

ITEM 17

BUDGET AND TREASURY OFFICE: 2024/2025 ANNUAL FINAL BUDGET

5/1

PURPOSE

To report to Council on the 2024/2025 Annual Final Budget to be tabled to Council for adoption.

INTRODUCTION

Section 16(1) of Municipal finance management Act, 2003 state that the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

Section 17 of MFMA further states that

- (1) An annual budget of a municipality must be a schedule in the prescribed format—
 - (a) setting out realistically anticipated revenue for the budget year from each revenue source;
 - (b) appropriating expenditure for the budget year under the different votes of the municipality;
 - (c) setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
 - (d) setting out—
 - (i) estimated revenue and expenditure by vote for the current year; and
 - (ii) actual revenue and expenditure by vote for the financial year preceding the current year; and
 - (e) a statement containing any other information required by section 215(3) of the Constitution or as may be prescribed.
- (2) An annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed.

Format of the Annual Budget

Regulation 9 of the Municipal Budget and Reporting Regulations 2009 require that the annual budget be in a prescribed format:

“9 *The format of the annual budget and its supporting documentation of a municipality must be in the format specified in Schedule A and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the minister in terms of Section 168(1) of the Act.*”

The following budget tables have been completed and are attached as Annexure A:

- Table A1 – Budget Summary;
- Table A2 – Budgeted Financial Performance (Revenue and Expenditure by standard classification);
- Table A3 – Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote);
- Table A4 – Budgeted Financial Performance (Revenue by Source and Expenditure by type);
- Table A5 – Budgeted Capital Expenditure by Vote, standard classification and funding;
- Table A6 – Budgeted Financial Position;
- Table A7 – Budgeted Cash Flows;
- Table A8 – Cash Backed reserves / accumulated surplus reconciliation (will be part of the final budget);
- Table A9 – Asset Management (will be part of the final budget); and
- Table A10 - Basic service delivery measurement (will be part of the final budget).

The supporting schedules SA1 to SA 38 are also included as part of Annexure A.

DISCUSSION

Per Municipal Finance Management Act, MFMA budget circular 128 and the municipal compliance calendar, an annual budget is expected to be considered to council by the 31 May 2024.

RECOMMENDATIONS THAT:

It is recommended –

1. That the final annual budget of the municipality be considered for the financial year 2024/2025;
2. Council take note of the proposed changes to the budget related policies attached in Annexure B,
3. Council take note of the tabled tariffs as contained in Annexure C for the 2024/2025 budget year;
4. Council take note of the MFMA Budget Circular 128 attached as Annexure D;

5. Council take note that version 6.8 of the mSCOA classification framework was used to prepare the budget;
6. That the approved annual budget be published on the municipal website for public participation and be submitted to National and Provincial Treasury.
7. Council take note of the following annexures:
 - The quality certificate signed by the Accounting officer as per Annexure E
 - The final 2024/2025 MTREF Procurement Plan per Annexure F;
 - The final sector department projects of the Gauteng Provincial Government in West Rand District municipality for the 3 year 2024/2025 MTEF, attached as Annexure G;
 - The final Top Layer SDBIP, attached as Annexure H;
8. The municipality to amend on the final annual budget to improve revenue in achieving a funded budget.
9. The Executive Mayor and MMC: Finance to engage with MEC of Finance and MEC: CoGTA concerning unfunded mandates as well as the powers and functions of the WRDM.

WEST RAND DISTRICT MUNICIPALITY



ANNUAL BUDGET REPORT 2024/2025 MTREF

23 MAY 2024

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PART ONE: ANNUAL BUDGET

1. Section one: MMC Finance Budget Speech

The MMC Finance's budget speech for the 2024/2025 Medium Term Budget and Expenditure Framework (MTREF)

Honourable Speaker;
Council Whip;
Members of the Mayoral committee;
Chairperson of MPAC; and
Honourable Councillors;

I am presenting an annual final budget for my very first time before this newly elected council, the 2024/2025 Medium Term Budget and Expenditure Framework (MTREF). The budget which is aimed to improve the lives of our people in the West Rand region.

Honourable Speaker, public participation and budget benchmarking exercise was done with all stakeholders and twenty one (21) notice period was granted to all stakeholders to submit comments on both the tabled budget and IDP. The 2024/2025 Medium Term Budget and Expenditure Framework (MTREF) with the incorporation of all comments is now being presented to council, to consider it for approval.

Honourable Speaker, I am relieved to be presenting a balanced budget for the current year, with deficits in the outer years. This means that the municipality still have work hard ensure that a funded budget is achieved in medium to long-term. The budgeted operating surplus or deficit for the 3-year 2024/2025 MTREF period is R1 thousand (surplus), R9.8 million (deficit) and R17.4 million (deficit) respectively. In other words the municipality is budgeting at a break-even point in 2024/2025, and then budgeting for a deficit in both 2025/2026 and 2026/2027 outer years.

