



**CAPE WINELANDS DISTRICT**  
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

**SCHEDULE B**

**ADJUSTMENTS BUDGET**

**February 2023**

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## **PART 1**

### **A: Mayors Report**

#### **Monthly reports in terms of Section 71 of the MFMA**

The year to date operating expenditure until the 31 December 2022 was R196 039 136, consisting of actual expenditure amounting to R171 614 030 and committed expenditure of R24 425 106. The municipality has to date spent 38.6% of the budgeted expenditure of R444 379 722.

#### **Additional revenue appropriations**

##### **Additional Income**

###### **(a) Provincial Government**

The Cape Winelands District Municipality (CWD) received additional funding from the Western Cape Government via its Department of Public Works in terms of Addendum 1 to the Memorandum of Agreement for the 2022/2023 financial year, dated 8 November 2022 and via the Western Cape Provincial Treasury in terms of Provincial Gazette Extraordinary 8719 of Monday, 13 February 2023.

###### **(i) Funding from Department of Public Works:**

The Department of Transport and Public Works amended their 2022/2023 budget for work on proclaimed roads with R16 500 000 to make provision for additional costs in respect of labour and for the procurement of services and materials. This additional funding was added to the municipality's budget during an adjustments budget Council meeting held on 1 December 2022.

###### **(ii) Funding from Provincial Treasury:**

The Provincial Treasury provided a financial contribution to municipalities towards the purchase and installation of back-up energy supply (which may include generators, renewable power sources, batteries and all ancillary costs associated with the installation i.e.: switch gear, safe keeping, caging etc.) for water and wastewater infrastructure as an immediate response to the prolonged load-shedding, thereby mitigating the impact on the provision of basic services and potential health risks.

An amount of R950 000 was gazetted for this purpose

## **(b) Public Contributions**

Contributions towards the maintenance of the Merio Road were received from members of the public to the amount of R51 888.

### **Roll Over Approvals**

#### **National Government**

National Treasury granted approval in terms of section 21(2) of the 2021 Division of Revenue Amendment Act, (Act No. 17 of 2021) (DoRAA) to roll over the following unspent funds:

##### *2021/2022 Unspent Grants*

|                                     |           |
|-------------------------------------|-----------|
| (i) Expanded Public Works Programme | R 100 000 |
|-------------------------------------|-----------|

#### **Provincial Government**

The Western Cape Provincial Minister of Finance has granted approval in terms of section 10(2) of the Western Cape Appropriation Act (WCAA) 2021 (Act No. 5 of 2021), to roll-over the following unspent funds:

##### *2021/2022 Unspent Grants*

|   |           |
|---|-----------|
| (i) Safety Initiative Implementation Whole of Society Approach (WoSA) | R 353 921 |
| (ii) Integrated Transport Planning                                    | R 672 322 |
| (iii) Community Dev. Workers Operational Support Grant                | R 76 000  |
| (iv) Local Government Internship Grant                                | R 46 000  |

In the absence of this approval, no Roll-Over Adjustments budget was submitted in August 2022.

#### **Financial viability**

The financial viability of the Cape Winelands District Municipality is in a good position as at 31 December 2022. The Municipality is able to pay off current debt obligations as it falls due, thus it is likely to meet its financial obligations in a timely manner, ensuring continued uninterrupted services to the community. All provisions and reserves are cash backed and the Municipality has no external loans.

## **Capital Expenditure**

At the end of December 2022, the capital commitments were R18 288 040 and actual expenditure was R3 017 953.

The following major savings identified on the 2022/2023 Capital Budget were:

**(i) Vehicle Pool: R 4 440 000**

Management decided to do a needs/utilization assessment, in order to determine efficient vehicle replacement, thereafter the necessary replacements will be done.

**(ii) Disaster Management: R7 500 000**

Due to recent upgrades of disaster management centres in the Cape Winelands District Municipality's jurisdiction it was decided to do a proper assessment of the current disaster management facilities of the CWDM, before any upgrades are done.

**(iii) Fire Services: R 11 100 000**

The tender for the two major fire fighting vehicle replacements was awarded, but the vehicles will be delivered in the new financial year, hence the budget for these vehicles is moved to the next financial year.

**(iv) Development of Regional Landfill Site: R60 000 000**

Implementation of the regional site has been delayed due to the transfer / rezoning process in obtaining the land. The composition of the tribunal who attend to the approval of the rezoning / sub-division application was delayed as the term for the previous tribunal expired 30 June 2022 and the tribunal could not meet in time before their term expired. A new tribunal needs to be approved, which is a very time-consuming process. This delay caused that the rezoning / sub-division application could not be submitted to the Surveyor General's for the registration of the concerned erf to be developed. The tender process for construction were delayed to align with the purchase of land schedule. Funding for the development of the regional landfill site will therefore not be utilized during the current financial year.

Notwithstanding the above, prudent steps should be taken during the 2022/2023 Adjustment Budget process to improve the implementation of procurement plans and SDBIP, thus improving on actual spending as anticipated.

