

ITEM

MAYCOM

BUDGET AND TREASURY OFFICE: 2025/2026 ANNUAL DRAFT BUDGET

5/1

PURPOSE

To report to Council on the 2025/2026 Annual Draft Budget to recommend to Council for tabling.

INTRODUCTION

Section 16(2) of Municipal finance management Act, 2003 states that the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget 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 will be generated by the system and will be attached as Annexure A for Council approval:

- 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.

DISCUSSION

Per Municipal Finance Management Act, MFMA budget circular 129 and the municipal compliance calendar, an annual budget is expected to be tabled to council by the 31 March 2025.

RECOMMENDATIONS THAT:

It is recommended –

1. Council takes note of the tabling of the annual draft budget of the municipality for the financial year 2025/26 and the two outer years 2026/27 and 2027/28 as per Annexure A (Budget schedules A1 to A10 and SA1 to SA 38);
2. Council takes note of the proposed changes to the draft budget related policies attached in Annexure B, of which changes to these policies will be discussed during a workshop with Council during the month of April 2025, and again be re-submitted to Council on 29 May 2025 for final consideration.
3. Council takes note of the tabled draft tariffs as contained in Annexure C for the 2025/26 budget year;

4. Council takes to take note of the MFMA Budget Circular 129 attached as Annexure D;
5. Council takes note that version 6.9 of the mSCOA classification framework was used to prepare the budget;
6. That the Annual draft budget be published on the municipal website for public participation and be submitted to National and Provincial Treasury.
7. Council takes note of the following annexures will be submitted when the final annual budget is considered for approval:
 - The quality certificate signed by the Accounting officer as per Annexure E
 - The draft 2025/26 MTREF Procurement Plan per Annexure F;
 - The draft sector department projects of the Gauteng Provincial Government in West Rand District municipality for the 3 year 2025/26 MTEF, attached as Annexure G;
 - The draft Top Layer SDBIP, attached as Annexure H;
8. The municipality to amend on the draft annual budget to improve revenue in achieving a funded budget.
9. The municipality to engage relevant spheres of government to address unfunded mandate.

WEST RAND DISTRICT MUNICIPALITY



DRAFT ANNUAL BUDGET REPORT 2025/2026 MTREF

MARCH 2025

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PART ONE: ANNUAL BUDGET

1. Section one: MMC Finance Budget Speech

The MMC Finance's budget speech for the 2025/26 Medium Term Budget and Expenditure Framework (MTREF) will be submitted to Council on 29 May 2025, after the public participation process has been completed, and when the annual budget is considered by Council for approval.

2. Section two: Resolutions

It is recommended –

1. Council takes note of the tabling of the annual draft budget of the municipality for the financial year 2025/26 and the two outer years 2026/27 and 2027/28 as per Annexure A (Budget schedules A1 to A10 and SA1 to SA 38);
2. Council takes note of the proposed changes to the draft budget related policies attached in Annexure B, of which changes to these policies will be discussed during a workshop with Council during the month of April 2025, and again be re-submitted to Council on 29 May 2025 for final consideration.
3. Council takes note of the tabled draft tariffs as contained in Annexure C for the 2025/26 budget year;
4. Council takes note of the MFMA Budget Circular 129 attached as Annexure D;
5. Council takes note that version 6.9 of the mSCOA classification framework was used to prepare the budget;
6. That the Annual draft budget be published on the municipal website for public participation and be submitted to National and Provincial Treasury.
7. Council takes note of the following annexures will be submitted when the final annual budget is considered for approval:
 - The quality certificate signed by the Accounting officer as per Annexure E
 - The draft 2025/26 MTREF Procurement Plan per Annexure F;
 - The draft sector department projects of the Gauteng Provincial Government in West Rand District municipality for the 3 year 2025/26 MTEF, attached as Annexure G;
 - The draft Top Layer SDBIP, attached as Annexure H;
8. The municipality to amend on the draft annual budget to improve revenue in achieving a funded budget.
9. The municipality to engage relevant spheres of government to address unfunded mandate.

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 2025/26 in consideration of socio-economic impact.

At the end of December 2024, South Africa's unemployment rate eased from 32.1% 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 2025/26 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. 2025/26 National budget

Honorable Minister Enoch Godongwana to deliver his budget speech on 12 March 2025.