Looking into our operating revenue (excluding non-cash items revenue), the District remains 91% grant dependent and the rest of 9% is the municipality's own generated revenue. The main drivers relates to equitable share and RSC levy replacement grant which constitutes 93% of total operating grants with 2.3% increase from R238.4 million to R244.1.

Speaker, the unfortunate part is that the district's operating expenditure increased by 8% from 300.6 million to R328 million (excluding NDPG programmes). The main cost driver is employee related costs which has increased from R225.1 million to R238.4 million. The municipality has to apply for inflation rate of 5.9% salary increment due to an on-going Salary and Wage Collective Agreement negotiations. The municipality had previously tried the exemption application to implement 0% salary increment and it was dismissed by the bargaining council on the basis that it would be unfair to deprive the employees of the increase. This was decided without making a detail assessment that the district is unable to generate its own revenue and is presently carrying the unfunded and underfunded mandates.

Speaker, with regards to the capital budget, there is a provision made for R4.7 million in the current year. This includes the purchase of fire rescue equipment appropriated by Gauteng Department of Cooperative Governance and Traditional Affairs.

Honourable Speaker, in terms of the overall outlook, the municipality has a negative net asset value of R116.4 million due to liabilities amounting to R182.6 million. It is for this reason that the district's budget has been assessed unfunded by Gauteng Provincial Treasury. A funding plan must be put in place to ensure that the district achieves a funded budget in future. With the current financial resources allocated, it will be difficult to reduce the total liabilities of R152.4 million and reduce our negative net asset value. The district needs cash injection so that the working capital management plan can be realized. A permanent solution should be sought for both unfunded and underfunded mandates. The implementation of the financial recovery plan must also bear the fruits of which is intended for and turnaround the financial situation of the municipality.

In addition to the above, through political oversight and portfolio committee meetings commitments to MFMA has been made to the Auditor General SA (AGSA) which includes:

- Engaging with the MEC of Finance and MEC CoGTA concerning Powers and Functions of the District. This will assist the municipality to source grant funding and address the unfunded budget
- To implement the revenue enhancement strategy by enforcing the Credit Control Policy to ensure that Legal Department take actions against long outstanding debts
- Leasing of the assets that requires more funds for maintenance (Donaldson Dam) to improve financial health of the municipality
- To ensure the implementation of the financial recovery plan ultimately reaches its completion stage.
- Filing of critical position to address challenges around separate of duties to strengthen improvement in internal controls and sustaining the good audit outcome on the audit of annual performance report

Honourable Speaker, in closing I am tabling the following documents for approval:

- The Annual Final Budget report item, the 2024/2025 Medium Term Budget and Expenditure Framework (MTREF) with all recommendations and supporting schedules
- The reviewed budget related policies;
- The quality certificate signed by the Accounting officer
- The report from Gauteng Provincial Treasury on Budget Benchmark exercise
- The 2024/2025 MTREF Procurement Plan;
- The sector department projects of the Gauteng Provincial Government in West Rand District municipality for the 3 year 2024/2025 MTEF;
- The Top Layer SDBIP.

2. Section two: Resolutions

It is recommended –

1. That the adoption of the final annual budget of the municipality be considered for the financial year 2024/2025;
2. That Council approves the proposed changes to the budget related policies attached in Annexure B,
3. The Council approves the tabled tariffs as contained in Annexure C for the 2024/2025 budget year;
4. The Council to takes note of the MFMA Budget Circular 128 attached as Annexure D;

5. The Council to take note that version 6.8 of the mSCOA classification framework was used to prepare the budget;
6. That the approved annual budget be published on the municipal website for public participation and be submitted to National and Provincial Treasury.
7. Council approves the following annexures:
 - The quality certificate signed by the Accounting officer as per Annexure E
 - The final 2024/2025 MTREF Procurement Plan per Annexure F;
 - The final sector department projects of the Gauteng Provincial Government in West Rand District municipality for the 3 year 2024/2025 MTEF, attached as Annexure G;
 - The final Top Layer SDBIP, attached as Annexure H;
8. The municipality to amend on the final annual budget to improve revenue in achieving a funded budget.
9. The Executive Mayor and MMC: Finance to engage with MEC of Finance and MEC: CoGTA concerning unfunded mandates as well as the powers and functions of the WRDM.

