

CAPE WINELANDS DISTRICT MUNICIPALITY



CAPE WINELANDS DISTRICT
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**MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR THE
FINANCIAL PERIOD 2023/2024 TO 2025/2026**

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PART 1

A: MAYORS REPORT

To **show up** for communities and by being **deliberate** in the process of carefully considering and discussing our action plans, our public participation processes, and our projects have been the building blocks that informed this budget. This is a budget that lays the foundation for a Unified Cape Winelands of Excellence for Sustainable Development.

In preparing this MTREF we considered the input of all communities, stakeholders, and organisations in the area of the Cape Winelands District Municipality as contemplated in Chapter 5 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000). The main contributing factors that informed this MTREF are as follows:

- (a) Medium Term Strategic Policy Framework presented by the Minister of Finance in February 2021 as well as provincial budget allocations;
- (b) State of the Province address by the Premier of the Western Cape;
- (c) State of the Nation Address ;
- (d) The National Development Plan that aligns with provincial strategic objectives linked to the CWDM IDP; and
- (e) Alignment of plans and projects with the five local municipalities in our District.

We have a total budget of R1.7 billion for the MTREF period (2023/2024, 2024/2025 and 2025/2026) which must be allocated within our legislative framework to the benefit of the citizens of our region.

The needs of all sectors identified during the public participation process through Mayoral Mondays, IDP engagements, public-private stakeholder engagements, and all written input received from the Cape Winelands District were accommodated as far as possible, taking into account our legislative mandate and financial viability.

Food Security

To serve our communities means to direct our budget in such a way that it addresses the issues they may face and to serve them with the dignity they deserve. Food inadequacy and hunger are still a challenge for all of us. Vulnerable households lack money to buy food and are unable to produce their food. These households are constrained by the inability to secure employment or generate income. These vulnerable groups and households are also typically characterised by few income earners and many dependents and are particularly vulnerable to economic shocks.

Economic Growth and Opportunities

Therefore, the Cape Winelands District Municipality will be committed to provide a conducive environment for Local Economic Development to stimulate economic growth, which in turn reduces poverty. In this regard, the Cape Winelands District Municipality utilizes tourism and sports tourism

as a vehicle to unlock opportunities for economic development and to contribute to the creation of opportunities to provide a better quality of life for all. This budget further enhances economic opportunities by providing seed funding for small businesses and providing training opportunities for our communities.

Dignity

Furthermore, in order to support the most vulnerable, we will continue to deliver on the need for projects that stimulate youth development, mental wellness, and humanitarian relief in the district. The commitments in this budget are being met by our unfunded mandate and programmes for Rural and Social development.

This budget demonstrates our commitment to setting the scene for equal opportunities, job creation, economic growth, safer communities, creating opportunities, energy resilience, mitigating disaster, and striving to give them a life of value.

The Cape Winelands District Municipality will receive the following subsidies and transfers during the MTREF period:

2023/2024	R 399 622 588
2024/2025	R 413 244 888
2025/2026	R 434 500 388

Disaster, Health and Emergency Services

Our core functions, of which firefighting services, municipal health services, and disaster management receive significant amounts of money in the budget, render a valuable service to the community and act as the flagships for the services of our district.

Infrastructure

The substantial commitment we make towards infrastructure and our waste management projects, like our multi-year project, the Regional Landfill Site, is in line with the need for more efficient and effective waste management in our district. This financial year alone, we will spend R50 000 000 on the development of the Regional Landfill Site, which demonstrates that we are instrumental in ensuring health and comfort for the citizens of this district.

Through this budget, we are committed to ensuring safer roads and Infrastructure that will uplift communities out of poverty. Roads are the arteries of this district, it connects people. Our citizens and our economy cannot thrive if they do not have freedom of movement. Well-developed road infrastructure will eliminate transportation and mobility problems among job seekers and will enable them to seek opportunities beyond the rural areas. These roads, furthermore, make it easier for commercial entities to connect with their customers and transport goods to where the demand is.

Safer Communities

The safety of our residents is essential for a quality life. By making communities safer we can create an environment where people can realise their potential and flourish. We are furthermore, in a part of the province that is renowned for its agricultural sector, especially wine farms and the region is one of the most visited regions both for local and international tourists. The Cape Winelands District contributes significantly to the Western Cape's Gross Domestic Product and we are committed through this budget to capacitate our Local Municipalities to mitigate risk factors that may impact our safety and livelihood.

Financial Excellence

The Cape Winelands District Municipality achieved its ninth clean audit in the 2021/2022 financial year. I must commend the Municipal Manager, Chief Financial Officer, officials and, Councillors for achieving this even during unprecedented times.

Despite the financial challenges encountered across industries in the country, the Cape Winelands District Municipality is a financially sound and sustainable government institution. This is due to a capable team, good governance, and exceptional financial stewardship, processes, and systems of our Council and Administration.

SUMMARY OF THE BUDGET

The total operating and capital expenditure budget appropriation over the 2023/2024 to 2025/2026 MTREF illustrates as follows:

	2022/2023	2023/2024	2024/2025	2025/2026	Total MTREF
	R	R	R	R	R
Operating Expenditure	437,969,659	447,740,489	476,622,224	501,618,318	1,425,981,031
Project Expenditure	24,215,844	27,443,952	21,220,087	20,732,087	69,396,126
Sub Total	462,185,503	475,184,441	497,842,311	522,350,405	1,495,377,157
Capital Expenditure	31,087,329	107,668,917	90,242,000	27,447,000	225,357,917
Total Budget	493,272,832	582,853,358	588,084,311	549,797,405	1,720,735,074

The following cost containment measures were implemented:

- Reduced overseas and local travel
- Reduced catering at official functions and meetings
- Improved prioritisation of expenditure towards mandated functions
- Heeding the guidelines of National Treasury Circular number 112

Reflecting on the progress made by the Cape Winelands District Municipality thus far, I must compliment the Council for the manner in which it conducts its work, minding the present challenge of savings in a tight economic climate.

FROM THE MAYOR'S DESK

EXTERNAL RELATIONS:

The Cape Winelands District Municipality actively peruses the creation of cooperative partnerships and agreements with key stakeholders to stimulate local economic development in the area of the Cape Winelands District Municipality.

The strategic objectives for external relations are as follows:

- (i) To facilitate economic growth, tourism, and investment with predetermined regions;
- (ii) Improve environmental resilience to climate change and increase sustainability;
- (iii) To develop the necessary skills and best practises through knowledge sharing.

External relations are focus-driven to develop a coherent and sustainable offering for investors, including the reputation of our region backed by efficient service delivery and service excellence. To achieve this goal, the District Municipality, through its partnership, builds on existing networks created with local and international agencies to ensure we achieve the vision of a unified Cape Winelands of excellence for sustainable development.

