



**CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD**

ANNEXURE 37

PROVINCIAL TREASURY MUNICIPAL CIRCULAR 6/2024

2024/25 BUDGET (MAY 2024)



**Western Cape
Government**

Provincial Treasury
Nadia Rinqest

Local Government Budget Office

Nadia.Rinqest@westerncape.gov.za | Tel: 021 483 9265

Reference: RCS/C.5

Private Bag X9165
CAPE TOWN
8000

TREASURY CIRCULAR MUN. NO. 06/2024

THE MAYOR, CITY OF CAPE TOWN
THE MAYOR, WEST COAST DISTRICT MUNICIPALITY
THE MAYOR, MATZIKAMA MUNICIPALITY
THE MAYOR, CEDERBERG MUNICIPALITY
THE MAYOR, BERGRIVIER MUNICIPALITY
THE MAYOR, SALDANHA BAY MUNICIPALITY
THE MAYOR, SWARTLAND MUNICIPALITY
THE MAYOR, CAPE WINELANDS DISTRICT MUNICIPALITY
THE MAYOR, WITZENBERG MUNICIPALITY
THE MAYOR, DRAKENSTEIN MUNICIPALITY
THE MAYOR, STELLENBOSCH MUNICIPALITY
THE MAYOR, BREEDE VALLEY MUNICIPALITY
THE MAYOR, LANGEBERG MUNICIPALITY
THE MAYOR, OVERBERG DISTRICT MUNICIPALITY
THE MAYOR, THEEWATERSKLOOF MUNICIPALITY
THE MAYOR, OVERSTRAND MUNICIPALITY
THE MAYOR, CAPE AGULHAS MUNICIPALITY
THE MAYOR, SWELLENDAM MUNICIPALITY
THE MAYOR, GARDEN ROUTE DISTRICT MUNICIPALITY
THE MAYOR, KANNALAND MUNICIPALITY
THE MAYOR, HESSEQUA MUNICIPALITY
THE MAYOR, MOSSEL BAY MUNICIPALITY
THE MAYOR, GEORGE MUNICIPALITY
THE MAYOR, OUDTSHOORN MUNICIPALITY
THE MAYOR, BITOU MUNICIPALITY
THE MAYOR, KNYSNA MUNICIPALITY
THE MAYOR, CENTRAL KAROO DISTRICT
THE MAYOR, LAINGSBURG MUNICIPALITY
THE MAYOR, PRINCE ALBERT MUNICIPALITY
THE MAYOR, BEAUFORT WEST MUNICIPALITY

For information

THE MUNICIPAL MANAGER, CITY OF CAPE TOWN: MR L MBANDAZAYO
THE MUNICIPAL MANAGER, WEST COAST DISTRICT MUNICIPALITY: MR D JOUBERT
THE MUNICIPAL MANAGER, MATZIKAMA MUNICIPALITY: MR L PHILLIPS
THE MUNICIPAL MANAGER, CEDERBERG MUNICIPALITY: MR G MATTHYSE
THE MUNICIPAL MANAGER, BERGRIVIER MUNICIPALITY: ADV. H LINDE
THE MUNICIPAL MANAGER, SALDANHA BAY MUNICIPALITY: MR H METTLER
THE MUNICIPAL MANAGER, SWARTLAND MUNICIPALITY: MR J SCHOLTZ
THE MUNICIPAL MANAGER, CAPE WINELANDS DISTRICT MUNICIPALITY: MR H PRINS
THE MUNICIPAL MANAGER, WITZENBERG MUNICIPALITY: MR D NASSON
THE MUNICIPAL MANAGER, DRAKENSTEIN MUNICIPALITY: DR J LEIBBRANDT
THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MS G METTLER
THE MUNICIPAL MANAGER, BREEDE VALLEY MUNICIPALITY: MR D McTHOMAS
THE MUNICIPAL MANAGER, LANGEBERG MUNICIPALITY: MR D LUBBE
THE MUNICIPAL MANAGER, OVERBERG DISTRICT MUNICIPALITY: MR R BOSMAN
THE MUNICIPAL MANAGER, THEEWATERSKLOOF MUNICIPALITY: MR W SOLOMONS-JOHANNES
THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: MR D O'NEILL
THE MUNICIPAL MANAGER, CAPE AGULHAS MUNICIPALITY: MR E PHILLIPS
THE MUNICIPAL MANAGER, SWELLENDAM MUNICIPALITY: MS A VORSTER
THE MUNICIPAL MANAGER, GARDEN ROUTE DISTRICT MUNICIPALITY: MR M STRATU
THE MUNICIPAL MANAGER, KANNALAND MUNICIPALITY: ADV. D SEREO (ACTING)
THE MUNICIPAL MANAGER, HESSEQUA MUNICIPALITY: MR A DE KLERK
THE MUNICIPAL MANAGER, MOSSEL BAY MUNICIPALITY: MR C PUREN
THE MUNICIPAL MANAGER, GEORGE MUNICIPALITY: DR M GRATZ
THE MUNICIPAL MANAGER, OUDTSHOORN MUNICIPALITY: MR W HENDRICKS
THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: MR M MEMANI
THE MUNICIPAL MANAGER, KNYSNA MUNICIPALITY: MR O SEBOLA
THE MUNICIPAL MANAGER, CENTRAL KAROO DISTRICT MUNICIPALITY: MR M NKUNGWANA
THE MUNICIPAL MANAGER, LAINGSBURG MUNICIPALITY: MR J BOOYSEN
THE MUNICIPAL MANAGER, PRINCE ALBERT MUNICIPALITY: MR A HENDRICKS
THE MUNICIPAL MANAGER, BEAUFORT WEST MUNICIPALITY: MR D WELGEMOED

THE CHIEF FINANCIAL OFFICER, CITY OF CAPE TOWN: MR K JACOBY
THE CHIEF FINANCIAL OFFICER, WEST COAST DISTRICT MUNICIPALITY: DR J TESSELAAR
THE CHIEF FINANCIAL OFFICER, MATZIKAMA MUNICIPALITY: MR E ALFRED
THE CHIEF FINANCIAL OFFICER, CEDERBERG MUNICIPALITY: MR N SMIT
THE CHIEF FINANCIAL OFFICER, BERGRIVIER MUNICIPALITY: MR P ERASMUS
THE CHIEF FINANCIAL OFFICER, SALDANHA BAY MUNICIPALITY: MR S VORSTER
THE CHIEF FINANCIAL OFFICER, SWARTLAND MUNICIPALITY: MR M BOLTON
THE CHIEF FINANCIAL OFFICER, CAPE WINELANDS DISTRICT MUNICIPALITY: MS F DU RAAN-GROENEWALD
THE CHIEF FINANCIAL OFFICER, WITZENBERG MUNICIPALITY: MR C KRITZINGER
THE CHIEF FINANCIAL OFFICER, DRAKENSTEIN MUNICIPALITY: MR B BROWN
THE CHIEF FINANCIAL OFFICER, STELLENBOSCH MUNICIPALITY: MR K CAROLUS
THE CHIEF FINANCIAL OFFICER, BREEDE VALLEY MUNICIPALITY: MR R ONTONG
THE CHIEF FINANCIAL OFFICER, LANGEBERG MUNICIPALITY: MR M SHUDE
THE CHIEF FINANCIAL OFFICER, OVERBERG DISTRICT MUNICIPALITY: MR N KRUGER
THE CHIEF FINANCIAL OFFICER, THEWATERSKLOOF MUNICIPALITY: MR P MABHENA (ACTING)
THE CHIEF FINANCIAL OFFICER, OVERSTRAND MUNICIPALITY: MS S REYNEKE-NAUDÉ
THE CHIEF FINANCIAL OFFICER, CAPE AGULHAS MUNICIPALITY: MR H VAN BILJON
THE CHIEF FINANCIAL OFFICER, SWELLENDAAM MUNICIPALITY: MS E WASSERMANN
THE CHIEF FINANCIAL OFFICER, GARDEN ROUTE DISTRICT MUNICIPALITY: MR R BOSHOF
THE CHIEF FINANCIAL OFFICER, KANNALAND MUNICIPALITY: MS R SAPTOE
THE CHIEF FINANCIAL OFFICER, HESSEQUA MUNICIPALITY: MR G GOLIATH
THE CHIEF FINANCIAL OFFICER, MOSSEL BAY MUNICIPALITY: MR O FREDERICKS
THE CHIEF FINANCIAL OFFICER, GEORGE MUNICIPALITY: MR R DU PLESSIS
THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: MR G DE JAGER
THE CHIEF FINANCIAL OFFICER, BITOU MUNICIPALITY: MR F LÖTTER (ACTING)
THE CHIEF FINANCIAL OFFICER, KNYSNA MUNICIPALITY: MR C JULIES
THE CHIEF FINANCIAL OFFICER, CENTRAL KAROO DISTRICT MUNICIPALITY: MR R BUTLER (ACTING)
THE CHIEF FINANCIAL OFFICER, LAINGSBURG MUNICIPALITY: MS A GROENEWALD
THE CHIEF FINANCIAL OFFICER, PRINCE ALBERT MUNICIPALITY: MR K VAN NIEKERK
THE CHIEF FINANCIAL OFFICER, BEAUFORT WEST MUNICIPALITY: MR M NHIENGETHWA (ACTING)