3. Section three: Executive summary

3.1. Introduction

In preparing this budget, all communities and stakeholders in the West Rand District will be consulted as required by Chapter 5 of the Local Government: Municipal Systems Act. Strategic alignment of the West Rand Integrated Development Plan (IDP) with the National Development Plan, Provincial Strategic Objectives as well as the District Vision to integrated district governance to achieve a better life for all and further guided by our available resources to achieve our goals in reducing poverty, unemployment and inequality within our region.

This budget is tabled in a most difficult times where South Africans households are under pressure from the rising cost of living and unemployment. The Consumer Price Index (CPI) inflation is forecasted to be within the 3 to 6 percent and municipalities are required to justify all increases in excess of the projected inflation target for 2024/2025 in consideration of socio-economic impact.

At the end of December 2023, South Africa's unemployment rate eased from 32.6% to 31.9%. This excludes those that are no longer seeking employment.

This budget seeks to provide resources towards objectives depicted in the municipality's Integrated Developmental Plan (IDP). The IDP process in the South African context is amongst others, an approach to planning aimed at involving the municipality and stakeholders such as private sector, government departments and the community to jointly find the best solutions towards sustainable development. Therefore, the IDP provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

Furthermore, it is important that municipal IDPs correlate with national and provincial priorities. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of lives of the communities. The West Rand Region aims to master the integrated planning process by collaborating with local municipalities, sector departments and private sector amongst others, to ensure improved service delivery and economic development.

It is within this context that the municipal budget was prepared for the 2024/2025 MTREF period. The objective for the municipality during the budget planning process was to keep the tariffs as low as possible to provide some relief in this uncertain economic environment

3.2. 2024/2025 National budget

Honorable Minister Enoch Godongwana delivered his budget speech on 21 February 2024.

Our mission over the past 30 years has been to restore both social and economic justice to our nation, and to decisively address the inequality that was the hallmark of systemic discrimination and dispossession.

Global growth is forecast to increase, from 3.1 per cent this year to 3.2 per cent in 2025. The moderate improvement is due to growth in the United States and several large emerging economies.

Compared to a year ago, the budget deficit for 2023/24 is estimated to worsen from 4 per cent to 4.9 per cent of GDP.

The higher budget deficit means that debt-service costs in 2023/24 have been revised higher, by R15.7 billion to R356 billion.

Load shedding is a problem that confronts all South Africans. It disrupts production, operations and livelihoods. To promote further investments in renewable energy, this budget proposes an increase in the limit for renewable energy projects that can qualify for the carbon offsets regime, from 15 megawatts to 30 megawatts

The Public Procurement Bill was expeditiously passed by the National Assembly. The amended Bill has now been referred to the National Council of Provinces for concurrence. National Treasury is supporting provincial legislatures as they process the Bill and conduct nationwide public hearings.

The Bill provides for transformation measures through set asides, pre-qualification and advancement of persons disadvantaged by unfair discrimination. These measures would be applicable to specified categories of persons including small enterprises owned by black people, black women, black youth, black people with disabilities, and enterprises within a particular geographical area including enforcement of transformation through the BBBEE level status.

R2.8 trillion, or 51.1 per cent, of total non-interest expenditures, is allocated to provinces and municipalities over the next three years.

In conclusion, government is making the most out of very limited resources. We continue to:

- Support economic growth;
- Reduce the growth of government debt and the cost of debt; and
- Allocate more funds for core services, provide for the social wage and preserve infrastructure budgets.

The following macro-economic forecasts must be considered when preparing the 2024/2025 MTREF municipal budgets:

Table 1: Macroeconomic performance and projections 2022 - 2027					
Fiscal year	2022/23	2023/24	2024/2025	2025/26	2026/27
	Actual	Estimate	Forecast		
CPI Inflation	6.9%	6.0%	4.9%	4.6	4.6%
<i>Source: Budget review 2023</i>					

3.3. 2024/2025 West Rand District Municipal budget

The second review of the approved 2022/23-2026/27 Integrated Development Plan (IDP) under the new administration, which is the 2024/2025 IDP will also be considered by Council on 23 May 2024 and is included in a separate agenda item. This IDP will be supported by sector departmental plans from both National and provincial sphere of government. A perfect alignment is expected between the budget and IDP to ensure that all projects are sufficiently funded.

3.4. Municipal Regulations on a Standard Chart of Accounts (mSCOA)

The municipality has prepared its budget and A schedules on version 6.8 of the mSCOA classification framework.