Internationally, we appreciate the support from the Department of International Relations and Cooperation, which assists in coordinating our projects to avoid duplication and unnecessary or wasteful expenditure.

Cape Winelands District Municipality prides itself on upholding a good inter-governmental working relationship with the five Local Municipalities in our area. The district is also represented on various district, provincial, and national forums where we meet and exchange information relating to the functioning of our Municipality.

CONCLUSION

This budget is the result of a consultation process with our community, stakeholders, and provincial as well as national departments as well as the collective inputs of all political parties represented in this Council to reduce poverty and stimulate sustainable economic development.

B: RESOLUTIONS

The resolution with regard to the approval of the budget will be submitted with the submission of the 2022/2025 MTREF.

C: EXECUTIVE SUMMARY

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

The Municipality's business and service delivery priorities were again reviewed as part of this year's planning and budget process. The municipality strives to deliver sustainable services to its community without overburdening the consumers with excessive service fees with the key priority of government this year being a "back to basics" approach.

The following draft strategic risks have been identified during the recent risk assessment process:

Draft Strategic risks:

1. Compromised financial sustainability of the municipality
2. Insufficient electricity supply (load shedding);
3. Loss of provincial roads services function;
4. Deteriorating employee wellness;
5. Natural disasters;
6. Social unrest/Increasing social ills;
7. Commercial crime;
8. Operational inefficiencies;
9. Third party risk;
10. Limitations to attract, retain and further develop skilled staff.

For each of the above risk areas the municipality has put mitigating measures in place aligned to the specific department in the budget. These measures will be implemented over the MTREF period.

In addressing the key considerations contained in National Treasury's MFMA Circular 112, the following are highlighted in the budget:

- Capital projects were spread out over the MTREF to avoid large fluctuations in spending and ensure that priority is given to projects with high importance
- Tariff increases were kept as low as possible to ensure affordability thereof, whilst keeping in mind the cost of delivering services of a high quality. The proposed tariffs also include the VAT increase
- The municipality recognizes the importance of cash reserves and therefore strives to maintain a current ratio of not lower than 2.1 (Current Assets: Current Liabilities)

In view of the aforementioned, the following table is a consolidated overview of the proposed 2023/2024 Medium-term Revenue and Expenditure Framework:

OPERATING BUDGET:

Year	Expenditure	Income	Surplus(-) /Deficit	Capital Ext. Funding	Surplus (-)/Deficit After Capt. Funding
2023/2024	475.184.441	477.524.641	- 2.340.200	2.340.200	-
2024/2025	497.842.311	500.355.311	- 2.513.000	2.513.000	-
2025/2026	522.350.405	523.233.405	- 883.000	883.000	-

CAPITAL BUDGET:

Year	Expenditure	Income	Surplus(-)/Devicit
2023/2024	107.668.917	107.668.917	-
2024/2025	90.242.000	90.242.000	-
2025/2026	27.447.000	27.447.000	-

OPERATING BUDGET – REVENUE

The Cape Winelands District Municipality is reliant on grant funding. This is as a result of the abolishment of the RSC Levies. The RSC replacement grant only increase with 2.93%, 4.49% and 5.98% over the MTREF period.

The following table reflects the revenue sources for the 2022/2023 and 2023/2024 financial years:

Sources of Income	2022/2023	2023/2024	% Inc./-Dec
Ex Rev: Operational Revenue	13,285,554.00	12,179,453.00	- 8.33
Ex Rev: Rental Fixed Assets	240,000.00	240,000.00	-
Ex Rev: Agency Services	131,004,583.00	128,912,700.00	- 1.60
Ex Rev: Sales Goods and Services	477,800.00	427,800.00	- 10.46
Ex Rev: Int Divident Rent on Land	56,000,000.00	63,000,000.00	12.50
Non-Ex Rev:	600,000.00	600,000.00	-
Non-Ex Rev: Transfers & Subsidies	259,561,131.00	271,829,888.00	4.73
- RSC Replacement Grant	248,404,000.00	255,683,000.00	2.93
- Equitable Share	2,891,000.00	3,046,000.00	5.36
- LG Finance Management Grant	1,000,000.00	1,000,000.00	-
-Internship Funding	46,000.00	-	- 100.00
-Western Cape Municipal Interventions Grant	100,000.00	-	- 100.00
-Joint District and Metro Approach	1,000,000.00	-	- 100.00
- Emergency Back-Up Power Supply	950,000.00	-	- 100.00
- CWDM Integrated Transprot Plan	672,322.00	-	- 100.00
-Non-Motorised Transport Infrastructure	-	3,500,000.00	100.00
-Capacity Building (Fire Services)	-	500,000.00	100.00
- Safety Plan Implementation Grant	1,853,921.00	1,560,000.00	- 15.85
- Community Development Workers	151,000.00	76,000.00	- 49.67
-Contr. Merio Road Maintenance	51,888.00	51,888.00	-
- Subs. DOW.: Hiring of Toilets	900,000.00	1,120,000.00	24.44
- Expanded Public Works Programme	1,469,000.00	2,405,000.00	63.72
- Rural Roads Asset Man, System (Dora)	72,000.00	2,888,000.00	3,911.11
Seta Refund	334,800.00	334,800.00	-
Total	461,503,868.00	477,524,641.00	3.47

OPERATING BUDGET – EXPENDITURE

The table below illustrates the operating Expenditure for 2022/2023 and 2023/2024 financial years:

Expenditure Categories	2022/2023	2023/2024	% Inc./-Dec.
Employee Related Costs	247,768,727	258,506,894	4.33
Remuneration of Councillors	13,872,761	12,521,073	- 9.74
Operational Cost	77,427,080	78,238,923	1.05
Contracted Services	60,885,081	69,701,937	14.48
Interest Dividend Rent on Land	0	1,200,000	100.00
Operating Leases	300,000	300,000	-
Bad Debt Written Off	500,000	500,000	-
Depreciation and Amortisation	9,560,700	9,560,700	-
Inventory	33,520,853	26,660,309	- 20.47
Transfers and Subsidies	15,533,301	17,983,605	15.77
Gains and Losses	12,000	11,000	- 8.33
Total	459,380,503	475,184,441	3.44

EMPLOYEE RELATED COST

Employee related costs increased with 4.33%. Management took steps to decrease the salary bill by budgeting only for critical vacant posts and only budget for the period that the vacant post will be filled.

Remuneration of Councilors is budgeted for in terms of the Public Office Bearers Act.

OPERATIONAL COST

The low increase of 1.05% in Operational Cost is mainly due to more funds being channelled to Contracted services to support firefighting services.