THE HEAD OFFICIAL: PROVINCIAL TREASURY (MS J GANTANA)
THE DEPUTY DIRECTOR-GENERAL: FISCAL AND ECONOMIC SERVICES (MS A PICK) (ACTING)
THE DEPUTY DIRECTOR-GENERAL: GOVERNANCE AND ASSET MANAGEMENT (MR I SMITH) (ACTING)
THE CHIEF DIRECTOR: PUBLIC POLICY SERVICES (MS S ROBINSON)
THE CHIEF DIRECTOR: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS A PICK)
THE CHIEF DIRECTOR: LOCAL GOVERNMENT PUBLIC FINANCE (MR S KENYON)
THE CHIEF DIRECTOR: ASSET MANAGEMENT (MS N EBRAHIM) (ACTING)
THE CHIEF DIRECTOR: FINANCIAL GOVERNANCE (MR A HARDIEN)
THE CHIEF FINANCIAL OFFICER (MS A SMIT)
THE HEAD OF MINISTRY (MS L KENT)
THE DIRECTOR: BUSINESS INFORMATION AND DATA MANAGEMENT (MR P PIENAAR)
THE DIRECTOR: CORPORATE GOVERNANCE (MS M VAN NIEKERK)
THE DIRECTOR: FISCAL POLICY (MR M BOOYSEN)
THE DIRECTOR: INFRASTRUCTURE (MS S VAN BREDA) (ACTING)
THE DIRECTOR: LOCAL GOVERNMENT ACCOUNTING (MR F SALIE)
THE DIRECTOR: LOCAL GOVERNMENT BUDGET OFFICE (MS N RINQUEST)
THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MR T NTSHINGILA)
THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR I TSIE)
THE DIRECTOR: LOCAL GOVERNMENT MFMA COORDINATION (MR D CRONJE)
THE DIRECTOR: LOCAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS S ROY)
THE DIRECTOR: PROVINCIAL GOVERNMENT ACCOUNTING (MS A ABOO)
THE DIRECTOR: PROVINCIAL GOVERNMENT BUDGET OFFICE (MS T VAN DE RHEEDE)
THE DIRECTOR: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS M NICHOLAS)
THE DIRECTOR: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS N EBRAHIM)
THE DIRECTOR: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS N ISMAIL)
THE DIRECTOR: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR I CALLAGHAN) (ACTING)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT

THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT

THE CHIEF DIRECTOR: LOCAL GOVERNMENT BUDGET ANALYSIS – NATIONAL TREASURY (MR J HATTINGH)

THE CHIEF DIRECTOR: MFMA IMPLEMENTATION – NATIONAL TREASURY

THE ACCOUNTING OFFICER: VOTE 1: PREMIER (DR H MALILA)
THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR R ADAMS)
THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (MS J GANTANA)
THE ACCOUNTING OFFICER: VOTE 4: POLICE OVERSIGHT AND COMMUNITY SAFETY (ADV. Y PILLAY)
THE ACCOUNTING OFFICER: VOTE 5: EDUCATION (MR B WALTERS)
THE ACCOUNTING OFFICER: VOTE 6: HEALTH AND WELLNESS (DR K CLOETE)
THE ACCOUNTING OFFICER: VOTE 7: SOCIAL DEVELOPMENT (DR R MACDONALD)
THE ACCOUNTING OFFICER: VOTE 8: MOBILITY (MS M MOORE)
THE ACCOUNTING OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR G GERBER)
THE ACCOUNTING OFFICER: VOTE 10: INFRASTRUCTURE (ADV. C SMITH)
THE ACCOUNTING OFFICER: VOTE 11: AGRICULTURE (DR M SEBOPETSA)
THE ACCOUNTING OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MR V DUBE)
THE ACCOUNTING OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR G REDMAN)
THE ACCOUNTING OFFICER: VOTE 14: LOCAL GOVERNMENT (MR G PAULSE)

TABLE OF CONTENTS

1. INTRODUCTION.....	3
2. LEGISLATIVE CONTEXT.....	3
3. FISCAL AND ECONOMIC CONTEXT.....	4
4. NATIONAL AND PROVINCIAL BUDGET GUIDELINES.....	6
5. 2024/25 STRATEGIC INTEGRATED MUNICIPAL ENGAGEMENTS (SIME) PROCESS.....	14
6. NATIONAL AND PROVINCIAL GOVERNMENT ELECTIONS.....	18
7. CONCLUSION	18

MUNICIPAL BUDGET CIRCULAR FOR THE 2024/25 MTREF AND ASSOCIATED 2024 STRATEGIC INTEGRATED MUNICIPAL ENGAGEMENTS

1. INTRODUCTION

This Circular should be read in conjunction with National Treasury (NT) MFMA Circulars No. 126 and No. 128 issued on 7 December 2023 and 8 March 2024 respectively.

The purpose of this circular is to:

- Provide an overview of the current fiscal and economic context and key highlights from the 2024 Provincial Budget;
- Provide guidance to municipalities with the **finalisation of the 2024/25 Medium Term Revenue and Expenditure Framework (MTREF) Budgets** and accompanied budget documentation; and
- **Brief municipalities on the 2024 Strategic Integrated Municipal Engagements (SIME) process** and related matters.

2. LEGISLATIVE CONTEXT

The Western Cape Provincial Government (WCG) has institutionalised the Strategic Integrated Municipal Engagements (SIME; previously referred to as LG MTEC) process in fulfilment of its obligations under:

- Sections 5, 22 and 23 of the Local Government: Municipal Finance Management Act (MFMA), Act No. 56 of 2003;
- Chapter 5 of the Local Government: Municipal Systems Act (Act No. 32 of 2000) [MSA];
- Chapter 3 of the National Environmental Management Act (Act No. 107 of 1998) (NEMA); and
- Chapter 4 of the Spatial Planning and Land Use Management Act (Act No. 16 of 2013) (SPLUMA).

The 2024 SIME process builds on the 2023 integrated municipal and provincial processes to strengthen alignment between municipal and provincial planning and budgeting and drives the theme of “**Integrated service delivery**”, as municipalities are preparing for the third year of the 2022 - 2027 Integrated Development Planning Cycle.

3. FISCAL AND ECONOMIC CONTEXT

3.1 Economic and Fiscal Environment

For more than ten years, the South Africa's economy has experienced slow growth. Since 2012, the GDP has averaged just 0.8 per cent annually, further entrenching the country's high rates of unemployment and poverty.