A high-level summary of the 2024/2025 MTREF budget is provided in the table below:

Table 1: High level summary of the 2024/2025 MTREF

Description	Adjusted budget 2023/24	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousands				
Operating Revenue	50 715	63 803	61 048	61 045
Operating Grants	274 619	262 641	269 669	277 628
Capital grant	77 364	70 878	65 381	54 501
Total Revenue	402 698	397 322	396 098	393 174
Operating expenditure	394 318	392 621	405 477	410 282
Capital Expenditure	8 378	4 700	450	350
Total Expenditure	402 696	397 321	405 927	410 632
Surplus/(Deficit)	2	1	(9 830)	(17 458)

3.5. Operating budget

A summary of the operating budget is provided in the table below:

Table 2: Operating budget

DC48 West Rand - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Current Year 2024/25		2024/25 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year +1 2024/25	Budget Year +2 2025/26	Budget Year +2 2026/27
R thousands					
Revenue By Source					
Rental of facilities and equipment	2 606	2 606	3 252	3 401	3 558
Interest earned - external investments	3 919	5 642	5 907	6 178	6 463
Interest earned - outstanding receivables	355	814	852	891	932
Licences and permits	701	701	734	768	803
Reversal on impairment of investment	4 600	4 600	3 600	2 776	1 907
Transfers and subsidies	262 852	274 619	262 641	269 669	277 628
Other revenue	22 709	35 702	48 809	46 653	46 986
Gains on disposal of PPE	550	650	650	380	397
Total Revenue (excluding capital transfers and contributions)	298 292	325 333	326 444	330 717	338 673
Expenditure By Type					
Employee related costs	222 569	225 169	238 454	249 423	260 897
Councillors remuneration	13 132	14 117	14 809	15 490	16 202
Debt impairment	650	1 650	1 731	1 810	1 894
Depreciation & asset impairment	5 800	6 000	6 594	6 897	7 215
Interest cost and penalties	6 135	11 198	11 747	12 287	12 852
Other materials	250	410	410	300	350
Contracted services	9 464	83 819	73 056	71 328	60 727
Transfers and subsidies	12 469	11 486	13 068	13 682	14 311
Operating costs	30 156	40 469	32 752	34 259	35 835
Loss on disposal of PPE					
Total Operating Expenditure	300 625	394 318	392 621	405 477	410 282
Operating Surplus/(Deficit) for the year	(2 334)	(68 985)	(66 177)	(74 761)	(71 609)
Capital Transfers and subsidies	75 786	77 364	70 878	65 381	54 501
Capital expenditure	73 450	8 378	4 700	450	350
Surplus/(Deficit) for the year	2	2	1	(9 830)	(17 458)

The main contributors to the operating revenue and operating expenditure of the 2024/2025 financial year are as indicated in the two graphs below:

Figure 1: Operating Revenue budget

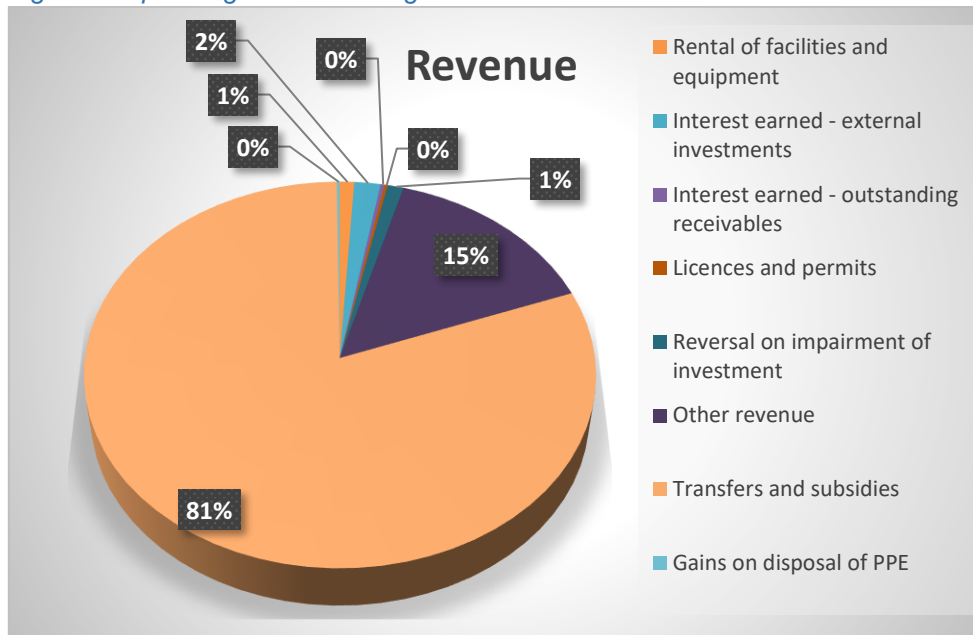
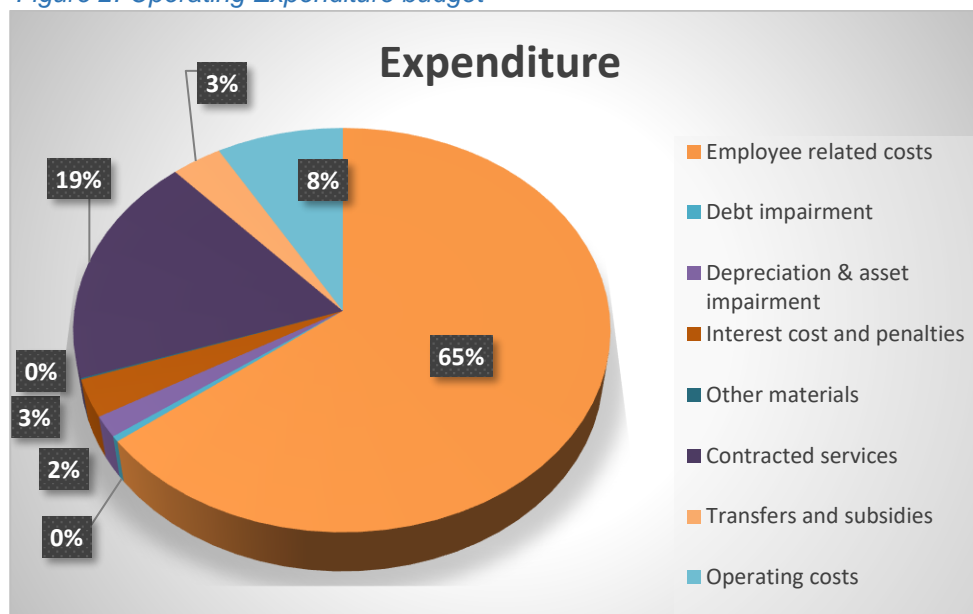