CONTRACTED SERVICES

Contracted services increased with 14.48%. Although management strive to keep the expenditure increases as low as possible, the increase was necessary to improve Councils security services as well as to fund the increased cost in Ground Crews and Helicopter support during the fire season.

INTEREST DIVIDEND RENT ON LAND

Provision was made for Interest and Service Cost on the provision for Long Service Awards.

INVENTORY

The 20.47% decrease in Inventory is related to the additional funding that the Roads Department received in the previous financial year.

TRANSFERS AND SUBSIDIES

The 15.77% increase in expenditure on Transfers and Subsidies is mainly linked to the addition of the Business Network Project as well as the Tourism Expo in Breede Valley.

CAPITAL BUDGET

The capital budget increased from R 31 087 329 in the 2022/2023 financial year to R 107 668 917 in the 2023/2024 financial year. The increase is mainly due to the establishment of the regional landfill site and the replacement of fire engines.

The detail is reflected in Annexure "G".

D: HIGH LEVEL 2023/2024 OPERATING BUDGET SUMMARY PER STRATEGIC OBJECTIVE

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR THE FINANCIAL PERIOD 2023-2026

STRATEGIC OBJECTIVE	Income	Expenditure	Surplus /- Deficit
Community Development and Planning Services			
Regional Development and Planning	0	23,458,031	-23,458,031
Community & Developmental Services	2,833,000	138,921,830	-136,088,830
Rural & Social Development	76,000	18,467,467	-18,391,467
Total: Community Development and Planning Services	2,909,000	180,847,328	-177,938,328
Technical Services			
Engineering and Infrastructure	10,209,288	37,250,966	-27,041,678
Roads	129,062,700	127,222,500	1,840,200
Total: Technical Services	139,271,988	164,473,466	-25,201,478
Financial, Strategic and Administrative Support Services			
Governance and Councillor Support	78,225,053	48,058,465	30,166,588
Office of the Municipal Manager	0	19,233,899	-19,233,899
Corporate Services	334,800	25,946,116	-25,611,316
Financial Services	256,783,800	36,625,167	220,158,633
Total: Financial, Strategic and Administrative Support Services	335,343,653	129,863,647	205,480,006
Surplus/-Deficit before Capital Funding	477,524,641	475,184,441	2,340,200
Funding: Capital Expenditure			-2,340,200
Surplus/-Deficit After Capital Funding			0

E: ANNUAL BUDGET TABLES

The following compulsory schedules will be submitted to Council.

- Budgeted Financial Performance (Revenue and Expenditure by standard classification) -Table A2
- Budgeted Financial Performance (Revenue and Expenditure by standard classification) – Table A3
- Budgeted Financial Performance (Revenue and Expenditure) - Table A4
- Budgeted Capital Expenditure by vote, standard classification and funding - Table A5
- Budgeted Financial Position - Table A6
- Budgeted Cash flows - Table A7
- Cash backed reserves/accumulated surplus reconciliation - Table A8
- Asset Management - Table A9
- Basic Service Delivery Measurement - Table A10

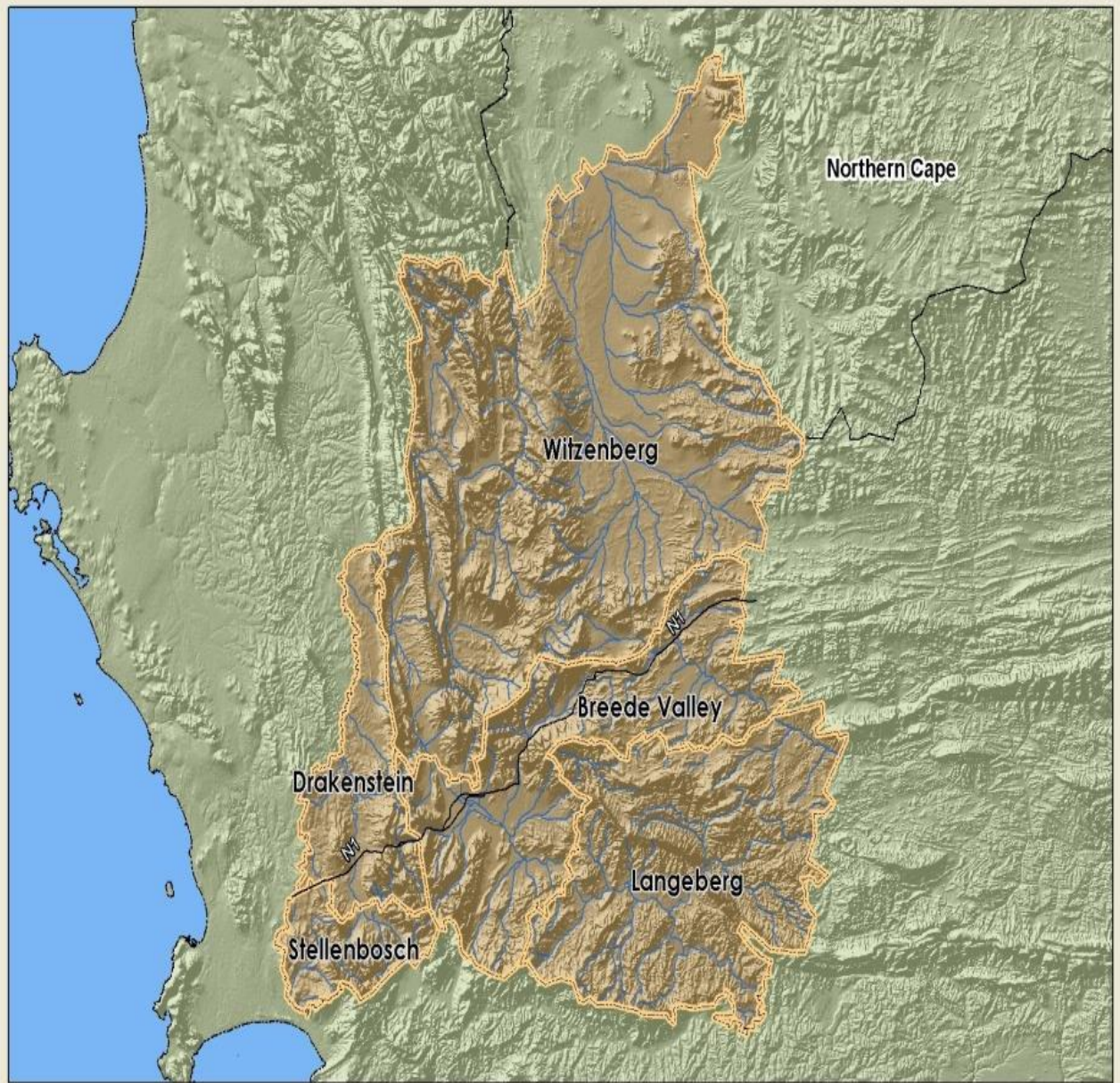
Table A10 were not completed because council does not deliver this kind of services hence no information is available to complete this table.