South Africa's economy is predicted to expand at an average rate of 1.6 per cent during the next three years, which signifies marginal improvement over the 1.4 per cent average predicted at the time of the 2023 National MTBPS. The forecast is bolstered by anticipated increases in energy-related fixed investments and a rebound in consumer expenditure as inflation drops.

Power outages and issues with freight train and port operations continue to hinder economic activity and reduce the nation's export potential. Though it may take some time to see development rebound, these sectors are undergoing extensive reforms. High living expenses are putting pressure on household consumption, while limited investment is the result of low confidence and difficult business environment brought on by structural limitations.

The National government is giving energy and logistics reforms top priority in addition to steps to stop the deterioration of state capacity to reverse the trend and boost economic development sustainably. Effective initiatives to strengthen the state's capability, finish structural reforms, and strengthen the fiscal position will all work together to lower borrowing costs, boost confidence, boost investment and employment, and quicken economic growth.

The current economic difficulties continue to put strain on households' capacity to pay municipal accounts, which has an impact on municipalities' ability to generate their own revenue.

Given the pressure on the economy as detailed above, the following macro-economic forecasts for Consumer Price Index (CPI) inflation must be considered when preparing the 2024/25 MTREF municipal budgets.

Table 1 Macroeconomic performance and projections, 2022 – 2027

Fiscal year	2022/23 Actual	2023/24 Estimate	2024/25	2025/26	2026/27
CPI Inflation	6.9%	6.0%	4.9%	4.6%	4.5%

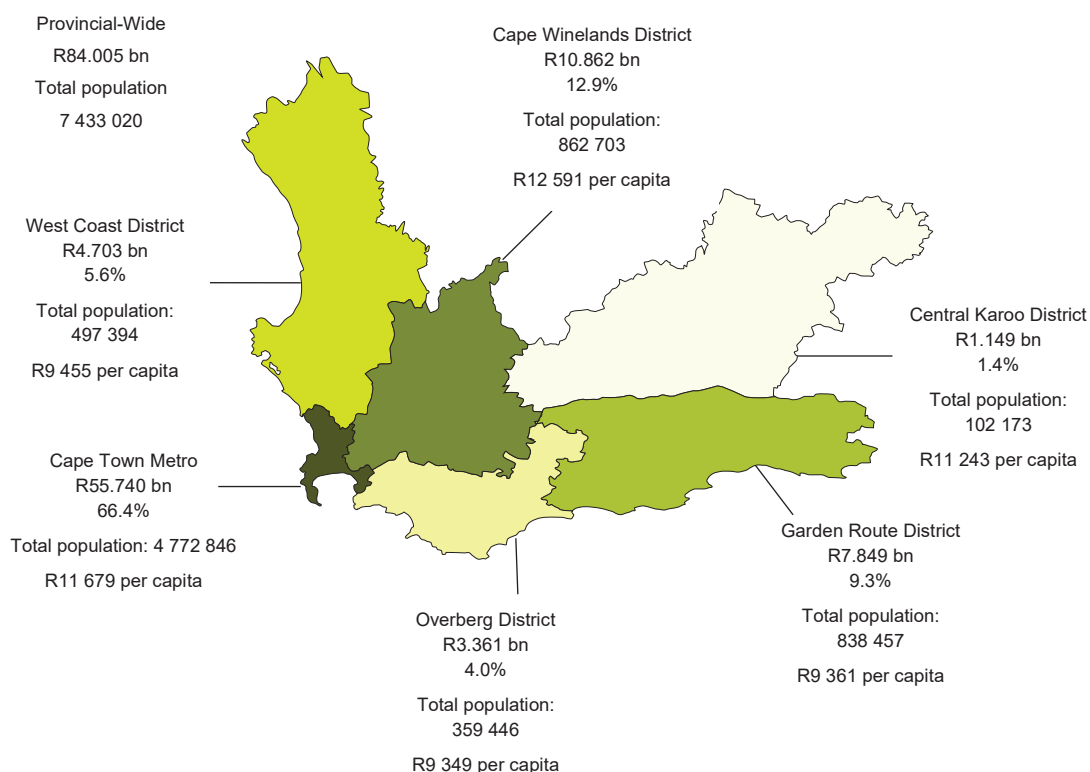
Source: NT MFMA Budget Circular No. 128

3.2 2024 Western Cape Provincial Budget

On Thursday, 7 March 2024, the Western Cape Minister for Finance and Economic Opportunities, Ms. M Wenger, tabled the 2024 Western Cape Budget in the Provincial legislature. The Western Cape's 2024 Budget solidifies the Western Cape Governments commitments to the residents of the province by delivering a budget to 'keep building a Western Cape that works for all.' Key highlights of the provincial budget include:

- Over the three years of the 2024 MTEF, R45.35 billion has been allocated to boost economic growth and create opportunities for our citizens. Additionally, R5.08 billion is allocated to ensure safer communities and R182.35 billion has been allocated to ensure the wellbeing of residents in the Western Cape, which includes key services such as Education and Health.
- By functional area, the three largest expenditures in 2024/25 are; education (R75.82 billion), health (R80.12 billion), and infrastructure and economic affairs (R19.14 billion).

- The 2024 Budget continues the investment in energy resilience in the Western Cape with R759.2 million set aside for the MTEF period. The WCG aims to reduce the impact of loadshedding, improve advances in the green economy and the installation of Solar PV for schools and WCG health facilities.
- The Province will spend R84.0 billion across all municipal areas in the Province in 2024/25. The 2024 expenditure distribution per region is as follows:



- The Provincial budget allocated R3.2 billion in transfers to municipalities in 2024/25 that must be taken up in municipal budgets. These allocations, as well as forward projections for the rest of the 2024/25 MTREF period are set out in the Provincial gazette number 8 892 of 7 March 2024(available with the rest of the Provincial budget documents at the link below). The allocations to each municipality have also been summarised in an allocation letter sent to each municipality. These grants cover a wide range of functions, from strengthening the capacity of municipalities to deliver on their mandates to funding capital projects and delivering services on behalf of the province. The purpose of each grant is set out in its grant framework in the gazette.
- Municipalities are encouraged to refer to Chapter 5 of the *2024 Overview of Provincial Revenue and Expenditure* (OPRE) which outlines the spatial distribution and the sectoral breakdown of education, health and wellness, infrastructure, and other Provincial expenditure across the Metro, district, and local municipalities in the Western Cape. Additionally, Chapter 3 of the *2024 Overview of Provincial Municipal Infrastructure Investment* (OPMII) summarises the Provincial Government's infrastructure investment plans in each municipality. For further information on provincial allocations, kindly direct queries to:
Budgetoffice.provincialtreasury@westerncape.gov.za
- The 2024 Provincial Budget documentation can be accessed [here](#).

4. NATIONAL AND PROVINCIAL BUDGET GUIDELINES

The NT and PT circulars provide guidance to municipalities on revenue, expenditure and accounting related matters for consideration when compiling their 2024/25 MTREF budgets. Please note the following important matters:

- Municipalities are advised to consult MFMA Circulars No. 126 (2023) and No. 128 (2024) for guidance in respect of planning and budgeting towards the 2024 MTREF, available at this [link](#).
- Municipalities MUST include the National and Provincial Treasury Budget Circulars as part of the source documents consulted in the preparation of the 2024 MTREF Budget documents and table it as part of the budget documentation in the municipal council.

4.1 Key focus areas for the 2024/25 budget process

The 2024/25 MTREF budget should be constructed within a well-defined municipal fiscal strategy that shapes both the revenue envelope, inclusive of both national and provincial transfers and carefully evaluates expenditure allocations. This fiscal strategy should include maximizing opportunities to diversify revenue streams as well as implementing measures to control spending while maintaining service delivery.

Ahead of finalisation of municipal budgets, municipalities are requested to frame their fiscal strategy with clearly outlined fiscal and budget principles and related targets.

4.1.1 Local government conditional and unconditional grant allocations

- Net reductions of R80.6 billion to main budget non-interest expenditure are identified across the three spheres of government over the MTEF in comparison to the 2023 budget estimates. Among these 2024 MTEF fiscal consolidation reductions, local government has the smallest contribution.