The following macro-economic forecasts must be considered when preparing the 2025/26 MTREF municipal budgets:

Table 1: Macroeconomic performance and projections 2023 - 2027					
Fiscal year	2023/24	2024/25	2025/26	2026/27	2027/28
	Actual	Estimate	Forecast		
CPI Inflation	5.9%	4.6%	4.4%	4.5	2.5%
Source: Medium Term Budget Policy Statement 2024					

3.3. 2025/26 West Rand District Municipal budget

The third review of the approved 2022/23-2026/27 Integrated Development Plan (IDP) under the new administration, which is the 2025/26 IDP will also be considered by Council on 29 May 2025 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 6.9 of the mSCOA classification framework.

A high-level summary of the 2025/26 MTREF budget is provided in the table below:

Table 1: High level summary of the 2025/26 MTREF

2025/26 Draft Annual Budget Summary Financial Performance

Description	Ref	Current year 2024/25	2025/26 Medium Term Revenue and Expenditure Framework		
Rand	1	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue					
Exchange Revenue					
Interest earned from Current and Non Current Assets		7 482 140	7 826 318	8 178 503	8 538 357
Transfer and subsidies - Operational		333 114 576	345 430 011	360 974 361	376 857 233
Transfer and subsidies - Capital		3 600 000	3 780 000	3 950 100	4 123 904
Other Revenue		58 401 780	62 591 853	65 408 487	68 286 460
Total Revenue		402 598 496	419 628 183	438 511 451	457 805 955
Expenditure					
Operational costs		396 597 956	414 544 995	433 199 520	452 260 299
Capital Expenditure		5 700 004	4 911 504	5 132 522	5 358 353
Total Expenditure		402 297 960	419 456 499	438 332 042	457 618 652
Surplus/(Deficit) for the year		300 536	171 683	179 409	187 303

3.5. Operating budget

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

Table 2: Operating budget

Gauteng: West Rand (DC48) - Table A4 Budgeted Financial Performance

Description	Ref	Current year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
R thousands	1					
Revenue						
Exchange Revenue						
Service charges - Electricity	2	840	840	879	918	958
Sale of Goods and Rendering of Services		11 038	11 038	11 546	12 066	12 597
Interest earned from Current and Non Current Assets		6 759	7 482	7 826	8 179	8 538
Rental from Fixed Assets		3 252	3 471	3 631	3 794	3 961
Licence and permits		734	734	768	802	838
Operational Revenue		23 042	30 146	31 547	32 967	34 418
Transfer and subsidies - Operational		331 755	330 239	345 430	360 974	376 857
Gains on disposal of Assets		1 426	1 426	1 492	1 559	1 628
Other Gains		12 183	12 183	12 743	13 317	13 903
Total Revenue (excluding capital transfers and contrib		391 029	397 560	415 863	434 576	453 698
Expenditure						
Employee related costs	2	238 454	236 454	248 277	259 449	270 865
Remuneration of councillors		14 809	14 809	15 549	16 249	16 964
Inventory consumed	8	410	611	640	668	698
Debt impairment	3	(1 869)	(1 869)	(1 955)	(2 043)	(2 133)
Depreciation and amortisation		6 594	6 594	6 897	7 208	7 525
Interest		11 747	12 247	12 810	13 387	13 976
Contracted services		73 056	78 361	81 965	85 654	89 423
Transfers and subsidies		12 807	11 631	12 166	12 713	13 272
Operational costs		33 730	36 516	38 196	39 915	41 671
Total Expenditure		389 737	395 354	414 545	433 200	452 260
Surplus/(Deficit)		1 292	2 207	1 318	1 377	1 437
Transfers and subsidies - capital (monetary allocations)	6	3 600	3 600	3 766	3 935	4 108
Surplus/(Deficit) after capital transfers and contributions		4 892	5 807	5 083	5 312	5 546
Surplus/(Deficit) for the year		4 892	5 807	5 083	5 312	5 546

The main contributors to the operating revenue and operating expenditure of the 2025/26 financial year are as indicated in the two graphs below:

Figure 1: Operating Revenue budget

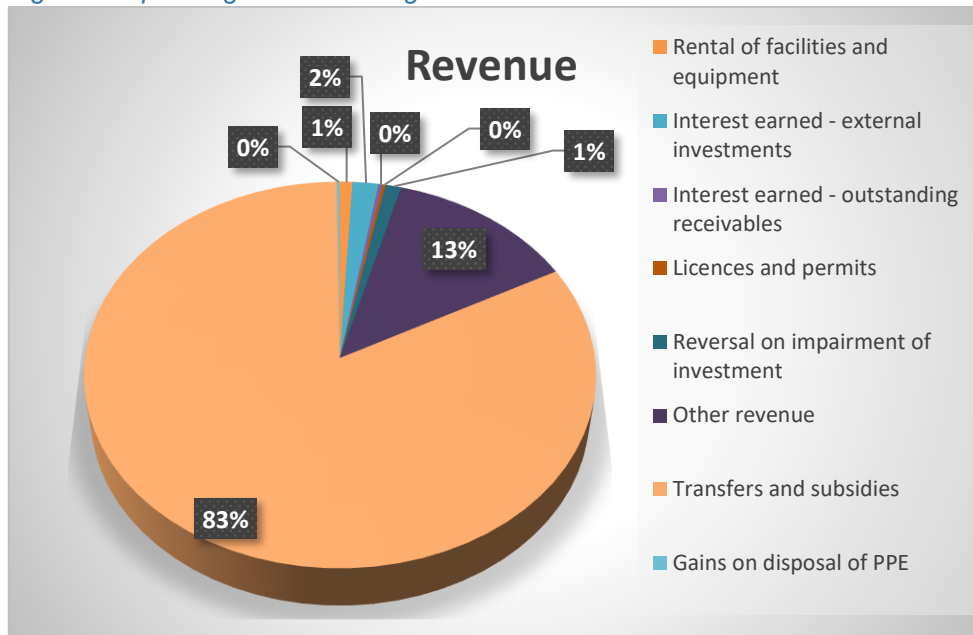
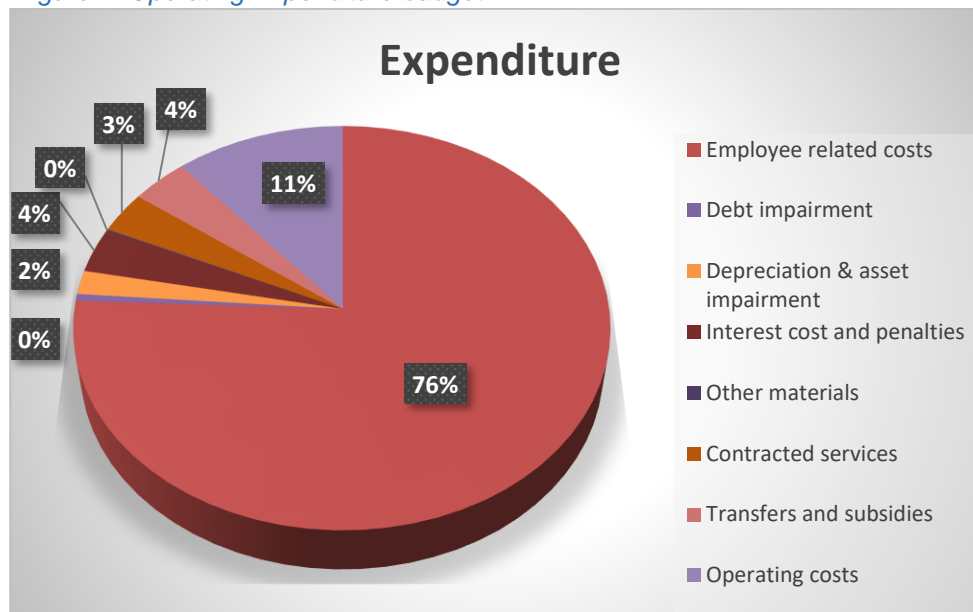


Figure 2: Operating Expenditure budget



3.6. Budgeted operating surplus

The budgeted operating surplus is R171 thousand for the budget year 2025/26 and for two outer years is R179 thousand and R187 million respectively. The reason that the municipality is budgeting for a balanced budget in 2025/26, 2026/27 and 2027/28 is that the non-cash items are 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 R67,3 million.

The salary and wage collective agreement were signed by the parties of the South African Local Government Bargaining Council (SALGBC) on the 6th September 2024 and municipalities have implemented the agreement as from 1 July 2024.