PART 2

A: OVERVIEW OF CAPE WINELANDS DISTRICT MUNICIPALITY

Background

The Cape Winelands District Municipality is situated in the Western Cape Province and is one of 44 district municipalities in South Africa. The Western Cape Province is located in the south-western tip of the African continent, bordering the Northern Cape in the north, the Eastern Cape in the east, the Atlantic Ocean on the west, and the Indian Ocean in the south. The province covers a geographical area of 129 462 km², constituting 10.6% of the total land area of the country.



The Cape Winelands district is situated next to the Cape Metropolitan area and encloses 21 473 km². It is a landlocked area in-between the West Coast and Overberg coastal regions. The district includes five local municipalities, namely Drakenstein, Stellenbosch, Witzenberg, Breede Valley and Langeberg (formally known as Breede River/Winelands). The area is one of the “pearls” of South Africa’s rural and small-town sub-regions, but disparate with a relatively high and diverse level of development.

CAPE WINELANDS SOCIO-ECONOMIC PROFILE

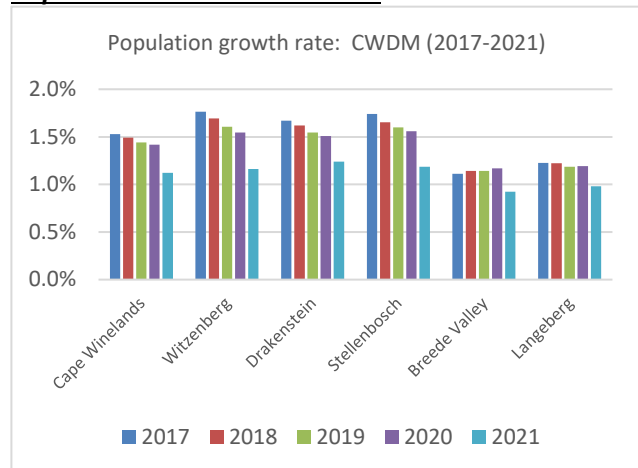
OVERVIEW: Demographics and other key development information

Population: 2021

Cape Winelands has **915 210** people which is **1,5%** of the national population and **13,2%** of the Western Cape province.

Municipality	Total population
Witzenberg Municipality	138 644
Drakenstein Municipality	297 210
Stellenbosch Municipality	184 360
Breede Valley Municipality	184 475
Langeberg Municipality	110 250
Cape Winelands District	915 210

Population Growth Rate: 2021



Overall, for the last five years the population growth has been declining in Cape Winelands region.

Source: IHS Rex Report, Global Insight, 2023

Households: 2021

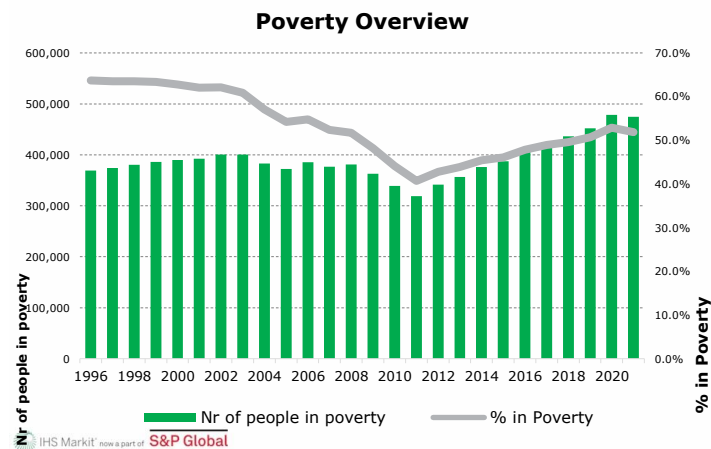
Municipality	Households
Witzenberg Municipality	34,775
Drakenstein Municipality	74,999
Stellenbosch Municipality	51,137
Breede Valley Municipality	48,903
Langeberg Municipality	28,841
Cape Winelands District	238,655

Gini coefficient: 0.62

Human development index: 0.68

Source: IHS Rex Report, Global Insight, 2023

Poverty: 2021



Source: IHS Rex Report, Global Insight, 2023

The number of people in poverty in the Cape Winelands has been steadily rising since 2010 with a slight decrease in 2021.

Education: 2021

Education	Rate/Ratio
Matric pass rate	76,3%
Learner retention rate	75,6%
Learner/Teacher ratio	28.0

Health: 2021

Health	Number/Rate/Ratio
Primary Health care facilities (excl. mobile/satellite)	45
Immunisation rate	62,2
Maternal mortality ratio (per 1000 live births)	120.1
Teenage pregnancies (delivery rate to women under/18)	14%

Source: Western Cape Government: Socio-economic profile – Cape Winelands District Municipality, 2022

Basic Services: 2021

Geography	Formal Housing	Sanitation	Water	Electricity Connections	Refuse Removal
CW	82.3%	96.6%	98.0%	96.5%	88.5%
Witzenberg	85.4%	96.7%	98.1%	97.1%	81.6%
Drakenstein	88.7%	97.4%	99.2%	97.6%	94.0%
Stellenbosch	72.4%	96.8%	97.4%	95.6%	88.0%
Breede Valley	76.6%	95.6%	97.1%	94.7%	86.3%
Langeberg	89.5%	95.6%	97.2%	97.6%	87.3%

Source: IHS Rex Report, Global Insight, 2023

Income of Households: 2021

Income	No. of Households
0-2400	9
2400-6000	222
6000-12000	1,434
12000-18000	2,410
18000-30000	10,998
30000-42000	13,895
42000-54000	14,011
54000-72000	21,403
72000-96000	24,297
96000-132000	25,913
132000-192000	27,888
192000-360000	32,787
360000-600000	24,456
600000-1200000	20,418
1200000-2400000	10,502
2400000+	2,097

The most number of households (177 162 of 232 740 households) in the Cape Winelands earns between R54000 and R1 200 000 which is about 76%.