Over the 2024 MTEF, the local government equitable share and direct conditional grants will be reduced by a total of R15.5 billion, made up of R9.6 billion in the local government equitable share and R5.9 billion in direct conditional grants. Despite reduction, local government equitable share growth remains high with transfers to local government significantly increasing by 5.2 per cent annually, driven mainly by the strong growth of local government equitable share by 6.1 per cent. National revenue share increases by 2.6 per cent annually, while transfers to provinces grow by 3.8 per cent annually, with the equitable share growing faster than conditional grants. There were no proposed reductions on the sharing of the general fuel levy to the metropolitan municipalities.

4.1.2 Post 2023 National MTBPS changes

- Several reductions that were proposed in the 2023 MTBPS have been reversed or revised downwards, and several further cuts and other reprioritisations effected to make funds available for other government priorities. The detail regarding the reductions is outlined in MFMA Circular 128. Municipalities are encouraged to take note of the revisions.

4.2 THE REVENUE BUDGET

4.2.1 Municipal tariff structure and design

Municipalities must ensure that when tariffs are designed, the capital repayment of loans are included in the cost to determine the tariff. Municipalities must also ensure that consumption charges for services are only based on consumption and all other variable costs. Fixed costs e.g. salary and wages, etc. should be covered by a fixed charge.

A municipality must also ensure that its budgeting process addresses the requirement to maintain municipal infrastructure. New developments in a municipality should mandatorily make provision for alternative energy such as solar or wind as well as any other energy option available.

4.2.2 Setting cost reflective and affordable tariffs

National Treasury specifies that municipalities maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers, while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be at 4.9 per cent for 2024/25 and subsequently municipalities are required to justify all increases in excess of the projected inflation target for 2024/25 in their budget narratives and pay careful attention to the differential incidence of tariff increases across all consumer groups. Municipalities should include details of their revenue growth assumptions for the different service charges in the budget narrative.

As requested by Provincial Treasury, National Treasury has agreed to provide municipal training via the MFIP Advisors Programme for the Cost Reflective Tariff Tool on the 19th of March 2024 from 09h00 - 13h00. The information regarding this training session was circulated to Municipal CFOs, Municipal Managers and eMonitor Champions.

Provincial Treasury has partnered with the UCT graduate school of business to rollout a "Financial Modelling for Utility Tariff Setting course" starting in March and finalising in April 2024. The tariff design as well as the related structuring and participatory processes (in conjunction with maximising the revenue available from tariffs) are identified as key municipal sustainability factors. This Financial Modelling course provides a basic understanding of the building blocks of a tariff-setting financial model. It is envisaged to enable delegates to build a financial model that can run sensitivity analyses and provide various tariff paths.

As communicated to Municipal Managers and CFO's, municipalities were requested to nominate one official to attend the course, noting that officials will have to sign agreements to reimburse Provincial Treasury if the course is not completed. As per the course dynamics, there will be a week (22 – 26 April 2024) where the selected officials are expected to attend in person in Cape Town.

4.2.3 Electricity Tariff Increases

The approach by NERSA of using the benchmarking and guideline approach has been reviewed, set aside and declared unlawful by the High Court. The Municipal Tariff Guideline was consequently revised by NERSA to render it compliant with section 15 of the Electricity regulation Act. NERSA, SALGA and Sustainable Energy Africa have made available to all municipal licensees a simplified cost of Supply (COS) tool. This tool does not replace the need to conduct a fully-fledged COS.

This tool shows a link between the required revenue and the cost associated with supplying a category of customers, the classification of costs between fixed and variable as well as energy related, demand related and customer related costs.

The practical effect of the judgement is that all tariff applications from 2024/25 FY should be supported by a COS study – otherwise the breach becomes a contempt of court. The municipality needed to undertake such a study and if it is unable to do so; the NERSA's approved COS model should have been used as a guide to perform the study (submission deadline to the Energy Regulator is noted as the 4th of March). Licensees were required to submit three-year budget projections in a D-form format. It is noted that the increase in revenues were to be aligned to the following assumptions:

- Bulk purchase will increase by 12.72 per cent in line with Eskom's electricity tariff increase for municipalities;
- The consumer price index;(CPI)
- Salary and wage increases, which is also aligned to inflation;
- Interest rate decrease of 1 per cent in line with the Reserve Bank forecast for 2024/25;
- Other expenses increased by CPI; and
- Sales forecast assumption should be realistic and practical taking into account historical sales trend analysis.

As per the SIME assessment, Provincial Treasury will assess electricity tariffs within the aforementioned band ranges as per the municipal quantum differential. This is based on NERSA's letter informing electricity distributors that the guideline and benchmarks that had been supplied in the past will no longer be published for annual electricity distributor tariff price increases; as each distributor's tariff increase will be based on related costs.

Provincial Treasury notes that a revenue requirement template had been developed for municipalities to complete their 2023/24 projections and revenue requirements for the 2024/25 financial year. It is acknowledged that municipalities applying for an increase that is outside of the above assumptions will have to justify their increases to the Energy Regulator and the approval will be based on the following requirements:

- The additional revenue should be quantified per customer category, including the forecast sales assumptions; and
- A detailed plan on the projects on which the additional funds will be used should be provided.

4.3 Property Rates

As emphasised by National Treasury, municipalities are to reconcile their most recent consolidated valuation roll data to that of the current billing system data to ensure that revenue anticipated from property rates is realistic. This will also facilitate compliance with the provisions of section 23 of the MPRA; as well as compliance with section 8(1) in terms of specifying the billing methodology within the municipal policy. An additional dimension would be to reconcile this information with the Deeds Office registry.

Municipalities should implement a data management strategy and develop internal capacity to perform these reconciliations and investigations to improve completeness of billing. All revenue foregone as supported by municipal policies due to municipal reductions rebates and exemptions, must be accounted for.

4.4 Development Charges

A new chapter 3A in the Municipal Fiscal Powers and Functions Amendment Bill that regulates the power of the municipalities to levy/apply development charges in a uniform manner has been introduced. Once the Bill is enacted, the amendments will take effect from the next municipal financial year (commencing 1 July) or on a date prescribed by the President. These amendments will create legal certainty for municipalities to levy development charges, regulate their applicability and create a more standardised, equitable, and sustainable framework for development charges. The National Treasury will clearly articulate the budgeting and accounting requirements upon the completion of the Parliamentary processes.

The amendments to the Municipal Fiscal Powers and Functions Act (Act 12 of 2007) include 12 sections, namely:

- Power to levy development charges
- Adoption and contents of policy on development charges
- Community participation
- By-laws to give effect to policy on development charges.
- Rebate and exemption
- Engineering services agreement
- Installation of external engineering services by applicant
- Non-installation of bulk engineering services by municipality
- Bulk and link engineering services as part of internal engineering services
- Dispute resolution
- Delegations
- Financial misconduct

An in-depth assessment was applied by National Treasury, to understand the gaps and the extent of municipal capacity to implement development charges. The capacity assessment was based on the National Treasury 2018 Guidelines for the implementation of Municipal development charges in South Africa. The capacity assessment report was availed on the 30th of June 2023. Based on the gaps identified in this report – training and capacity development materials have been developed.

National Treasury conducted training for Provincial Treasuries and Municipal officials on development charges to equip municipal officials with the necessary knowledge and skills needed to effectively implement development charges in a uniform manner, in line with the new Municipal Fiscal Powers and Functions Amendment Bill. The training was centered around the updated 2018 Guidelines for the implementation of development charges, including the excel calculator.

Municipalities are encouraged to familiarise themselves with the proposed Municipal Fiscal Powers and Functions Amendment Bill and the updated 2018 Guidelines for the implementation of development charges. As highlighted above, the objective is to enhance uniformity in the implementation of development charges in the province.