Figure 2: Operating Expenditure budget



3.6. Budgeted operating deficit

The budgeted operating deficit or surplus for the budget year 2024/2025 is at the break-even point and for two outer years is R9,8 million (deficit) and R17,4 million (deficit) respectively. The reason that the municipality is budgeting for a balanced budget and deficit, inter alia, in 2024/2025, 2025/26 and 2026/27 is that the depreciation charge is not fully cashed-back and increase on interest charges from the valuation of employee benefits. The contracted services is mainly contributed by NDPG programme of R64,4 million.

The Salary and Wage Collective Agreement for the period 01 July 2021 to 30 June 2024 has come to an end and a new agreement is currently under consultation. Therefore, in the absence of any information in this regard from the South African Local Government Bargaining Council (SALGBC), the municipality used an CPIX of 5,9% for budget purposes though it has been observed over the previous years that salary increases were above inflation and has posed challenges to municipality's sustainability.

Councilor's remuneration to be budgeted at an actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils.

3.7. Capital budget

National Treasury has urged municipality to prioritize spending on capital projects. The summary of capital projects over the MTREF is listed in the table below.

Capital expenditure has decreased from 2% to 1.18% of the total municipal budget in 2024/2025.

The municipality has allocated R4,7 million to capital expenditure which is inclusive of R3,6 million for fire services equipment that will be funded by provincial government. The other portion of R1,1 million is for ICT equipment and municipal vehicles which will be funded by internally generated funds.

The provincial gazette is not yet publish to confirm additional grants for capital expenditure.

Table 3: Capital projects as % of total municipal budget

Description	Adjusted Budget 2023/24	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Capital projects				
Computer equipment	2 767	650	450	350
Purchase of motor vehicles	1 876	450	-	-
Fire service equipment	3 000	3 600	-	-
Disaster management equipment	735	-		
Total capital expenditure	8 378	4 700	450	350
Total municipal expenditure	402 696	397 321	405 927	410 632
% of municipal expenditure	2.08%	1.18%	0.11%	0.09%

3.8. Repairs and maintenance expenditure

The budget for repairs and maintenance for 2024/2025 is R1.7 and R1.8 throughout MTREF outer-years. The amounts reflected under repairs and maintenance represents contracted services on emergency vehicles maintenance in responding to service delivery and municipal properties.

In terms of National Treasury norms repairs and maintenance must be 8% of total operating budget, however due financial challenges faced by the municipality repairs and maintenance comprise 0.44% of the total operating budget throughout MTREF.

Due to financial constraints with no funding assistance to repair the municipal building, the municipality has allocated a budget of R729 thousand for 2024/2025 financial year.

Table 4: Repairs and maintenance expenditure

Description	Adjusted Budget 2023/24	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Repairs of emergency vehicles	2 264	729	763	797
Repairs of municipal vehicles	100	100	105	109
Computer equipment maintenance	170	170	178	186
Repairs and maintenance of unspecified assets: Municipal properties	600	729	763	797
Total capital expenditure	3 134	1 729	1 808	1 890
Total municipal expenditure	402 696	397 321	405 927	410 632
% of municipal expenditure	0.78%	0.44%	0.45%	0.46%

3.9. Tariffs and charges

The proposed 2024/2025 tariff and charges increase percentages has been provided in the table below. For comparability the previous 4 years' increases are also provided. The presented information is based on the current financial year.