Expenditure of Households: 2021

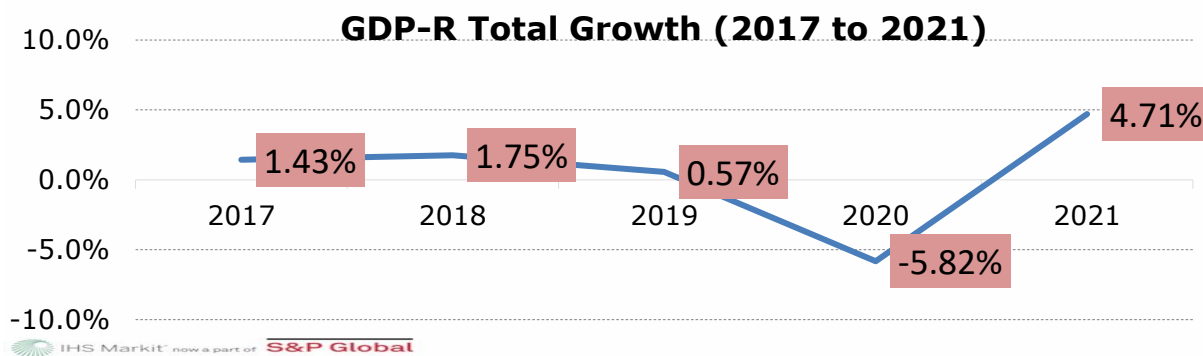
Product	Expenditure
Perishable and processed products	10,532,817
Inedible groceries	1,630,829
Beverages	1,821,612
Cigarettes and manufactured tobacco	614,371
Footwear	898,258
Mens/boys clothing	1,272,736
Ladies/girls and infants clothing	2,516,132
Textiles	623,495
Household furniture	429,483
Domestic appliances	455,065
Glass and crockery	728,696
Pharmaceuticals	2,528,338
Books & stationary	466,531
Sport equipment	756,626
Hardware	665,174
Other	548,330

Households in the Cape Winelands spend the most on “perishable and processed products” followed by pharmaceuticals and ladies and infant clothing.

Economy

This Economic section touches on a few variables that will give you information on the status quo of the Cape Winelands economy. It will touch on the sectoral composition and strengths by highlighting key sectors and its contribution to the Gross Domestic Product.

Total Economic Growth: 2017 to 2021

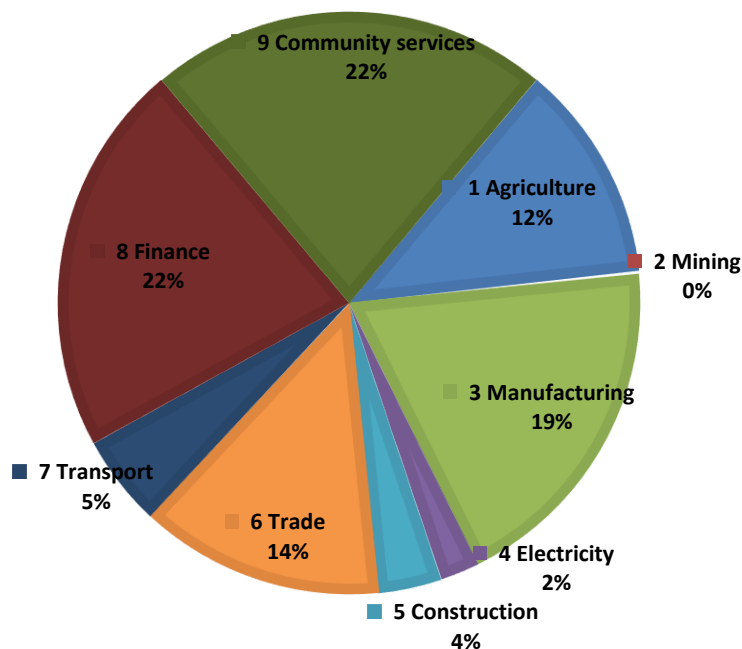


From the graphs above we see a steady increase in economic growth/ GDP from 2017 to 2018 but the Covid-19 pandemic happened and we see a decline in economic growth/GDP in 2019 and a sharp decline in 2020 and the start of economic recovery in 2021.

Sectoral Composition: 2021

In 2021, the Cape Winelands economy was valued at R81,9 billion (current prices). The economy of the Cape Winelands region is dominated by the Tertiary sector which accounts 63%; then the secondary sector at 25%; and then the primary sector at 12%.

**GVA-R SECTORAL COMPOSITION
CAPE WINELANDS, 2021**



Source: IHS Markit Regional eXplorer version 2340

The chart above illustrates the sectoral composition in terms of Gross Value Added by Region. Financial services and Community services sectors is leading with 22% followed by Manufacturing at 19% then Trade at 14% and Agriculture sectors at 12% , followed by Transport at 5% and Construction at 4% and lastly Electricity with 2%.

Source: IHS Rex Report, Global Insight, 2023

Labour

Unemployment rate: 2021

Geography	Unemployment Rate
Cape Winelands	16.7%
Witzenberg	9.1%
Drakenstein	20.2%
Stellenbosch	17.8%
Breede Valley	18.3%
Langeberg	14.0%

The table above indicates the unemployment rate for the Cape Winelands for 2021. The current unemployment rate for the district is 16.7 % , Drakenstein has the highest unemployment rate in the district at 20.2%, followed by the Breede Valley at 18.3%. Witzenberg has the lowest unemployment rate in the district of 9.1%.

Key Labour Force Indicators, 2021

The table below gives the labour force indicators for South Africa, Western Cape and the Cape Winelands district for 2021, looking specifically at employment, number of economically active people and unemployment.

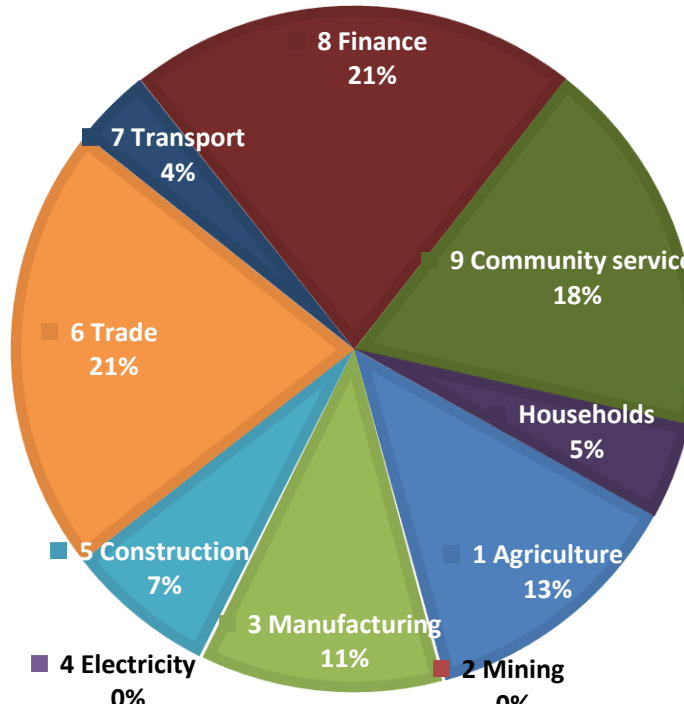
Indicators	National	Western Cape	Cape Winelands
Employment			
Formal sector (non-agriculture)	10,162,619	1,727,332	215,218
Informal sector (non-agriculture)	2,633,481	238,445	37,877
Agriculture	825,148	185,194	32,845
Private households	1,153,321	126,713	11,795
Economically Active People (EAP)			
Number of EAP	22,244,916	3,026,004	355,793
Unemployment			
Number of unemployed people	7,470,347	748,861	59,361
Number of Youth Unemployed people	1,333,056	139,840	12,348
Youth unemployment rate	64.0%	49.0%	33.8%

A key insight from the table above, for the Cape Winelands district is that the youth unemployment rate is relatively lower at 33.8% to that of the province (49%) and nationally (64%).