### **Service delivery performance, service delivery targets and performance indicators**

This report addresses the performance of the municipality taking into account actual expenditure, service delivery targets and performance indicators for the organisation and projects for the period 1 July 2022 – 31 December 2022.

Taking into account that the above-mentioned adjustments will not result in a decrease of the current surplus position of Council's budget, I therefore recommend together with the Mayoral Committee that Council approve the adjustments as well as the concomitant amendments to the relevant service delivery targets and performance indicators in the service delivery and budget implementation plan.

### **B: RESOLUTIONS**

The resolution with regard to the approval of the budget will be submitted after the approval of this Adjustments Budget to the relevant treasuries.

### **C: EXECUTIVE SUMMARY**

The table below is a high-level summary of the changes proposed by this adjustments budget.

## 2022/2023 Financial year

| <b>SUB-SECTION</b>                                | <b>CURRENT BUDGET</b> | <b>PROPOSED 2022/2023<br/>ADJ. BUDGET</b> | <b>SAVING/<br/>(INCREASE)</b> |
|---|-----------------------|---|-------------------------------|
| Ex Rev: Operational Revenue                       | (14,158,002)          | (14,520,354)                              | 362,352                       |
| Ex Rev: Rental Fixed Assets                       | (240,000)             | (240,000)                                 | -                             |
| Ex Rev: Agency Services                           | (127,799,920)         | (131,004,583)                             | 3,204,663                     |
| Ex Rev: Sales Goods and Services                  | (477,800)             | (477,800)                                 | -                             |
| Ex Rev: Service Charges                           | -                     | -   | -                             |
| Ex Rev: Int. Divident Rent on Land                | (43,000,000)          | (56,000,000)                              | 13,000,000                    |
| Non-Ex Rev:                                       | (600,000)             | (600,000)                                 | -                             |
| Non-Ex Rev: Transfers & Subsidies                 | (259,216,000)         | (261,466,131)                             | 2,250,131                     |
| Discontinued Operations                           | -                     | -   | -                             |
| <b>Total Income</b>                               | <b>(445,491,722)</b>  | <b>(464,308,868)</b>                      | <b>18,817,146</b>             |
| Employee Related Costs                            | 235,020,033           | 248,818,727                               | (13,798,694)                  |
| Remuneration of Councillors                       | 13,824,832            | 13,872,761                                | (47,929)                      |
| Operational Costs                                 | 75,949,423            | 77,623,080                                | (1,673,657)                   |
| Contracted Services                               | 61,583,383            | 66,840,887                                | (5,257,504)                   |
| Interest Dividend Rent on Land                    | 2,789,696             |   | 2,789,696                     |
| Operating Leases                                  | 300,000               | 300,000                                   | -                             |
| Bad Debt Written Off                              | 500,000               | 500,000                                   | -                             |
| Depreciation and Amortisation                     | 9,560,700             | 9,560,700                                 | -                             |
| Inventory   | 28,966,187            | 28,450,381                                | 515,806                       |
| Transfers and Subsidies                           | 16,985,468            | 16,206,967                                | 778,501                       |
| Gains and Losses                                  | 12,000                | 12,000                                    | -                             |
| <b>Subtotal</b>                                   | <b>445,491,722</b>    | <b>462,185,503</b>                        | <b>(16,693,781)</b>           |
| <b>Capt. funding included in Trfrs. and Subs.</b> | <b>(2,127,900)</b>    | <b>(2,123,365)</b>                        | <b>(4,535)</b>                |
| <b>Capital Funding: Back-up Energy Supply</b>     | <b>-</b>              | <b>950,000</b>                            | <b>(950,000)</b>              |
| <b>Capital Expenditure: Agency Services</b>       | <b>2,127,900</b>      | <b>1,173,365</b>                          | <b>954,535</b>                |
| <b>Tototal Expenditure</b>                        | <b>445,491,722</b>    | <b>462,185,503</b>                        | <b>(16,693,781)</b>           |
| <b>Surplus(-)/Deficit</b>                         | <b>-</b>              | <b>(2,123,365)</b>                        | <b>2,123,365</b>              |

## **D: ADJUSTMENT BUDGET TABLES**

In accordance with the Budget and Reporting Regulations the following compulsory schedules will be submitted to Council as Annexure “H”, reflecting the composition and detail of the above-mentioned amounts.

|  |           |
|--|-----------|
| Adjustments Budget Summary   | Table B1  |
| Adjustments Budgeted Financial Performance<br>(Revenue and Expenditure by standard classification) | Table B2  |
| Adjustments Budgeted Financial Performance<br>(Revenue and Expenditure by Municipal Vote)          | Table B3  |
| Adjustments Budgeted Financial Performance<br>(Revenue and Expenditure)                            | Table B4  |
| Adjustments Budgeted Capital Expenditure by vote and funding,                                      | Table B5  |
| Adjustments Budgeted Financial Position  | Table B6  |
| Adjustments Budgeted Cash Flows  | Table B7  |
| Cash backed reserves/accumulated surplus reconciliation  | Table B8  |
| Asset Management   | Table B9  |
| Basic Service Delivery Measurement   | Table B10 |



(Completion of this table is not applicable in view thereof that the District Municipality does not provide basic services; hence no information is available)

## **PART 2**

### **A: ADJUSTMENTS TO BUDGET ASSUMPTIONS**

No adjustments were made to the budget assumptions presented in the annual budget.