Table 5: Tariffs for 2024/2025

Description	Budget 2023/2024	Budget 2024/2025
Municipal own revenue tariffs		
Emergency Service Training Academy	5.3%	10.0%
Emergency Service Fire risk management	7.0%	10.0%
Municipal health services	10.0%	10.0%
Environmental services air quality services	Per regulation	Per regulation
Donaldson Dam entrance fee	5.3%	5.3%
Rental of land and commercial premises	8.0%	100 per m ²
Rental of halls	10.0%	10.0%
Sale of plant	5.3%	5.3%
Sale of tender documents	10.0%	10.0%
Rental of municipal flats (Fire Stations)	R500	R1 500

The tariffs for 2025/26 and 2026/27 will increase with the inflation targets, except for rental of halls and commercial premises due to lease agreements held with commercial customers.

3.10. Unfunded and underfunded mandates

The municipality continues to carry the fire fighting and disaster management functions as unfunded mandates. These unfunded mandates constitutes more than 45% of the operating budget. The firefighting function is responsible for servicing all households, businesses and farms of the West Rand region and it is centralized at the district municipality. Municipal Health services focus on health inspections and environmental health is underfunded and constitutes more than 20% of the operating

budget. It is imperative that a permanent solution be sought to fund both unfunded and underfunded mandates.

3.11. Powers and Functions

The restoration of Powers and functions in terms of section 84(1) of the Municipal structures Act remains a priority to the municipality to enable a sustainable financial position of the District. The financial situation of the municipality is mainly caused by the fact that the municipality is completely grant dependent due to it having been deprived of its powers and functions that would have allowed it to generate its own revenue. Several interactions with external stakeholders in National and Provincial Government to remedy the situation has not yet been achieved.

3.12. Working Capital analysis

Table 6: Working capital

Description	Adjusted Budget 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	Budget Year +2 2026/27
Costs				
Employee costs	225 169	238 454	249 423	260 897
Remuneration of councilors	14 117	14 809	15 490	16 202
Materials	410	410	300	350
Transfers and grants	11 486	13 068	13 682	14 311
Other expenditure	124 288	105 808	105 588	96 562
Total operating expenditure	375 470	372 549	384 483	388 322
Suppliers and employees	(351 517)	(359 481)	(370 801)	(374 011)
Finance charges	(11 198)	(11 747)	(12 287)	(12 852)
Transfers and grants	(11 486)	(13 068)	(13 682)	(14 311)
Balance to settle creditors	1 269	(11 747)	(12 287)	(12 852)

The municipality will only have a surplus cash to settle its creditors in 2024/2025 provided that is collecting from long outstanding debtors and cash injection. The municipality is expected to incur a shortfall of R11,7 million in budget year and R12 million for the outer years 2025/26 and 2026/27 due to the negative impact of non-cash items and salaries being the highest expenditure with no additional revenue streams.

3.13. Financial recovery plan

The municipality has been under the financial recovery plan since 2018/19 financial year. On the 1st of February 2018, the municipality invoked section 135 of the Municipal Finance Management Act (MFMA). In May 2018, the predictions of the municipality being unable to meet its obligations realized. The financial situation of the Municipality having not improved, the Provincial Executive resolved to place the Municipality under administration as per section 139(5)(a) of the Constitution of the Republic of South Africa. This particular intervention imposes a financial recovery plan on a municipality. We therefore request that you consider affording the Municipality an opportunity to make an arrangement to settle its outstanding liability within the perimeters of the financial recovery plan to be implemented. The municipality prepared the financial turnaround strategy from 2019/20 financial year as plan in achieving a funded budget in future. The implementation both the financial recovery plan and financial turnaround strategy managed to reduce the financial

pressures of the municipality, however a permanent solution must be sought in resolving the challenges relating to unfunded and underfunded mandates.

3.14. Conclusion

Currently there are much economic uncertainties. Many households and businesses are in distress. The municipality is also operating the financial recovery mode without generating sufficient own revenue to meet its current obligations. It is important to note that expenditure required to address the challenges facing the municipality and our communities will always exceed the available funding, hence the implementation of the financial strategies to achieve the balance to expenditure against realistically anticipated revenue as stipulated in Section 18 of the MFMA.