Sector Employment : 2021

The chart below illustrates the employment per sector in the Cape Winelands. Trade and Finance sectors are the highest employer currently in the district with 21% each, followed by the Community Services is 18%, Agriculture is at 13% and Manufacturing contributing 11% and Construction at 7% of employment. The least contributing sectors of the 9 sectors of the economy in the Cape Winelands is the Transport Sector with a contribution of 4% and electricity and mining at 0% respectively.

FORMAL EMPLOYMENT - SECTOR'S SHARE OF CAPE WINELANDS'S TOTAL (%)
2021



Source: IHS Markit Regional eXplorer version 2340

Trade

Total Trade (Export and Imports): 2021

Trade	National	Western Cape	Cape Winelands
Exports (R 1000)	1,810,179,453	168,087,100	46,846,314
Imports (R 1000)	1,328,526,000	226,810,506	25,765,953
Total Trade (R 1000)	3,138,705,453	394,897,606	72,612,267
Trade Balance (R 1000)	481,653,453	-58,723,406	21,080,361
Exports as % of GDP	29.2%	19.8%	50.8%

The table above provide the trade statistics for South Africa, Western Cape and Cape Winelands for 2021. What is evident from the trade statistics is that South Africa and Cape Winelands had a trade surplus in 2021 and that the Western Cape had a trade deficit in 2021. Clearly also, the Cape Winelands district continues to be an export orientated economy.

Total Trade (Export and Imports) Cape Winelands: 2017 - 2021

Cape Winelands	2017	2018	2019	2020	2021
Exports (R 1000)	29,942,893	31,132,534	30,747,263	37,377,399	46,846,314
Imports (R 1000)	30,319,909	40,539,616	39,652,659	10,494,689	25,765,953
Total Trade (R 1000)	60,262,801	71,672,150	70,399,922	47,872,087	72,612,267
Trade Balance (R 1000)	-377,016	-9,407,082	-8,905,396	26,882,710	21,080,361
Exports as % of GDP	39%	38.5%	36.2%	44.2%	50.8%
Total trade as % of GDP	78.4%	88.7%	82.9%	56.6%	78.7%
Regional share – Exports	2.6%	2.5%	2.4%	2.7%	2.6%
Regional share – Imports	2.7%	3.3%	3.1%	1.0%	1.9%
Regional share - Total Trade	2.6%	2.9%	2.7%	1.9%	2.3%

The table above gives an overview of trade in the Cape Winelands District and what can be seen is that from 2017 to 2019 the Cape Winelands had a trade deficit and the subsequent two years of 2020 and 2021 a trade surplus was achieved. Exports as a percentage of GDP has steadily increased in the last five years to a place where it is now half (50.8%) of the Cape Winelands district GDP. It is important to note that because the Cape Winelands is an export orientated economy it is vulnerable to exogenous shocks.

International Trade: Cape Winelands: 2021

Trade Bloc	Imports	Exports
APEC (Asia Pacific Economic Cooperation)	5,510,661,839	13,412,662,563
EFTA (European Free Trade Association)	204,708,910	316,400,439
EU (European Union)	5,674,465,667	18,967,645,059
MERCOSUR (Southern Common Market)	341,463,225	140,710,652
NAFTA (North American Free Trade Agreement)	616,298,776	3,690,666,461
SADC (Southern African Development Community)	627,045,608	2,649,255,760

In terms of international trade it is clear from the table above that the Cape Winelands trades the most with the EU followed by APEC in both imports and exports for 2021. The Cape Winelands has a positive trade balance with all trade blocs except for Mercosur (Argentina, Brazil, Paraguay and Uruguay) in 2021.

Top 9 trading countries: 2021

Imports		Exports	
Country	Amount	Country	Amount
Saudi Arabia	5,942,239,163	Netherlands	7,542,328,776
China	2,229,272,913	United Kingdom	5,845,003,480
Nigeria	2,174,783,667	China	2,364,890,819
Thailand	1,799,873,604	United States of America	2,348,198,822
Netherlands	1,736,550,639	Namibia	2,205,352,081
Ghana	1,711,612,695	Germany	1,933,385,318
India	1,229,900,651	United Arab Emirates	1,932,776,079
Germany	921,998,759	Russia / Russian Federation	1,726,223,693
France	744,470,738	Botswana	1,433,941,122

From the table above it is evident that the Cape Winelands imports the most from Saudi Arabia, followed by China and Nigeria. The Cape Winelands exports most of its products to the Netherlands followed by the United Kingdom and the China.

Source: IHS Rex Report, Global Insight, 2023

Political Structure

The Municipal Council of the Cape Winelands District Municipality has 41 councillors. The Mayoral Committee (Mayco) consists of the Executive Mayor, the Deputy Executive Mayor and 7 councillors. The members of the Mayoral Committee, Speaker and Single Whip of Council are deemed full-time councillors. The composition of the Municipal Council is as follows:

Democratic Alliance (DA)	=	23
African National Congress (ANC)	=	10
GOOD	=	3
Freedom Front Plus	=	2
Economic Freedom Fighters (EFF)	=	1
Patriotic Alliance (PA)	=	1
Breedevallei Onafhanklik (BO)	=	1
Total	=	41

The table below presents the Mayoral Committee, Speaker, Single Whip of Council and portfolios:

Name	Portfolio	Political Party
Ald. (Dr.) H. von Schlicht	Executive Mayor	DA
Ald. M. Sampson	Executive Deputy Mayor	DA
Cllr. D.D. Joubert	Speaker	DA
Cllr. W.M. Blom	Whip of Council	DA
Cllr. J.H.P. Steyn	Sport, Arts & Culture	DA
Ald. C. Meyer	Disaster Management	DA
Cllr. D. Swart	Fire Services	DA
Cllr. X.L. Mdemka	Municipal Health Services Cape Winelands Health Council	DA
Cllr. W.C. Petersen	Gender Based Violence Early Childhood Development Senior Citizens Youth Families Disabled	DA
Cllr. E. Groenewald	Budget and Treasury Office Human Resources Administrative Support Services Communications Legal Services Performance & Risk Management Internal Audit Information and Communication Technology	DA
Cllr. G.J. Carinus	Technical Services Facilities Roads & Mechanical Workshop Regulation of Passenger Transport Services Waste Management	DA

Workforce Management

The Development Priorities of the Cape Winelands District Municipality as contained in the IDP cannot be achieved without people (human resources) and therefore the effective management of human resources makes a vital contribution to achieving these goals. The Cape Winelands District Municipality, through its salary budget, human resource management policies, practices, systems, etc., recognises that its employees are central in realising the vision and mission of the organisation.

