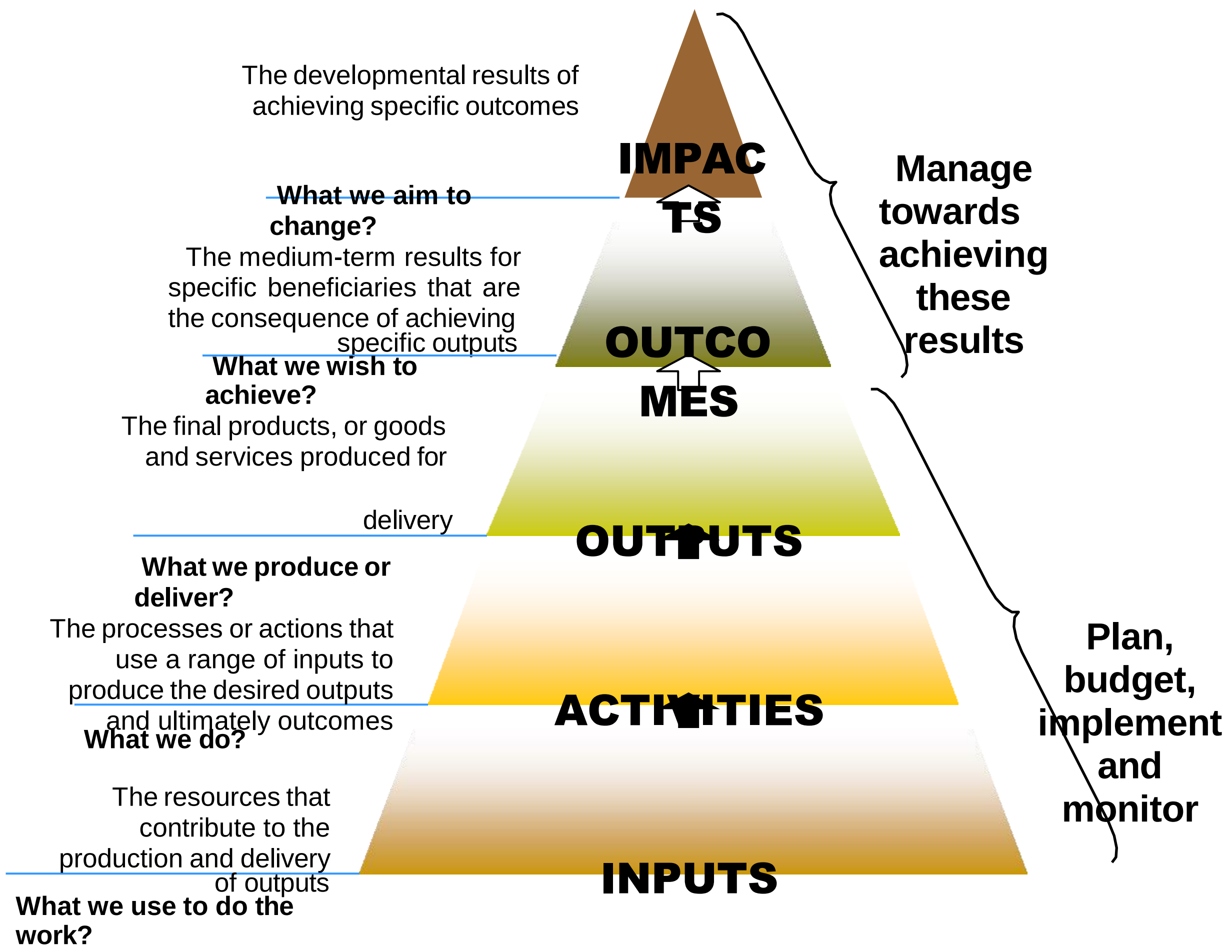

Figure 4 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 23 MBRR Table SA7 - Measurable performance objectives

EC131 Inxuba Yethemba - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2020/21	2021/22	2022/23	Current Year 2023/24			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 2025/26	Budget Year +2 2027/28
Vote 1 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										

Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
And so on for the rest of the Votes										

1. Include a measurable performance objective for each revenue source (within a relevant function) and each vote (MFMA s17(3)(b))

2. Include all Basic Services performance targets from 'Basic Service Delivery' to ensure Table SA7 represents all strategic responsibilities

3. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

EC131 Inxuba Yethemba - Entities measureable performance objectives

Description	Unit of measurement	2020/21	2021/22	2022/23	Current Year 2023/24			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 2025/26	Budget Year +2 2027/28
Entity 1 - (name of entity)										
Insert measure/s description										
Entity 2 - (name of entity)										
Insert measure/s description										
Entity 3 - (name of entity)										
Insert measure/s description										
And so on for the rest of the Entities										

The following table sets out the municipalities main performance objectives and benchmarks for the 2023/24 MTREF.