In respect of the 2025/26 financial year, all employees covered by this agreement shall receive an increase based on the average CPI percentage for the period 1 plus 0.75 per cent. The average CPI as published by National Treasury is 4.4%. (salary increase is 5.15)

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.

It is anticipated that this salary determination for councilors will also consider the fiscal constraints, therefore the municipality should also consider the guidance provided above on salary increases for municipal officials during this process.

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 increased from 1.4% to 1.7% of the total municipal budget in 2025/26, and throughout MTREF due to capital expenditure of Neighborhood Development Partnership grant (NDPG) from National government being redirected to operational expenditure.

The municipality has allocated R1,1 million to ICT equipment that would be funded by internally generated funds and R3,7 to fire services from provincial government

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

Table 3: Capital projects as % of total municipal budget

Gauteng: West Rand (DC48) - Table A5 Budgeted Capital Expenditure by Functional Classification and Funding

Description R thousands	Ref	Current year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
Capital Expenditure - Functional						
<i>Municipal governance and administration</i>		1 100	2 100	1 151	1 202	1 255
Executive and council						
Finance and administration		1 100	2 100	1 151	1 202	1 255
Internal audit						
<i>Community and public safety</i>		3 600	3 600	3 762	3 931	4 104
Public safety		3 600	3 600	3 762	3 931	4 104
Total Capital Expenditure - Functional	3	4 700	5 700	4 913	5 134	5 360
Funded by	-					
Provincial Government		3 600	3 600	3 762	3 931	4 104
Transfers recognised - capital	4	3 600	3 600	3 762	3 931	4 104
Borrowing	6					
Internally generated funds		1 022	2 100	1 150	1 201	1 254
Total Capital Funding	7	4 622	5 700	4 912	5 133	5 358

3.8. Repairs and maintenance expenditure

The budget for repairs and maintenance for 2025/26, 2026/27 and 2027/28 is R4,9 million, R5,2 million and R5,4 million respectively (see table below). The amounts reflected under repairs and maintenance only represents contracted services on emergency vehicles maintenance in responding to service delivery. 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 1% of the total operating budget throughout MTREF. The municipality is also intending to repair municipal buildings due to its current state to improve the working conditions of the employees.

Table 4: Repairs and maintenance expenditure

Repairs and maintenance	Current Year		2025/26 Medium Term Revenue and Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousands					
Maintenance of main building	729	3 729	3 901	4 076	4 256
Maintenance of Mayors house	–	–	–	–	–
Maintenance of fire stations and disaster management centre	–	–	–	–	–
Repairs of Fire vehicles and equipment	729	729	763	797	832
Repair of computer equipment and ICT equipment	170	170	178	186	194
Repairs of municipal vehicles	100	150	157	164	171
Total repairs and expenditure	1 729	4 779	4 998	5 223	5 453
Total municipal expenditure	397 080	402 298	419 456	438 332	457 619
% of municipal expenditure	0.4%	1.2%	1.2%	1.2%	1.2%

3.9. Tariffs and charges

The proposed 2025/26 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 and is subject to change in the final budget.

Table 5: Tariffs for 2025/26

Description	Budget 2022/24	Budget 2023/24	Budget 2024/25	Budget 2025/26
Municipal own revenue tariffs				
Emergency Service Training Academy	4.8%	4.8%	5.3%	5.3%
Emergency Service Fire risk management	10.0%	10.0%	7.0%	7.0%
Municipal health services	10.0%	10.0%	10.0%	10.0%
Environmental services air quality services -New activity R10 000 and Renewal per activity R5 000	Per regulation R10 000/R5 000	Per regulation R10 000/R5 000	Per regulation R10 000/R5 000	Per regulation R10 000/R5 000
Donaldson Dam entrance fee	5.5%	5.5%	5.3%	5.3%
Rental of land and commercial premises	8.0%	8.0%	8.0%	8.0%
Rental of halls	10.0%	10.0%	10.0%	10.0%
Sale of plant	4.8%	4.8%	5.3%	5.3%
Sale of tender documents	4.8%	4.8%	10.0%	10.0%