TOP ADMINISTRATIVE STRUCTURE



Municipal Manager:
Mr HF Prins



Executive Director:
Community Development
and Planning Services
Mr PA Williams



Executive Director:
Technical Services
Mr F van Eck



Chief Financial Officer:
Financial and Strategic
Support Services
Ms FA du Raan-Groenewald

B: LEGISLATIVE ENVIRONMENT

Legal Requirements

The medium-term revenue and expenditure framework for 2022/2023, 2023/2024 and 2024/2025 was compiled in accordance with the requirements of the relevant legislation, of which the following are the most important:

- the Constitution, Act 108 of 1996
- the Local Government Transition Act, Act 209 of 1993
- the Municipal Structures Act, Act 117 of 1998
- the Municipal Systems Act, Act 32 of 2000
- the Municipal Finance Management Act, Act 56 of 2003

In addition to the above, the Municipal Budget and Reporting Framework as approved on 17 April 2009 gave a clear directive on the prescribed reporting framework and structure to be used.

Guidelines issued by National Treasury

National Treasury issued the following circulars regarding the budget for 2023/2024

- MFMA Circular No 122 - Municipal Budget Circular for the 2023/24 MTREF - 12 December 2022.

Other circulars used during the compilation of the budget:

- MFMA Circular No. 12 Definition of Vote in MFMA – 31 January 2005
- MFMA Circular No. 13 Service Delivery & Budget Implementation Plan - 31 January 2005
- MFMA Circular No. 19 Budget Process 2006/2007 - 15 August 2005
- MFMA Circular No. 31 Budget Tabling and Adoption – 10 March 2006
- MFMA Circular No. 90 Tax Compliance Status – 30 January 2018

Other Guidelines:

- National outcomes/priorities
- Headline inflation forecasts
- Revising rates, tariffs and other charges
- Funding choices and management issues
- Conditional transfers to municipalities

The guidelines provided in the above-mentioned circulars, annexures and other economic factors were taken into consideration and informed budget preparation and compilation.

C: OVERVIEW OF ANNUAL BUDGET PROCESS

Overview of the annual budget process

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

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

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

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

1. Budget process overview

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

The Mayor will table to Council the 1st Review IDP (2023/2024) in May 2023.

2. IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation, which directly inform the Service Delivery and Budget Implementation Plan.

With the compilation of the 2023/2024 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the midyear

performance against the 2022/2023 Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially inform the detail operating budget appropriations and three-year capital programme.

3. Community /Stakeholder Consultation

A full IDP/Budget consultation process will be carried out during April 2023. During this process, members of the community will be afforded the opportunity to provide inputs and comments on the draft budget presented to them. The comments and inputs will be reviewed and where viable the proposed changes will be incorporated into the final budget and 1st Review IDP to be approved by Council end of May 2023.

D: OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH THE INTEGRATED DEVELOPMENT PLAN (IDP)

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

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

The Integrated Development Plan (IDP) is a single and inclusive strategic plan for the development of a municipality, which integrates plans and resources in a sustainable manner. The Fourth Generation Integrated IDP's provide an opportunity to strengthen integrated planning, budgeting and implementation between the Western Cape Government and the respective Western Cape Municipalities and to influence planning to contribute to sustainable local government. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

More detail with regard to the alignment of the Annual Budget and IDP is provided in the attached 1st Review IDP document which will be submitted to Council end of May 2023 as Annexure "E".

The strategic goals and resultant focus areas of the IDP are as follow:

Strategic Objective 1: Community Development and Planning Services

Creating an environment and forging partnerships that ensure social and economic development of all communities, including the empowerment of the poor in the Cape Winelands District.

- Provide a comprehensive and equitable Municipal health Service including Air Quality Management throughout the CWDM.
- Ensure coordination of multi-disciplinary and sectoral disaster risk reduction through

integrated institutional capacity for Disaster Risk management, Disaster Risk Assessment and Response and Recovery.

- Effective planning and coordination of specialized fire-fighting services throughout the CWDM
- To facilitate environmentally sustainable economic development planning through the development and maintenance of strategic partnerships, investment attraction, retention and opportunities, SMME support and development, skills development and information acknowledgement.
- To facilitate, ensure and monitor the development and empowerment of the poor by graduating people out of poverty, social inclusion and improving the livelihood of the poor, vulnerable groups, rural farm dwellers and rural communities.

Strategic Objective 2: Technical Services

Promoting sustainable infrastructure services and a transport system which fosters social and economic opportunities

- To comply with the administrative and financial conditions of the Western Cape Government roads agency function agreement.
- To implement sustainable infrastructure services.
- To increase levels of mobility in the whole of the CWDM area.
- To improve infrastructure services for rural dwellers.
- To implement an effective ICT support system.

Strategic Objective 3: Financial, Strategic and Administrative Support Services

Providing effective and efficient financial and strategic support services to the Cape Winelands District Municipality.

- To facilitate and enhance sound financial support services
- To strengthen and promote participative and accountable IGR and governance.
- To facilitate and enhance sound strategic support services

E: OVERVIEW OF BUDGET RELATED POLICIES

The policies listed below were reviewed. Adjustments to the reviewed policies are attached as part of Annexure "B".