National Treasury has identified development charges as an important infrastructure financing mechanism and has taken steps to facilitate the more effective use in the municipal financing mix. Development charges envisaged as a cost sharing measure between municipalities and the developers, could assist in easing some fiscal pressures on municipalities. This relates to funds recouped from levying development charges, which could be redirected to other underfunded priorities.

4.5 New support mechanisms for revenue management

■ New conditional grant for smart prepaid meters

In 2024/25, a new indirect grant will be implemented, overseen by the National Treasury. Municipalities will have a significant opportunity to participate in the debt alleviation program thanks to this grant. While debt relief is an essential part of helping financially distressed municipalities, it's also imperative to give municipalities the resources and money they need to enhance their day-to-day operations and long-term viability. In order to provide municipalities with the financial support

they need to manage their utilities more effectively—by guaranteeing timely and accurate billing, cutting losses, and improving operational sustainability—this new indirect conditional grant for smart prepaid meters is an important first step. Municipalities will have the ability to manage their utility services effectively and efficiently, including the provision of energy and water. The grant will initially focus on providing support to municipalities that are part of the Municipal Debt Relief programme but is expected to be expanded to other municipalities in future. Western Cape municipalities that form part of the debt relief programme are encouraged to apply for funding and can request the Provincial Treasury to assist them with their applications.

■ **Transversal Tender RT-29**

The National Treasury is in the process of finalising the RT-29 transversal tender for a smart metering solution, and the appointed panel is available to all municipalities from March 2024. Targeted in the transversal tender are smart meter solutions for load reduction, compliance with STS meters, and water and electricity functions. Municipalities will be able to install bi-directional smart metering systems thanks to it as well. Municipalities are urged once more to investigate the RT-29 transversal tender, which offers a competitive pricing comparison and procurement cost savings, before entering into any contracts for smart metering systems or solutions. Municipalities interested in participating in the RT-29 transversal should send an email to TCcontract1@treasury.gov.za, the Office of the Chief Procurement Officer (OCPO), expressing their interest. These localities have to provide proof of a budgetary allocation in the current budget and future budgets for participation.

4.6 Additional risks to revenue

■ **Traffic Services**

Municipalities are reminded of the implementation of the Administrative Adjudication of Road Traffic Offences (AARTO) Act which will come into effect on 01 July 2024. Over and above the financial implications of the new system, the legislation places additional administrative responsibilities on municipalities which will increase the cost of employment and new systems will have to be introduced. Municipalities are encouraged budget for these additions accordingly.

■ **STS TID Pre-paid roll-over process**

Municipalities should be aware of the nature of this roll-over process and why the timeous completion thereof will strengthen municipal financial sustainability. Provincial Treasury notes that most municipalities are using of service providers (or existing vendors) to facilitate the roll-over process and that adequate financial provision has been made to reset all meters within the municipal jurisdiction. Municipalities must however consider making provision for contingency funding to support the roll-over of pre-paid meters within the Eskom designated areas. Eskom is responsible to reset these meters, but based on current progress reports, municipalities must prepare for the likelihood that not all households will be serviced before the deadline in November 2024. The STS TID process must therefore be added to the municipal risk register in cases where the deadline will not be met.

4.7 THE EXPENDITURE BUDGET

4.7.1 Cost Containment

The National Treasury is still working on reviewing the Municipal Cost Containment Regulations (MCCR) (2019) to allow for a more differentiated approach. Municipalities should in the interim continue to set clear and quantifiable targets as part of its cost cutting commitments and to timeously adhere to the MCCR reporting requirements. Failure to comply with the terms of the Regulations will constitute financial misconduct as defined in sections 171 and 172 of the MFMA. The failure to timeously submit the in-year and annual returns as required by the Regulations will

furthermore amount to noncompliance with section 74 of the MFMA (General Reporting Obligations).

Please consult MFMA Circulars 82 (2016), 97 (2019) and 10 (2023) for further guidance especially as it relates to following a strategic approach towards cost containment.

4.7.2 Cost Drivers

It is crucial for each municipality to critically review the cost drivers within its expenditure framework ahead of the tabling of the 2024/25 budget. Some of the most prominent expenditure drivers to be considered as part of a municipality's budget assumptions are as follows:

- *Cost of Employment:* The Salary and Wage Collective Agreement for the period 1 July 2021 to 30 June 2024 has come to an end and a new agreement is under consultation, which is anticipated to consider the current fiscal constraints faced by government. Therefore, in the absence of any information in this regard from the South African Local Government Bargaining Council (SALGBC), National Treasury has advised municipalities to consider their financial sustainability when considering salary increases.

Budget assumptions should account for wage increases and the potential to reduce costs through management of overtime, allowances and other related costs. The growth in the total cost of employment can also be managed through reducing staff numbers through attrition. In the absence of clarity on the collective bargaining agreement, municipalities are advised to target maintaining or gradually reducing cost of employment as a share of total expenditure. If the collective bargaining agreement is more costly than is provided for in a municipality's budget assumptions, then these other measures will have to be applied more aggressively to manage the overall cost of employment to the municipality.

Municipalities are reminded that National Treasury has set specific norms to measure municipal staff remuneration as a percentage of the overall operating budget (between 25 per cent – 40 per cent) as well as expenditure on contracted services as a percentage of the overall operating budget (between 2 per cent – 5 per cent). PT will closely monitor the ratio result outcomes heading into the budget assessment process however, cognisance of the fact that the results should be seen within the context of each individual municipality's service delivery model, powers and functions is taken into consideration

- *Provision for indigent households:* The Local Government Equitable Share provides a subsidy for a basic level of free services to indigent residents. Although the allocation per poor household has been increased in 2024/25, the formula has not been updated to account for estimated household growth. This has a significant impact on equitable share allocations in 2024/25 and over the MTREF. National Treasury has indicated that household growth will only be accounted for once "the 2022 Census data has been evaluated and decisions made." In the 2024/25 MTREF several municipalities will face financial pressures to provide for an anticipated increase in indigent households. Municipalities are advised to critically review their own criteria for identifying and registering indigents while carefully considering the indigent subsidy basket in line with available resources. Any changes to indigent policies must be clearly communicated and consulted on through the municipality's budget process.
- *Increase in fuel prices:* Fuel price inflation cooled in December 2023, but the annual fuel price inflation was still 3.3 per cent in January 2024. Fuel is an essential cost element associated with the provision of basic service and municipalities must accordingly budget in line with the latest fuel price inflation projections. Municipalities must also consider the latest fuel and oil price increased announced in the National Budget.

- As loadshedding persists, municipalities are advised to continue to make additional provision for the fuel costs associated with alternative power solutions (such as generators). Municipalities are advised to provide for at least the volumes of fuel that have been consumed monthly for additional generator usage.
- *Natural Disasters and unforeseen expenditure:* Budgeting must ensure that the cash position of the municipality provides that in the event of a natural disaster, the municipality must have resources to be able to effectively respond to emergencies and provide relief and immediate recovery efforts. While such provisions will buffer the financial impact of disasters, it is vitally important to ensure that effective risk mitigation strategies and response plans are in place. Collaboration with other stakeholders is also key to ensure that municipalities (especially at a district level) can quickly leverage resources and expertise for improved disaster preparedness and responses. Municipalities are advised to review and revise (where applicable) their insurance coverage to offset financial losses being incurred.

Municipalities are further advised to prioritise timeous repairs and maintenance to ensure that the existing asset base is adequately prepared to handle the impact of natural disasters, especially flood damage. Additional costs associated with facilitating disaster responses include provision for overtime, the use of consultants and external service providers. Municipalities are further expected to make use of skilled and experienced consultants and service providers to assist with the transition to renewable energy sources.