4. Section four: Annual budget tables

The following budget tables have been completed and are attached as **Annexure A**:

- Table A1 – Budget Summary;
- Table A2 – Budgeted Financial Performance (Revenue and Expenditure by standard classification);
- Table A3 – Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote);
- Table A4 – Budgeted Financial Performance (Revenue by Source and Expenditure by type);
- Table A5 – Budgeted Capital Expenditure by Vote, standard classification and funding;
- Table A6 – Budgeted Financial Position;
- Table A7 – Budgeted Cash Flows;
- Table A8 – Cash Backed reserves / accumulated surplus reconciliation;
- Table A9 – Asset Management; and
- Table A10 - Basic service delivery measurement.

The supporting schedules SA1 to SA 38 are also included as part of **Annexure A**.

PART TWO: SUPPORTING DOCUMENTATION

5. Section five: Overview of annual budget process

The overview of the 2024/2025 Budget and IDP process is provided in the table below:

Table 7: Overview of annual budget process

Activity	Date
Budget and IDP timetable approved by Council	31 August 2023
IDP public participation process	07 September 2023 to 30 September 2023
Budget steering committee meetings	09 February 2024 08 March 2024 12 May 2024
Departments requested to budget in accordance with IDP needs	29 November 2023 to February 2024
Tabling of DoRA Bill and Gauteng Provincial government appropriation bill	23 February 2024 to 09 March 2024
Table Budget and IDP to Council	31 Mar 2024
Advertise budget in the website and local newspaper	29 April 2024
Public participation and stakeholders engagement meetings	4 to 14 April 2024
Closing of comments and representations on the IDP and tabled budget	21 April 2024
Budget benchmarking exercise with Gauteng Provincial Treasury	6 May 2024
Consideration of final budget approval by Council	23 May 2024

6. Section six: Overview of the alignment of the annual budget with the IDP

The IDP serves as a guideline to the municipality for the correct budget and resource allocations in ensuring that it meets the needs of its residents. It is also an integrated inter-governmental system of planning which requires the involvement of all three spheres of government. Contributions are made by provincial and national government to assist municipal planning and therefore government has created a range of policies and strategies to support and guide development and to ensure alignment between all spheres of government as stated by the section 24 of the Municipal Systems Act, No 32 of 2000.

The IDP drives the strategic development of WRDM. The Municipality's budget is influenced by the municipal strategic focus areas and strategic objectives identified in the IDP. The Service Delivery Budget Implementation Plan (SDBIP) ensures that the Municipality implements programmes and projects based on the IDP targets and associated budgets. The budget has been compiled in accordance with the municipality's IDP document. Also refer to tables SA3, SA4 and SA5 which is aligned with the strategic objectives and goals of the municipality.

7. Section seven: Measurable performance objectives and indicators

This budget is indicative of our commitment to achieving the objectives of local government set out in the Constitution of the Republic of South Africa and to do so in an efficient, effective and sustainable manner. These commitments are entrenched in our mission, vision and value statements and as such are reflected so in our budget and services delivery processes.

The MTREF has been compiled in such a manner to ensure sustainable service delivery and to invest in infrastructure that will ensure growth over the medium term to long term.

The measurable performance objectives are indicators included in the budget tables SA4 and SA7.

8. Section eight: Overview of budget related policies

The proposed amendments to the budget related policies are attached as Annexure B.

The following are key budget documents (strategies) and/or related policies that affect, or are affected, by the annual budget:

- Banking and investment policy
- Virement policy
- Credit control and debt management policy
- Supply chain management policy
- Supply chain management for infrastructure policy
- Fleet management policy
- Funding and Reserves policy
- Budget Management policy
- Asset management policy
- Unauthorized, irregular or fruitless and wasteful expenditure policy
- Unforeseen and unavoidable expenditure policy
- Revenue enhancement strategy
- 2024/2025 Municipal tariff book
- Loss Control Policy
- Cost Containment policy
- Travel allowance policy
- 2024/2025 Financial turnaround strategy/ Funding budget plan

9. Section nine: Overview of budget assumptions

The following assumptions were used in the preparation of the budget:

Revenue budget assumptions

- The average estimated CPIX which were used to determine the revenue increases was 4.9% for 2024/2025, 4.6% for 2025/26 and 4.6% for 2026/27 as guided by MFMA Circular 128.
- Refer to section 3.11 for more information about the tariff increases.
- Tariffs and charges are not cost reflective in compiling a budget due to unfunded mandates.
- National grants was budgeted in accordance with Division of Revenue Bill and gazetted allocations.
- Provincial grants are budgeted in accordance with the Provincial Gazette.
- VAT recovery is based on 15% of payments made to vatable suppliers

Expenditure budget assumptions

- The average estimated CPIX which were used to determine the tariff increases was 4.9% for 2024/2025, 4.6% for 2025/26 and 4.5% for 2026/27 as guided by MFMA Circular 128.
- Employee related cost based on Salary and Wage Collective Agreement (under negotiations) implemented from effective 1 July 2024 and increment aligned to inflationary increases. Notch increment has been put on abeyance.
- Senior management salaries increment will be computed as per the upper limit gazette applicable for senior managers.
- Councillors remuneration increment will be computed as per the upper limit gazette applicable for councillors.
- Departments were required to budget in terms of general cost containment measures.