The tariffs for 2024/25 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

The municipality will only have a surplus cash to settle its creditors in 2025/26 provided that is collecting from long outstanding debtors. The municipality is expected to incur a shortfall of R11,7 million in budget year and R12 million for the outer years 2026/27 and 2027/28 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 2025/26 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 2024
IDP public participation process	07 September 2024 to 30 September 2024
Budget steering committee meetings	09 February 2025 08 March 2025 12 May 2025
Departments requested to budget in accordance with IDP needs	29 November 2024 to February 2025
Tabling of DoRA Bill and Gauteng Provincial government appropriation bill	23 February 2025 to 09 March 2025
Table Budget and IDP to Council	31 Mar 2025
Advertise budget in the website and local newspaper	29 April 2025
Public participation and stakeholders engagement meetings	4 to 14 April 2025
Closing of comments and representations on the IDP and tabled budget	21 April 2025
Workshop with Council on budget related policies and public inputs	28 April 2025
Budget benchmarking exercise with Gauteng Provincial Treasury	6 May 2025
Consideration of final budget approval by Council	23 May 2025

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
- 2025/26 Municipal tariff book
- Loss Control Policy
- Cost Containment policy
- Travel allowance policy
- 2025/26 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 4.4% for 2025/26, 4.5% for 2026/27 and 2.5% for 2027/28 as guided by MFMA Circular 129
- Refer to section 3.9 for more information about the tariff increases.
- Tariffs and charges are not cost reflective in compiling a funded 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. **(not yet issued)**
- 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 expenditure increases was 4.4% for 2025/26, 4.5% for 2026/27 and 2.5% for 2027/28 as guided by MFMA Circular 129
- Employee related cost based on Salary and Wage Collective Agreement implemented from effective 1 July 2024 and increment aligned to inflationary increases. In 2025/26 the salary increment is 5.15% (CPI: 4.4%+0, 75%) Notch increment has been put on abeyance.
- Moratorium placed on filling of vacancies unless critical positions are approved by Council to be filled.
- Senior managers salaries not increased
- Councillor remuneration is informed by upper limit (CPIX provision is made along with other expenditure)
- 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 2025/26 comprises R345 million, and for the two outer years are R360 million and R376 million respectively. The split between the various grants are listed below.

Table 8: Grants allocation

Gauteng: West Rand (DC48) - Table SA19 Expenditure on Transfers and Grants

Description	Ref	2025/26 Medium Term Revenue & Expenditure Framework				
		Current year 2024/25		Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
R thousands		Original Budget	Adjusted Budget			
EXPENDITURE						
Operating						
National Government						
Equitable Share		244 123	245 788	255 006	266 481	278 206
Expanded Public Works Programme Integrated Grant		1 250	1 250	1 308	1 366	1 426
Local Government Financial Management Grant		1 122	1 122	1 300	1 359	1 418
Neighbourhood Development Partnership Grant		64 367	64 367	67 328	70 358	73 453
Rural Road Asset Management Systems Grant		2 911	2 920	3 054	3 191	3 332
Total National Government		313 773	315 447	327 995	342 755	357 836
Provincial Government						
Capacity Building and Other		13 068	13 068	13 669	14 285	14 913
Total Provincial Government		13 068	13 068	13 669	14 285	14 913
District Municipalities						
Capacity Building and Other		-	-	-	-	-
Total District Municipalities		-	-	-	-	-
Total Operating		326 841	328 515	341 664	357 039	372 749
Capital						
National Government						
Local Government Financial Management Grant						
Rural Road Asset Management Systems Grant						
Total National Government		-	-	-	-	-
Provincial Government						
Capacity Building and Other		3 600	3 600	3 766	3 935	4 108
Total Provincial Government		3 600	3 600	3 766	3 935	4 108
Total Capital		3 600	3 600	3 766	3 935	4 108
TOTAL		330 441	332 115	345 430	360 974	376 857

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

The total transfers and grants amount to R13,6 million in 2025/26, HIV/ Aids subsidy is made to local municipalities in two trenches.

Table 9: Transfers and grants

Description	Proportion	Current year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
Transfers & Subsidies						
Mogale City Local Municipality	44%	5 174 928	5 174 928	5 413 099	5 656 688	5 905 583
Rand West City Local Municipality	32%	3 763 584	3 763 584	3 936 799	4 113 955	4 294 969
Merafong City Local Municipality	24%	2 691 708	2 691 708	2 952 599	3 085 466	3 221 227
Administrative Fees 10%		1 437 780	1 437 780	1 366 944	1 428 457	1 491 309
Total Transfers		13 068 000	13 068 000	13 669 442	13 669 442	13 669 442

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 2025/26 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 129 is included in the budget documentation as Annexure G.