- *Impact of loadshedding:* Municipalities expressed the concern that loadshedding does not only result in the additional need for repairs and maintenance, but in certain instances causes the complete breakdown/failure of electricity and water assets. As many of these assets were not soon due for replacement or renewal, no provision for their replacement would have been made in the MTEF budget. Municipalities should consider increasing their capital replacement reserve contribution to provide for such asset replacement and renewals. This would recognise that the need for replacement or renewal of these assets is likely to be required much earlier than originally planned.
- *Security services:* Provincial Treasury is acutely aware of the extent to which organised criminal groups or the so-called “construction mafia” is negatively impacting on the entire municipal value chain i.e. occupying construction sites, manipulating bidding processes, collusion, extortion; violence and intimidation; and disregarding environmental and safety standards. Overall, the influence of organised crime weakens the entire municipal governance structure. While PT acknowledges that addressing the impact of the construction mafia requires a formal policy response and a concerted efforts from all spheres of government to strengthen institutional resilience against organised crime networks, municipalities must in the interim factor in potential project delays when developing its capital works plan for the new financial year.

Municipalities should further thoroughly review the impact of general crime (theft, vandalism) on its asset base ahead of the new financial year and where needed, make sufficient provision to safeguard property, plant and equipment.

4.8 THE CAPITAL EXPENDITURE BUDGET

- Infrastructure investment remains a key driver of economic growth. Municipalities budgeted more for infrastructure investment than provincial departments in the Western Cape, with a total of R15.8 billion in capital spending in their 2023/24 original budgets, compared to the R11.2 billion in the province's 2024/25 budget. However, in-year monitoring reports consistently note that municipalities struggle to spend their full capital budgets and this underperformance is confirmed in the annual financial statements. **Improving capital spending is a key priority for enabling**

economic growth and will remain an important focus of the SIME engagements this year.

Municipalities need to plan for an appropriate capital funding mix and then ensure that they put in place appropriate project preparation and procurement planning to be able to deliver on their planned capital spending.

- Municipalities are reminded that a firm's decision to invest is influenced by factors such as infrastructure and land availability, the institutional and regulatory environment, skills availability and innovation levels and the availability of enterprise support and finance. Municipalities have key roles that influence a decision to invest and expand in a particular space. Poorly performing spaces – such as industrial parks, CBDs, logistics hubs, townships – discourage investment and encourage disinvestment. Poorly performing economic assets, such as roads, ports, rail, communications, do the same. Many of the reasons for poor performing spaces and assets lie within the ambit of the public sector, but not all within the local sphere. In some instances, municipalities are directly responsible for what needs to be done, in other areas the municipality needs to mediate inter-governmental solutions.

Municipalities are further reminded of the update to the National Policy Framework for Municipal Borrowing and Financial Emergencies was approved on the 17 August 2022. The Policy Framework is accessible at this [link](#). Key reforms introduced in this regard include:

- Measures to expand the scope of responsible municipal borrowing and create the environment for more players (e.g. insurers, pension funds, institutional investors, fund managers and international Development Finance Institutions) to take part in the municipal debt market. In particular, the participation of private and public sector market participants in the development of a liquid secondary market for municipal debt securities is encouraged. This is incorporated while ensuring that the core principles underlying municipal borrowing are maintained, namely that credit worthy municipalities should borrow responsibly to finance capital investments whilst confirming that there will be no bailouts by provincial or national government as stipulated in section 51 of the MFMA.
- Clearer definition of the role of Development Finance Institutions (DFIs) to ensure that their lending does not crowd out the private sector. DFI's are encouraged to pursue clear and agreed upon developmental goals and public-sector lenders should be guided by social and developmental investment approaches where social outcomes are considered alongside potential financial returns.
- The updated policy allows for and clarifies innovative infrastructure financing mechanisms (such as pooled financing mechanisms, project finance, tax increment financing, revenue bonds and pledging of conditional grants) that municipalities can use to leverage municipal borrowing.

4.9 PROCUREMENT PLANNING

- MFMA SCM Regulation 10 requires municipalities to provide for an effective system of demand management.
- MFMA Circular 94 requires that municipalities table the budget, SDBIP & Procurement Plan simultaneously to ensure continuity of the planning process and institutionalising the application of the supply chain management processes within the overarching planning cycle.
- Municipalities are therefore requested to submit their approved Procurement Plans for the 2024/25 financial year to the Provincial Treasury, in accordance with the provisions of Annexure A to MFMA Circular 62.

Municipalities are further requested to identify:

- Predetermined, specific projects for which municipalities require support throughout the procurement process, i.e. inputs during the Bid Specification or Evaluation Committee stages. Examples of such projects include those which relate to unfamiliar goods/services, are inherently complex, include alternative financing models, etc. This may include capital/infrastructure projects or 'routine' projects.
- Commodities or project types where provincial or district contracts could be concluded in partnership with the Provincial Treasury. Municipalities are assured that the Provincial Treasury will determine appropriate mechanisms for such contracts within the confines of the applicable regulatory frameworks, to prevent any unfavourable audit findings.

4.10 ASSET MANAGEMENT

The Provincial Treasury has undertaken research into the maturity of asset management across the municipal sphere within the province, and intends to share its findings and recommendations with municipalities during the SIME process, with a focus on:

- Electronic recordkeeping or the lack thereof ('dark data'); and
- Readiness for the adoption of a computerized maintenance management system (CMMS).

5. 2024/25 STRATEGIC INTEGRATED MUNICIPAL ENGAGEMENTS (SIME) PROCESS

5.1 Municipal Budget Day

According to sections 16(2) and 17(3)(d) of the MFMA, the Mayor of a municipality must table the annual budget at a council meeting at least 90 days (i.e. by 31 March 2024) before the start of the budget year.

It is important to note that there is no explicit requirement for council to endorse or approve the tabled budget or draft IDP tabled by the mayor for public participation. The municipal council only has the legal authority to consider a tabled budget and draft IDP after the completion of one or more public participation processes undertaken pursuant to section 22, read with section 23 of the MFMA. Council will only consider for approval "the product of an inclusive budget preparation and consultative process" when the proposed annual budget (as amended, if applicable) is tabled before council in terms of section 24(1) of the MFMA.

Given that the preparation, consultation, adoption and implementation of a municipality's annual budget is inextricably linked to, and must be substantially aligned to and informed by the contents of that municipality's Integrated Development Plan (IDP), it would be procedurally flawed for the mayor to proceed with the tabling of the proposed annual budget (and commence with public participation process required in terms of section 22 of the MFMA) at a time when the municipality's draft IDP has not been completed.

5.2 Failure to Table Draft Budgets and IDPs by End March 2024

If a municipality has failed to complete the relevant processes applicable for the review and revision of the annual budget and the compilation of an IDP in time for the deadline applicable to the tabling of the proposed annual budget (i.e. 31 March), the mayor must submit an application for an extension of the said deadline. As per section 27 of the MFMA, the mayor of a municipality must, upon becoming aware of any non-compliance by the municipality of any provisions of the Act or any other legislation pertaining to the tabling or approval of the annual budget or compulsory consultation processes, inform the MEC for Finance in the province in writing of any non-compliance.

If the impending non-compliance pertains to a time provision, except section 16(1) of the MFMA, the mayor may apply to the MEC for Finance for an extension, which must be in accordance with Schedule G of the Municipal Budget and Reporting Regulations (MBRR). In addition to the requirement to inform the MEC of impending non-compliance with the MFMA, mayors and accounting officers are requested to inform PT should they have reasons to believe that their municipality's budget might not be tabled/approved timeously due to dynamics in council. This will enable PT to engage with municipal officials to prepare for any possible action (including in terms of 139(4) of the Constitution) that may be required if a budget is not adopted.

In the event of actual non-compliance by a municipality with time provisions concerning the annual budget, the mayor must inform council, the MEC for Finance and NT, in writing, of such non-compliance and any remedial action or corrective measures the municipality intends to implement. Such a notification must be done in accordance with section 63 and Schedule G of the MBRR.