Capital budget assumptions

- Capital budget projects and funding sources based on capital programmes on Division of Revenue Bill and gazetted allocations.
- ICT equipment based on the needs analysis and reports tabled to ICT steering committee.

10. Section ten: Expenditure on allocations and grant programmes

The total grants to be received for 2024/2025 comprises R333.5 million, and for the two outer years are R335 million and R332.1 million respectively. The split between the various grants are listed below.

Table 8: Grants allocation

DC48 West Rand - Supporting Table - Transfers and grant receipts							
Description	Ref	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year 2025/26	Budget Year 2026/27
R thousands							
RECEIPTS:	1,2						
Operating Transfers and Grants							
National Government:		240 819	240 819	240 819	246 573	255 987	263 317
Local Government Equitable Share		51 355	51 355	51 355	53 548	52 595	50 209
RSC Levy Replacement		187 061	187 061	187 061	190 575	198 092	206 608
Municipal Systems Improvement		–	–	–	–	–	–
Finance Management		1 200	1 200	1 200	1 200	1 300	1 500
Energy Efficiency and Demand -Side Management Grant		–	–	–	–	4 000	5 000
EPWP Incentive		1 203	1 203	1 203	1 250	–	–
Provincial Government:		12 469	24 236	24 236	13 068	13 682	14 311
Health Subsidy		12 469	11 735	11 735	13 068	13 682	14 311
Fire and rescue services		–	9 866	9 866	–	–	–
Disaster management		–	2 635	2 635	–	–	–
Other grant providers		9 564	9 564	9 564	3 000	–	–
LG SETA		9 564	9 564	9 564	3 000	–	–
Total Operating Transfers and Grants	5	262 852	274 619	274 619	262 641	269 669	277 628
Capital Transfers and Grants							
National Government:		72 786	72 488	72 488	67 278	65 381	54 501
Neighbourhood Development Partnership		70 000	70 000	70 000	64 367	62 340	51 320
Rural Roads Asset Management Systems		2 786	2 488	2 488	2 911	3 041	3 181
Provincial Government:		3 000	4 876	4 876	3 600	–	–
Fire Rescue Services		3 000	4 876	4 876	3 600	–	–
Total Capital Transfers and Grants	5	75 786	77 364	77 364	70 878	65 381	54 501
TOTAL RECEIPTS OF TRANSFERS & GRA	5	338 638	351 983	351 983	333 519	335 050	332 129

11. Section eleven: Transfers and grants made by the municipality

The total transfers and grants amount to R13,068 million in 2024/2025, HIV/ Aids subsidy is made to local municipalities in two trenches.

Table 9: Transfers and grants

Description R thousand	Apportion	Budget 2023/24
Transfers and subsidies		
Mogale City Local Municipality	44%	5 750
Rand West City Local Municipality	32%	4 182
Merafong City Local Municipality	24%	3 136
		13 068

12. Section twelve: Budgeted cash flow and monthly targets for revenue expenditure and cash flows

This is contained in Table A7 of Annexure A as well as the supporting schedule table SA25 and SA30.

13. Section thirteen: Annual budgets and SDBIP

The final service delivery and budget implementation plans (SDBIP) will be dealt with after the budget is finally approved to be submitted to the Mayor within 14 days after the approval of the budget and approved by the Mayor within 28 days after the approval of the budget.

14. Section fourteen: Contracts having future budgetary implications

It is required to disclose in the budget documentation any contracts that will impose financial obligations on the municipality beyond the three years covered by the 2024/2025 MTREF. The detail of this is included in supporting tables SA32 and SA33.

15. Section 19: Legislation compliance status

All relevant legislations and regulations have been implemented. The applicable legislation and circulars considered were:

- Sections 15 – 33 of the MFMA;
- MFMA circulars 10, 12, 13, 14, 19, 28, 31, 45, 48, 51, 54, 58, 59, 64, 66, 67, 70, 72, 74, 75,78,79, 82, 85, 86, 89, 91, 93 and 94, 98, 99, 107,108, 115,123.
- Municipal Budget and Reporting Regulations, 2009.
- Municipal Regulations on Standard Chart of Accounts as per gazette notice no. 37577, 22 April 2014.

The most recent MFMA Budget Circular no 128 is included in the budget documentation as Annexure G.