Allowances and Benefits of Councillors
Appointment of Consultants Policy
Asset Management Policy
Appointment of Councillor Support Staff
Asset Management Policy
Branding Policy
Budget Policy
Cash Management and Investment Policy
Community Support Policy
Cost Containment Policy
Corporate Gifts Policy
Expenditure Management Policy

Credit Control and Debt Collection Policy
Employee Assistance Programme (EAP) Policy
Funding and Reserves Policy
Grant in Aid Policy
Implementation of the Expanded Public Works Program (EPWP) Policy
Internship Policy
Inventory and Stock Management Policy
Leave and Unpaid Leave Policy
Long Term Financial Planning and Implementation Policy
Maintenance Management Policy
Medical Funds Administration Policy
Mobile Device Policy
Occupational Health & Safety Policy
Official Vehicles and Fleet Management Policy
Overtime Policy
Petty Cash Policy
Post Retirement fund Medical Aid Benefits Policy
Practitioners and Role Players
Private Work: Declaration of Interest; Code of Conduct for Supply Chain Management
Provision of Basic Services to Rural Dwellings
Revenue Management Policy
Sponsorships Policy
Study Aid and Leave Policy
Subsistence and Travel policy
Supply Chain Management Policy
Unauthorized, Irregular, Fruitless and Wasteful Expenditure Policy
Unforeseen and Unavoidable Expenditure Policy
Virement Policy

F: OVERVIEW OF KEY BUDGET ASSUMPTIONS

Municipalities' long-term financial viability depends largely on the extent to which improved and sustainable revenue capacity on the one hand and sound financial management of its resources on the other hand can be achieved. These imperatives necessitate proper multi-year financial planning. Future impacts of revenue streams, expenditure requirements and the financial implications for the community at large (i.e. the potential influence on rates, tariffs and service charges) must be identified and assessed to determine the sustainability of planned interventions, programs, projects and sundry service delivery actions.

The following factors have been taken into consideration in the compilation of the 2023/2024 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;

- The increase in prices for electricity, water and fuel; and
- The increase in the cost of remuneration
- Interest earned on investments

Impact of national, provincial and local policies

Provincial Strategic Plan 2019 -2024

The Provincial Strategic Plan (PSP) sets out the Western Cape Government's (WCG) vision and strategic priorities. The PSP 2019-2024 builds on the firm foundations that were put in place during the last two terms of office.

Based upon Strategic Foresight analysis conducted by the Province, it is clear that, without intervention, the Western Cape's development trajectory will result in the same social and economic outcomes as we are currently experiencing. However, if we focus on accelerated development through specific interventions to promote inclusive economic growth, individual well-being, and safe and dignified communities, further progress can be made on the successes of the last decade. This makes the "whole of society" approach relevant, as it means that every organisation, institution, community, household and individual has a role to play in development, with a capable state providing the foundation and access to opportunities for them to do so.

Return on Investments

- Interest on all investments is calculated at the rates quoted until the maturity date. An average rate of 5.9% per annum was used to calculate the budgeted income from investments.

Realising a vision for the Western Cape

The WCG commits to building a values-based competent state that enables opportunity and promotes responsibility in a safer Western Cape.

- We will live and be held accountable to our values as a government and we will continue to build the capable state on this foundation.
- We will continue delivering opportunities to our people and we will expect them to take responsibility for improving their own lives.
- We will make this Province safer under the Rule of Law.

This vision is expressed in the five strategic priorities identified for 2019-2024, our

Vision-inspired Priorities.



G: EXPENDITURE ON ALLOCATION AND GRANT PROGRAMMES

Refer to MBRR SA 19.

H: ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

Refer to MBRR SA 21 and Annexure "I"

I: COUNCILLOR AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

Refer to MBRR SA 23 and Annexure "F"

J: MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Refer to MBRR SA 25; SA 26; SA27; SA28; SA 29 and SA 30 and Annexure "A"

K: CONTRACTS HAVING FUTURE AND BUDGETARY IMPLICATIONS

The municipality did not enter into agreements with future budgetary implications. Refer to MBRR Section 33.

L: DETAIL CAPITAL BUDGET 2021-2022

Refer to MBRR SA 35, MBRR SA 36 to be submitted as Annexure "G".

M: LEGISLATION COMPLIANCE

Compliance with the MFMA implementation requirements has been substantially adhered to through the following activities:

- **Budget and Treasury Office:**
A Budget and Treasury Office have been established in accordance with the MFMA.
- **Budgeting:**
The annual budget is prepared in accordance with the requirements prescribed by National Treasury and the MFMA.
- **Financial reporting:**
The municipality is 100% compliant with regards to monthly, quarterly and annual reporting to the Executive Mayor, Mayoral Committee, Council, Provincial and National Treasury.
- **Annual Report:**
The annual report is prepared in accordance with the MFMA and National Treasury requirements.
- **Audit Committee:**
An Audit Committee has been established and is fully functional.
- **Service Delivery and Budget Implementation Plan:**
The detailed SDBIP document is at a draft stage and will be finalized after approval of the 2023/2024 MTREF in May 2023.
- **MMC Training:**
Most of the senior, middle management and interns have attended the MMC Training (Municipal Minimum Competency Training) conducted by the School of Public Management and Planning (University of Stellenbosch).

N: OTHER SUPPORTING DOCUMENTS

Additional information/schedules in accordance with the budget and reporting regulations as listed below are set out in Annexure "A.5".

SA1 - Supporting detail to Budgeted Financial Performance:

SA2 - Matrix Financial Performance Budget (revenue source/expenditure type)

SA3 - Supporting detail to Budgeted Financial Position

SA4 - Reconciliation of IDP strategic objectives and budget (revenue)

SA5 - Reconciliation of IDP strategic objectives and budget (operational expenditure)

SA6 - Reconciliation of IDP strategic objectives and budget (capital expenditure)

SA7 - Measurable Performance Objectives Refer to the attached SDBIP document section 8. The SDBIP will only be signed after the approval of the 2020/2021 Budget

SA8 - Performance indicators and benchmarks

SA9 - Social, economic and demographic statistics and assumptions

- SA10 - Funding measurement
- SA11 - Property Rates Summary - Not applicable
- SA12a- Property rates by category - Not applicable
- SA12b- Property rates by category - Not applicable
- SA13 Service Tariffs by category
- SA14 - Household bills - Not applicable
- SA15 - Investment particulars by type
- SA16 - Investment particulars by maturity
- SA17 - Not applicable
- SA18 - Transfers and grant receipts
- SA20 - Reconciliation of transfers grant receipts and unspent funds
- SA24 - Summary of personnel numbers
- SA26 - Budgeted monthly revenue and expenditure (municipal vote)
- SA27 - Budgeted monthly revenue and expenditure (standard)
- SA28 - Budgeted monthly capital expenditure (municipal vote)
- SA29 - Budgeted monthly capital expenditure (standard)
- SA30 - Budgeted monthly cash flow
- SA31 - Not applicable
- SA32 - List of external mechanism
- SA34a- Capital expenditure on new asset class
- SA34b- Capital expenditure on the renewal of existing assets by asset class
- SA34c- Repairs and maintenance expenditure by asset class
- SA34d Depreciation by asset class
- SA35 - Future financial implications of the capital budget
- SA36 - Detailed Capital Budget
- SA37 - Not available yet

O: QUALITY CERTIFICATE

I..... Municipal Manager of Cape Winelands District Municipality, hereby certify that the annual 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: _____

Municipal Manager of Cape Winelands District Municipality

Signature _____

Date _____