Municipalities are cautioned that any delay to table the budget in terms of section 16(2) of the MFMA could compromise the ability to approve the budget before the start of the financial year as required by section 16(1) of the MFMA. Failure to approve the budget before the start of the financial year will automatically invoke the provisions of sections 25(1) and 55 of the MFMA. Should a municipality not approve the budget by the start of the new financial year, the provincial executive MUST intervene in terms of section 139(4) of the Constitution by taking any appropriate steps to ensure that the budget or revenue-raising measures are approved. These steps include, but are not limited to, dissolving council and appointing an administrator and approving a temporary budget or revenue raising measures to provide for the continued functioning of the municipality.

Municipalities are kindly requested to communicate any changes to the confirmed tabling dates (as it appears in **Annexure A** to PT via Tania.Bosser@westerncape.gov.za by **18 March 2024**.

5.3 Submitting Budget Documentation and Schedules For 2024/25 MTREF

5.3.1 Municipal Standard Chart of Accounts (mSCOA)

Version 6.8 of the chart will be effective from 2024/25 and must be used to compile the 2024/25 MTREF. The linkages to chart version 6.8 can be downloaded from GoMuni on the following link under the mSCOA/ List mSCOA WIP account linkages menu option.

The reports on the Local Government and Reporting System (LGDRS) are populated from financial and non-financial data strings. Municipalities must use the linkages on GoMuni referred to above and not the formulas in the regulated Municipal Budget and Reporting (MBRR) Schedules when generating their A schedule from the financial system.

In terms of the mSCOA Regulations, municipalities must generate the regulated MBRR schedules that is tabled and adopted by Council directly from their financial ERP systems and not import or captured it on the system at a later stage. This is necessary to ensure that there is 'one version of the

truth', namely the data in the financial ERP system is the same as the report tabled and adopted by Council and the information submitted to the National Treasury and other stakeholders.

5.3.2 Submission of budget documents and mSCOA data strings

Section 22 (b)(i) of the MFMA requires that, immediately after an annual budget is tabled in municipal council, it must be submitted to NT and the relevant provincial treasury. Please note that **due date of submission of the electronic budget documents and corresponding mSCOA data strings is within 24 hours after tabling by Council.**

Section 24(3) of the MFMA, read together with regulation 20(1) of the MBRR, requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury within ten working days after the council has approved the annual budget.

The accompanying document submission checklist (**see Annexure B**) provides a list of the documentation required by Provincial Government. Electronic budget and IDP related documents must be provided in PDF format. The designated municipal official needs to complete and sign the accompanying checklist (**Annexure B**) as confirmation that the set of budget, IDP and related documents have been submitted.

Municipalities should note that NT will no longer accept submissions by email, NT will now only accept uploads via the GoMuni portal. The development work on the GoMuni Upload portal was concluded and municipalities must submit all documents required for the 2024/25 MTREF in terms of legislation, as per the guidance provided in MFMA Circular No 126 (2023), via the **GoMuni Upload Portal**.

Municipalities can also submit electronic documents to **Provincial Treasury** to: MFMA.MFMA@westerncape.gov.za or if too large (exceeds 3 MB), must be submitted via One Drive. Instructions for uploading the budget and related documents via **One Drive** are provided in **Annexure C**.

If municipalities require advice with the compilation of their respective budgets, they should direct their enquiries to the following WC Provincial Treasury officials:

Directorate	Official	Tel. No.	Email
MFMA Coordination	Dian Cronje	021 483 0390	Dian.Cronje@westerncape.gov.za
Public Finance	Isaac Tsie	021 483 6241	Isaac.Tsie@westerncap.gov.za
	Thobelani Ntshingila	021 483 6100	Thobelani.Ntshingila@westerncape.gov.za
Budget Office	Nadia Rinqest	021 483 8692	Nadia.Rinqest@westerncape.gov.za
	Kim Engel	021 483 8459	Kim.Engel@westerncape.gov.za
Fiscal Policy	Malcolm Booysen	021 483 3386	Malcolm.Booyesen@westerncape.gov.za
Cash Management	Anthea Paries	021 483 5472	Anthea.Paries@westerncape.gov.za
Accounting	Faez Salie	021 483 4252	Faez.Salie@westerncape.gov.za

Municipalities may also contact the following officials at NT for assistance.

Responsible Area	Official	Tel. No.	Email
Western Cape	Willem Voigt	012 315 5830	WillemCordes.Voigt@treasury.gov.za
	Enock Ndlovu	021 315 5385	Enock.Ndlovu@treasury.gov.za
Cape Town	Kgomotso Baloyi	012 315 5866	Kgomotso.Baloyi@treasury.gov.za
George	Mandla Gilimani	012 315 5807	Mandla.Gilimani@treasury.gov.za
Technical issues with Excel formats	Sephiri Tlhomeli	012 406 9064	lgdataqueries@treasury.gov.za

5.4 Publication of budgets on municipal website

In terms of section 75 of the MFMA, all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the Municipality's website. This will aid in promoting public accountability and good governance.

5.5 Strategic Integrated Municipal Engagement (SIME) Process

Integrated planning and budgeting focusses on strengthening the alignment of planning and budgeting in the Province, and places emphasis on enhancing the provincial and local government interface. The SIME engagements, which takes place in April/May 2024, precedes the approval and implementation of municipal budgets. The engagements afford the WCG the opportunity to provide feedback on its assessment of the municipal planning and budgeting efforts for the upcoming financial year and for the 2024 MTREF.

The assessments are based on compliance and performance information obtained from the Western Cape Monitoring and Evaluation System (WCMES) as well as an assessment on conformance, responsiveness, credibility, and sustainability of the municipality's draft budget, IDP, SDF and supporting plans. It is therefore important that all Municipalities timeously submit all the required information. The assessment of the tabled IDPs will be undertaken by the Department of Local Government, in close contact with all relevant sector departments in the Province impacting on municipalities, to ensure alignment between the IDPs and all the Provincial strategic priorities and plans.

The SIME engagements will focus on strategic issues emanating from municipalities' draft IDPs and tabled annual budgets to gear municipalities for sustainable growth and development. A differentiated approach to the engagements and a focused agenda including matters pertinent to specific municipalities will be shared with municipalities beforehand.

The overall objectives of the 2024/25 SIME process and the key messages therefore emphasise:

- **Aligning strategic intent as encapsulated within the Integrated Development Plans (IDP) and municipal budgets** to create public value based on the community needs/priorities identified through the public participation processes;
- **Safeguarding of municipal sustainability** by ensuring that municipalities table funded budgets and the strengthening of municipal financial management;
- **Ensure optimal and targeted service delivery** through strategic spatial planning and alignment;

- **Deepening of an integrated approach to service delivery** with the intention of creating synergies through the consolidation/concentration of resources across all spheres of government; and
- **Identification of areas that require support** as well as opportunities for collaboration and partnerships.

The 2024 SIME engagements are planned to be in person, with site visits at selected municipalities. Confirmation of the engagement and site visit arrangements will be confirmed individually with each municipality.

- The SIME engagements are provisionally scheduled to take place from 29 April 2024 to 17 May 2024, subject to confirmation from the municipalities. PT is currently in communication with each Municipality to confirm the date and time of each of the engagements.

6. NATIONAL AND PROVINCIAL GOVERNMENT ELECTIONS

- In closing, National and Provincial Government Elections are planned for 29 May 2024. Elections are significant occasions because they allow us to select representatives of the people who will lead government for the ensuing five years, thus reinforcing our commitment to democratic and transparent governance.
- Political campaigning is an important feature of an open and democratic society. Many municipal spaces and infrastructure will be used during the campaigns (from stadiums to lamp posts). Municipal administrations must make sure that they do not allow any impression of partisan bias in the way their policies and practices allow for the use of municipal facilities.
- Municipalities are also reminded of the regulatory framework set out in the MFMA and Municipal Cost Containment Regulations insofar as it relates to the use of municipal funds to fund election campaigns and other non-priority issues as this might further impact the financial sustainability of municipalities. Municipalities must also not adjust the implementation of any of their standing policies (including credit control and debt collection) due to election pressures.

7. CONCLUSION

Municipalities should consider and apply the contents of this budget circular in the 2024/25 planning and budgeting process. We wish you well in the finalization of your 2024/25 MTREF budgets.