PART THREE: ANNEXURES

Annexure A- Budget tables (A schedule)

Gauteng: West Rand (DC48) - Table A1 Budget Summary Revenue & Expenditure

Description	Current year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
R thousands					
<u>Financial Performance</u>					
Service charges	840	840	879	918	958
Investment revenue	6 759	7 482	7 826	8 179	8 538
Transfer and subsidies - Operational	331 755	330 239	345 430	360 974	376 857
Other own revenue	51 676	58 999	61 713	64 490	67 328
Total Revenue (excluding capital transfers and contributions)	391 029	397 560	415 848	434 561	453 682
Employee costs	238 454	236 454	248 277	259 449	270 865
Remuneration of councillors	14 809	14 809	15 549	16 249	16 964
Depreciation and amortisation	6 594	6 594	6 897	7 208	7 525
Finance charges	11 747	12 247	12 810	13 387	13 976
Inventory consumed and bulk purchases	410	611	640	668	698
Transfers and subsidies	12 807	11 631	12 166	12 713	13 272
Other expenditure	104 916	113 008	118 206	123 526	128 961
Total Expenditure	389 737	395 354	414 545	433 200	452 260
Surplus/(Deficit)	1 292	2 207	1 303	1 362	1 422
Transfers and subsidies - capital (monetary allocations)	3 600	3 600	3 780	3 950	4 124
Transfers and subsidies - capital (in-kind)	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	4 892	5 807	5 083	5 312	5 546
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-
Surplus/(Deficit) for the year	4 892	5 807	5 083	5 312	5 546

<u>Capital expenditure & funds sources</u>					
Capital expenditure	4 700	5 700	3 780	3 950	4 124
Transfers recognised - capital	3 678	3 678	3 780	3 950	4 124
Internally generated funds	1 022	2 022	1 115	1 165	1 217
Total sources of capital funds	4 700	5 700	5 985	5 115	5 340
<u>Financial position</u>					
Total current assets	27 999	25 476	26 648	27 847	29 073
Total non current assets	67 598	68 598	71 754	74 983	78 282
Total current liabilities	130 892	128 455	134 364	140 410	146 588
Total non current liabilities	73 704	73 704	77 095	80 564	84 109
Community wealth/Equity	(108 999)	(108 085)	(113 056)	(118 144)	(123 342)
<u>Cash flows</u>					
Net cash from (used) operating	(17 222)	(10 853)	(11 352)	(11 863)	(12 385)
Net cash from (used) investing	(4 700)	(4 700)	(4 916)	(5 137)	(5 363)
Net cash from (used) financing	-	-	-	-	-
Cash/cash equivalents at the year end	(3 397)	(5 938)	(6 211)	(6 490)	(6 776)
<u>Cash backing/surplus reconciliation</u>					
Cash and investments available	5 906	3 163	3 309	3 458	3 610
Application of cash and investments	111 158	108 457	113 446	118 551	123 767
Balance - surplus (shortfall)	(105 252)	(105 294)	(110 137)	(115 093)	(120 158)
<u>Asset management</u>					
Asset register summary (WDV)	67 598	68 598	71 754	74 983	78 282
Depreciation	6 594	6 594	6 897	7 208	7 525
Renewal and Upgrading of Existing Assets	-	-	-	-	-
Repairs and Maintenance	1 629	4 629	4 842	5 060	5 282

Gauteng: West Rand (DC48) - Table A2 Budgeted Financial Performance by Functional Classification