Table 24 MBRR Table SA8 - Performance indicators and benchmarks

EC131 Inxuba Yethemba - Supporting Table SA8
Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	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
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5,2%	8,7%	8,2%	3,5%	6,4%	6,4%	5,6%	3,8%	3,8%	3,5%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	8,8%	16,6%	10,5%	3,5%	6,5%	6,5%	8,9%	3,8%	3,6%	3,3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Liquidity											
Current Ratio	Current assets/current liabilities	0,2	0,2	0,3	0,3	0,3	0,3	0,3	0,3	0,4	0,5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0,2	0,2	0,3	0,3	0,3	0,3	0,3	0,3	0,4	0,5
Liquidity Ratio	Monetary Assets/Current Liabilities	0,1	0,1	0,0	0,2	0,1	0,1	0,2	0,1	0,2	0,2
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	0,0%	75,6%	89,5%	85,1%	104,8%	118,8%	0,0%	89,7%	121,9%	112,6%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		75,6%	89,5%	85,1%	104,8%	118,8%	0,0%	89,7%	121,9%	112,6%	112,8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	60,4%	65,9%	60,7%	38,5%	50,6%	50,6%	102,8%	46,9%	45,9%	43,3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))										
Creditors to Cash and Investments		380,9%	-9364,1%	-3172,6%	1010,4%	58727,1%	1798,3%	1954,3%	1284,2%	760,4%	552,1%
Other Indicators											

Electricity Distribution Losses (2)	Total Volume Losses (kW) technical	0	0	0	0	0	0	0	0	0	0
	Total Volume Losses (kW) non technical	0	0	0	0	0	0	0	491071	501000	511000
	Total Cost of Losses (Rand '000)	–	–	–	–	–	–	–	1 129	1 264	1 416
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Volumes :System input	Bulk Purchase	–	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Water treatment works	–	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Natural sources	–	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	43939900,0%	44800000,0%	45700000,0%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	–	–	–	–	–	–	–	147	149	152
	Total Cost of Losses (Rand '000)	0	0	0	0	0	0	0	797	893	1000
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	51,1%	49,7%	32,3%	26,3%	26,1%	26,1%	36,6%	24,6%	24,2%	22,6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	53,9%	54,4%	36,1%	28,6%	28,3%	28,3%	39,4%	17,4%	24,8%	23,6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	8,2%	6,2%	0,9%	1,0%	2,4%	2,4%	3,8%	1,7%	1,6%	1,5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	40,8%	45,8%	25,2%	18,8%	16,2%	16,2%	24,2%	14,7%	13,8%	12,5%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	68,3	298,5	–	–	–	2 293,7	113,4	232,4	236,6	262,9
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	50,4%	71,2%	106,6%	47,1%	76,4%	76,4%	145,0%	68,4%	64,5%	60,7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3,5	(0,2)	(0,7)	1,8	0,0	1,1	1,1	1,3	–	–

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. The financial position of the Municipality is not a good one, therefore no borrowings have been secured.

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality.

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure.

- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and over and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.1.5 Creditors Management

- The City has managed to ensure that creditors are settled within the legislated 30 days of invoice. The liquidity ratio is of concern as a result of the long outstanding Eskom debt.

2.3.1.6 Other Indicators

- The electricity distribution losses are increasing significantly. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.

- Employee costs as a percentage of operating revenue continues to increase over the MTREF.

- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality.

For the 2025/26 financial year 2 947 registered indigents have been provided for in the budget with this figured increasing to 3 741 by 2027/28. In terms of the Municipality's indigent policy registered households 50 kwh of electricity, and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2025/26 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the City's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the City's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in January 2023. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.4.4 Cash Management and Investment Policy

The aim of the policy is to ensure that the City's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

2.4.5 Tariff Policies

The tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Inventory Management Policy 2025/26
- Credit Control and Debt Collection Policy 2025/26
- Virement Policy 2025/26
- Cash Management and Investment Policy 2025/26
- Grants Policy 2025/26
- Supply Chain Management Policy 2025/26
- Unauthorized, Irregular, Fruitless and Wasteful Expenditure 2025/26

- Cost Containment Policy 2025/26
- Budget Policy 2025/26
- Asset Management Policy 2025/26
- Property Rates Policy 2025/26
- Indigent Policy 2025/26
- Tariff Policy 2025/26
- Debtors Impairment and Write-Off Policy 2025/26
- Funding and Reserve Policy 2025/26
- Contract Management Policy 2025/26
- TARIFF BY-LAW IYM 2024-25
- Property Rates By-Law
- Debt Settlement Incentive Policy 2024-25
- Unclaimed Monies Policy 2025/26
- Framework for infrastructure delivery and Procurement Management Policy

2.5 Overview of budget assumptions

2.5.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2025/26 MTREF:

- National Government macro economic targets;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration. Employee related costs comprise 49 per cent of total operating expenditure excluding non-cash items in the 2025/26 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.5.3 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher that CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.4 Growth or decline in tax base of the municipality

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.5 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2023 and shall remain in force until 30 June 2025. Year three is an across the board increase of 6 per cent.

2.5.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2025/26 MTREF of which performance has been factored into the cash flow budget.