### **B: ADJUSTMENTS TO BUDGET FUNDING**

The proposed adjustments will be funded as follows:

#### Operating Expenditure:

|   |   |            |
|---|---|------------|
| Exchange Revenue: Operational Revenue                 | R | 362 352    |
| Exchange Revenue: Agency Services                     | R | 3 276 869  |
| Exchange Revenue: Interest, Dividend and Rent on Land | R | 13 000 000 |
| Non-exchange Revenue: Transfers and Subsidies         | R | 1 300 131  |

### **C: ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES**

Expenditure of allocations and grants received will be adjusted as follows:

- (i) Integrated Transport Planning:  
Increase from R 900 000 to R 1 572 322
  
- (ii) Local Government Internship Grant:  
Increase from R0 to R46 000
  
- (iii) Safety Plan (WOSA):  
Increase from R1 500 000 to R1 853 921

- (iv) Community Development Workers Grant:  
Increase from R75 000 to R151 000
- (v) Expanded Public Works Programme  
Increase from R1 369 000 to R1 469 000
- (vi) Maintenance: Merino Road.  
Increase from R0 to R51 888.

**D: ADJUSTMENTS TO ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY**

Adjustments are addressed in Annexure "I"

**E: ADJUSTMENTS TO COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS**

**(i) Councillor Allowances:**

|                             |                    |
|-----------------------------|--------------------|
| Current Budget              | R13 824 832        |
| Proposed Adjustments Budget | <u>R13 872 761</u> |
| Increase                    | <u>(R 47 929)</u>  |

**(ii) Employee Related Benefits:**

|                             |                       |
|-----------------------------|-----------------------|
| Current Budget              | R235 020 033          |
| Proposed Adjustments Budget | <u>R248 818 727</u>   |
| Increase                    | <u>(R 13 798 694)</u> |

The increase in Employee Related Benefits is mainly due to the following:

- The adopted 2022/2023 salary increase was 4.9%<sup>^</sup> which is 0.9% more than the salary increase provided for in the approved operating budget.
- Restructuring of the Supply Chain Management Unit
- A recent revaluation of Council's future medical aid liability indicated and increase in interest costs.

## **F: ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN**

Adjustments are addressed in Annexure “I”

## **G: ADJUSTMENTS TO CAPITAL EXPENDITURE**

Adjustments are addressed in Annexure “C”

## **H: OTHER SUPPORTING DOCUMENTS**

Additional information/schedules in accordance with the budget and reporting regulations attached as Annexure “H”:

- SB1 - Supporting detail to Budgeted Financial Performance
- SB2 - Supporting detail to Budgeted Financial Position
- SB3 - Adjustments to the SDBIP – performance objectives (will be submitted to council)
- SB4 - Adjustments to budgeted performance indicators and benchmarks
- SB5 - Adjustments Budget –Social, economic and demographic statistics and assumptions
- SB6 - Adjustments Budget - Funding measurement
- SB7 - Adjustments Budget - Transfers and grant receipts
- SB8 - Adjustments Budget – expenditure on transfers and grant programme
- SB9 - Adjustments Budget – reconciliation of transfers grant receipts, and unspent funds
- SB10 - Adjustments Budget – transfers and grants made by the municipality
- SB11 - Adjustments Budget – Councillor and staff benefits
- SB12 - Adjustments Budgeted - monthly revenue and expenditure (municipal vote)
- SB13 - Adjustments Budgeted - monthly revenue and expenditure (standard classification)
- SB14 - Adjustments Budgeted - monthly revenue and expenditure
- SB15 - Adjustments Budget – monthly cash flow
- SB16 - Adjustments Budget monthly capital expenditure (municipal vote)
- SB17 - Adjustments Budget – monthly Capital expenditure (standard classification)
- SB18a - Adjustments Budget – capital expenditure on new assets by asset class
- SB18b - Adjustments Budget – capital expenditure on renewal of existing assets by asset class

SB18c - Adjustments Budget – expenditure on repairs and maintenance by asset

SB18d - Adjustments Budget – depreciation by asset class

SB19 - List of capital programmes and projects affected by adjustments Budget

SB20 - Not required

**I: QUALITY CERTIFICATE**

I, Henry Prins..... Municipal Manager of Cape Winelands District Municipality, hereby certify that the adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Name: Henry Prins

Municipal Manager of Cape Winelands District Municipality

Signature 

Date 23/02/2023