Description	Ref	Current year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
R thousands	1					
Revenue - Functional						
<i>Municipal governance and administration</i>		124 516	131 048	136 256	142 387	148 652
Executive and council		40 118	40 118	41 963	43 851	45 781
Finance and administration		84 399	90 930	94 293	98 536	102 871
<i>Community and public safety</i>		185 848	185 848	194 397	203 145	212 083
Public safety		134 051	134 051	140 217	146 527	152 974
Health		51 797	51 797	54 180	56 618	59 109
<i>Economic and environmental services</i>		83 425	83 425	87 263	91 189	95 202
Planning and development		83 425	83 425	87 263	91 189	95 202
<i>Trading services</i>		840	840	879	918	958
Energy sources		840	840	879	918	958
Total Revenue - Functional	2	394 629	401 160	418 794	437 639	456 895
Expenditure - Functional						
<i>Municipal governance and administration</i>		124 343	130 532	136 707	142 858	149 144
Executive and council		42 360	42 620	44 751	46 765	48 822
Finance and administration		81 983	87 912	91 956	96 094	100 322
<i>Community and public safety</i>		181 970	183 379	191 814	200 446	209 265
Public safety		130 435	131 860	137 926	144 132	150 474
Health		51 535	51 518	53 888	56 313	58 791
<i>Economic and environmental services</i>		83 424	81 443	85 190	89 023	92 940
Planning and development		83 424	81 443	85 190	89 023	92 940
Total Expenditure - Functional	3	389 737	395 354	413 710	432 327	451 350
Surplus/(Deficit)		4 892	5 807	5 083	5 312	5 546

Gauteng: West Rand (DC48) - Table A6 Budgeted Financial Position

Description	Ref	Current year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		5 906	3 163	3 309	3 458	3 610
Trade and other receivables from exchange transactions	1	3 054	3 274	3 425	3 579	3 736
Receivables from non-exchange transactions	1	4 334	4 334	4 533	4 737	4 945
Inventory	2	238	238	249	260	271
VAT		14 468	14 468	15 133	15 814	16 510
Total current assets		27 999	25 476	26 648	27 847	29 073
Non current assets						
Investment property		9 700	9 700	10 146	10 603	11 069
Property, plant and equipment	3	57 737	58 737	61 439	64 203	67 028
Biological assets		162	162	169	177	184
Total non current assets		67 598	68 598	71 754	74 983	78 282
TOTAL ASSETS		95 597	94 075	98 402	102 830	107 355
LIABILITIES						
Current liabilities						
Trade and other payables from exchange transactions	4	87 060	84 045	87 911	91 867	95 909
Trade and other payables from non-exchange transaction	5	29 446	29 524	30 882	32 272	33 692
Provision		12 409	12 909	13 502	14 110	14 731
VAT		1 977	1 977	2 068	2 161	2 256
Total current liabilities		130 892	128 455	134 364	140 410	146 588
Non current liabilities						
Provision	7	33 267	33 267	34 797	36 363	37 963
Other non-current liabilities		40 438	40 438	42 298	44 201	46 146
Total non current liabilities		73 704	73 704	77 095	80 564	84 109
TOTAL LIABILITIES		204 596	202 159	211 458	220 974	230 697
NET ASSETS	10	(108 999)	(108 085)	(113 056)	(118 144)	(123 342)
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)	8	(108 999)	(108 085)	(113 056)	(118 144)	(123 342)
TOTAL COMMUNITY WEALTH/EQUITY	10	(108 999)	(108 085)	(113 056)	(118 144)	(123 342)

Gauteng: West Rand (DC48) - Table A7 Budgeted Cash Flows

Description	Ref	Current year 2024/25		2025/26 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
R thousands						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Other revenue		25 416	31 082	1 430	1 494	1 560
Transfers and Subsidies - Operational	1	323 607	323 607	14 886	15 556	16 240
Transfers and Subsidies - Capital	1	-	-	-	-	-
Interest		6 759	7 826	8 186	8 555	8 931
Payments				-	-	-
Suppliers and employees		(350 854)	(350 874)	(16 140)	(16 867)	(17 609)
Finance charges		(2 584)	(2 584)	(119)	(124)	(130)
Transfers and Subsidies	1	(12 807)	(12 807)	(589)	(616)	(643)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(10 464)	(3 750)	7 654	7 998	8 350
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Capital assets		(4 700)	(4 700)	(4 912)	(5 133)	(5 358)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(4 700)	(4 700)	(4 912)	(5 133)	(5 358)
NET INCREASE/ (DECREASE) IN CASH HELD		(15 164)	(8 450)	2 742	2 866	2 992
Cash/cash equivalents at the year begin:	2	18 526	9 615	1 165	3 907	6 773
Cash/cash equivalents at the year end:	2	3 362	1 165	3 907	6 773	9 765