Please direct any queries regarding this circular to Nadia Rinquist at:

Nadia.Rinquist@westerncape.gov.za.

Julinda
Gantana



Digitally signed by
Julinda Gantana
Date: 2024.03.18
11:12:09 +02'00'

MS J GANTANA
HEAD OFFICIAL: PROVINCIAL TREASURY

ANNEXURE A

CONFIRMED 2024 BUDGET TABLING DATES

Municipality	Confirmed date
City of Cape Town	Wednesday, March 27, 2024
Matzikama	Tuesday, March 26, 2024
Cederberg	Thursday, March 28, 2024
Bergrivier	Tuesday, March 26, 2024
Saldanha Bay	Thursday, March 28, 2024
Swartland	Thursday, March 28, 2024
West Coast District Municipality	Wednesday, March 27, 2024
Witzenberg	Thursday, March 28, 2024
Drakenstein	Thursday, March 28, 2024
Stellenbosch	Wednesday, March 27, 2024
Breede Valley	Tuesday, March 26, 2024
Langeberg	Wednesday, March 27, 2024
Cape Winelands District Municipality	Wednesday, March 20, 2024
Theewaterskloof	Wednesday, March 27, 2024
Overstrand	Wednesday, March 27, 2024
Cape Agulhas	Thursday, March 28, 2024
Swellendam	Thursday, March 28, 2024
Overberg District Municipality	Monday, March 25, 2024
Kannaland	Monday, March 25, 2024
Hessequa	Wednesday, March 27, 2024
Mossel Bay	Thursday, March 28, 2024
George	Wednesday, March 20, 2024
Oudtshoorn	Wednesday, March 20, 2024
Bitou	Thursday, March 28, 2024
Knysna	Thursday, March 28, 2024
Garden Route District Municipality	Thursday, March 28, 2024
Laingsburg	Thursday, March 28, 2024
Prince Albert	Tuesday, March 26, 2024
Beaufort West	Thursday, March 28, 2024
Central Karoo District Municipality	Wednesday, March 27, 2024

ANNEXURE B

**DOCUMENT SUBMISSION CHECKLIST
FOR THE 2024/25 TABLED INTEGRATED DEVELOPMENT PLAN, BUDGET, AND RELATED
DOCUMENTATION**

MUNICIPALITY: _____

In completing and signing the Budget and IDP documentation checklist below, the municipality confirms that Schedule A1 **complies with the Municipal Budget and Reporting Regulations (MBRR)** and that the main tables and the relevant supporting tables (as listed below) are in **version 6.8** of Schedule A1 and **drawn directly from the municipal financial system**.

The Integrated Development Plan as set out in Section 25, 26, 32 and 34 of the Local Government: Municipal Systems Act, No 32 of 2000 and Regulations (MSA) and Section 21 of the Local Government Municipal Finance Management Act 56 of 2003 (MFMA).

The Spatial Development Framework, Disaster Management Framework and additional documents must be submitted as required in terms of budget circulars.

Budget Documentation	Yes	No	N/A
1. A1 Schedule			
2. Budget Document			
3. Council Resolution			
4. Quality Certificate			
5. IDP Draft			
6. SDBIP Draft			
7. Spatial Development Framework			
8. Long Term Financial Strategies			
9. Service Standards			
10. Rates Billing			
11. Tariff List			
12. Property Rates			
13. Tariff Policies on:			
a. Property Rates and Service Charges			
b. Borrowing			
c. Budget Implementation and Management			
d. Cash Management and Investment			
e. Credit Control and Debt Collection			
f. Funding and Reserves			
g. Indigents			
h. Long-term Financial Planning			
i. Management and Disposal of Assets			
j. Infrastructure Investment and Capital Projects			
k. Supply Chain Management			

Budget Documentation	Yes	No	N/A
14. mSCOA Road Map			
15. Fixed Asset Register			
16. Funding Plan			
17. Indigent Register			
18. General Valuation Roll (GVR)			
IDP and Related Documentation			
Council Resolution in terms of the tabled amended IDP			
Proposed amendments to the IDP			
The memorandum referred to in Regulation 3(2) of the Local Government: Municipal Planning and Performance Management Regulations of 2001			
A copy of the predetermined programme, in light of the requirements of section 29(1) of the Municipal Systems Act 32 of 2000, which the municipality is utilizing to guide the process for the drafting, consideration and adoption of the proposed IDP Amendment			
Spatial Development Framework			
<i>Council Resolution in terms of the adoption of the Spatial Development Framework</i>			
Applicable Disaster Management Plan			
<i>Council Resolution in terms of the adoption of the Disaster Management Plan</i>			
Integrated Waste Management Plan			
<i>Council Resolution in terms of the adoption of the Integrated Waste Management Plan</i>			
Air Quality Management Plan			
<i>Council Resolution in terms of the adoption of the Air Quality Management Plan</i>			
Coastal Management Plan (Coastal Municipalities only)			
<i>Council Resolution in terms of the adoption of the Coastal Management Plan</i>			
Biodiversity Management Plan (if relevant)			
Invasive Species Monitoring, Control and Eradication Plan			
Climate Change Strategy			
Human Settlements Plan			
Local Economic Development Strategy			
Water Services Development Plan			
Storm Water Master Plan			
Integrated Transport Plan			
Electricity Master Plan			

MUNICIPAL REPRESENTATIVE:

Designation: _____

Name: _____

Signature: _____

Date: _____

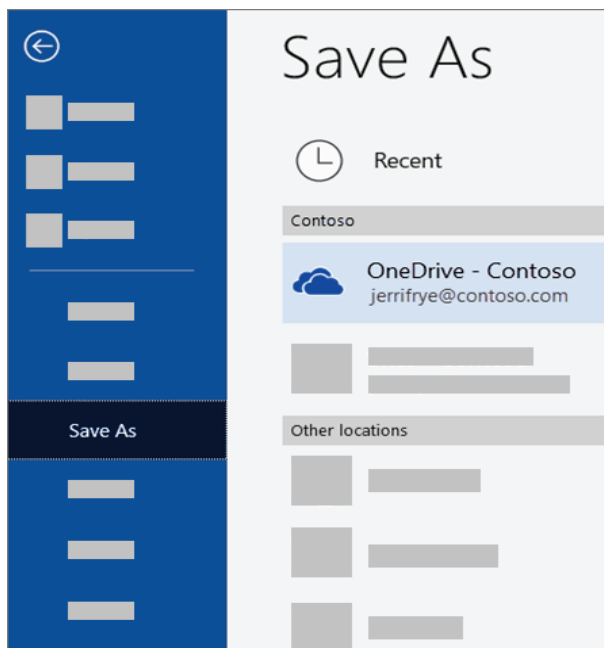
ANNEXURE C

The following instructions provide a guide for the upload of budget documentation onto OneDrive.

● How to upload documents to One drive:

You can use this option if you have OneDrive linked to your Microsoft Office or Office 365

1. In any Office document, select File > Save As, choose your OneDrive, and then pick the folder where you want to save the file. Create a new folder (e.g. DC1 2024 Budget Documents) and place all the budget related documents within it.



2. To share the link to that folder, Go into OneDrive
3. Select the file that you want to share and right click on it
4. Choose "share"
5. Ensure that sharing is defaulted to "Anyone with the link can edit"
6. Enter the MFMA email address: MFMA.MFMA@westerncape.gov.za and email addresses of anyone else that you want to share the link with.
7. Click the Share Button

File names in following sequence for budget related documents to be submitted to MFMA:

- Demarcation code
 - "ccyy" century and year (eg.2024)
 - Name of document submitted (e.g. Draft Budget, Draft IDP, Draft SDBIP etc.)
- E.g.: DC1 2024 Draft Amended IDP
- E.g.: DC1 2024 MTREF Main Budget
- E.g.: DC1 2024Draft SDBIP

NB! Please note the Dropbox option is blocked on the government network and the OneDrive option is to be utilised.