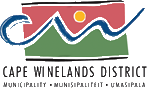
# Annexure “A. 1”

**CAPE WINELANDS DISTRICT MUNICIPALITY**



**MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR THE FINANCIAL PERIOD 2021/2022 TO 2023/2024**

# TABLE OF CONTENTS PART 1

1. Mayors Report
2. Resolutions
3. Executive Summary
4. High Level Summary
5. Annual Budget Tables (Budget and Reporting Regulations – Schedule A)

# PART 2

1. Overview of Cape Winelands District Municipality Political Structure

Administration

1. Legislative environment
2. Overview of annual budget process
3. Overview of alignment of annual budget with the Integrated Development Plan (IDP)
4. Overview of budget related policies
5. Overview of key budget assumption
6. Expenditure on allocation and grant programmes
7. Allocations and grants made by the municipality
8. Councilor and board member allowances and employee benefits
9. Monthly targets for revenue, expenditure and cash flow
10. Contracts having future budgetary implications
11. Detail Capital Budget 2020 – 2023
12. Legislation Compliance
13. Other Supporting Documents
14. Quality Certificate

# PART 1

**A: MAYORS REPORT**

In preparing this MTREF we considered the input of all communities, stakeholders and organizations 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:

1. Medium Term Strategic Policy Framework presented by the Minister of Finance in February 2021 as well as provincial budget allocations;
2. State of the Province address by the Premier of the Western Cape;
3. State of the Nation Address;
4. The National Development Plan that aligns with provincial strategic objectives linked to the CWDM IDP; and
5. Alignment of plans and projects with the five local municipalities in our District.

We have a total budget of R1.5 billion for the MTREF period (2021/2022, 2022/2023 and 2023/2024) 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 of the Cape Winelands District Municipality were accommodated as far as possible taking into account our legislative mandate and financial viability. Some projects were continued to stimulate economic growth in the region, which will give effect to job creation. At the same time the needs of the poorest of the poor were specifically addressed in our projects and significant amounts are allocated in the budget for this purpose.

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

|  |  |
| --- | --- |
| 2021/2022 | R 375 765 000 |
| 2022/2023 | R 386 317 700 |
| 2023/2024 | R 391 222 300 |

Local Economic Development is an objective of district municipalities and it creates a conducive environment for economic development, which in turn reduces poverty. In this regard, the Cape Winelands District Municipality utilizes tourism and sport projects to unlock opportunities of economic development and to contribute to the creation of opportunities to provide a better quality of life for all.

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.

The Cape Winelands District Municipality achieved its seventh clean audit in the 2019/2020 financial year. I must commend the Municipal Manager, Chief Financial Officer, officials and councillors for their hard work to achieve this. Many people and organisations have complimented us on our achievements through the past seven years.

Despite the financial challenges encountered by district municipalities in the country, our Municipality is financially sound and sustainable, thanks to the exceptional financial stewardship of our Council and Administration.

# SUMMARY OF THE BUDGET

**The total operating and capital expenditure budget appropriation over the 2021/2022 to 2023/2024 MTREF illustrates as follows:**

****

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 functions011
* Heeding the guidelines of National Treasury Circular number 107

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 co-operative 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:

1. To facilitate economic growth, tourism and investment with predetermined regions;
2. Improve environmental resilience to climate change and to increase sustainability;
3. 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 reputation of our region backed by efficient service delivery and service excellence. In order to achieve this goal, the District Municipality, through its partnership with WESGRO, build on existing networks created with international agencies to ensure we achieve the vision of a unified Cape Winelands of excellence for sustainable development.

Internationally, we enjoy the co-operation of the Department of International Relations and Cooperation, which assists in co-ordinating our projects to avoid duplication and unnecessary or wasteful expenditure.

Locally, the Cape Winelands District Municipality has a close working relationship with the 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/national departments as well as the collective inputs of all political parties represented in Council with the aim to reduce poverty and to stimulate sustainable economic development.

# B: RESOLUTIONS

The resolution with regard to the approval of the budget will be submitted with the submission of the 2021/2024 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 strategic risks have been identified during the recent annual risk assessment process:

# Strategic risks:

* 1. Financial viability
  2. Increasing employee costs year-on-year
  3. Lack of Business Continuity resulting in non-compliance
  4. Fraud and corruption
  5. Climate Change
  6. Lack of or delayed service delivery due to COVID-19
  7. Non-compliance to laws and regulations

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 107, 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 therefor 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 2021/2022 Medium-term Revenue and Expenditure Framework:

# OPERATING BUDGET:

# 

**CAPITAL BUDGET:**

****

**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 2.6%, 2.4% and 2.2% over the MTREF period.

The following table reflects the revenue sources for the 2020/2021 and 2021/2022 financial years:



# OPERATING BUDGET – EXPENDITURE

The table below illustrates the operating Expenditure for 2020/2021 and 2021/2022 financial years:



# EMPLOYEE RELATED COST

Employee related costs Increased with 0.03%. Management took steps to decrease the salary bill by not filling all vacant posts.

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

# OPERATIONAL COST

The increase of 17.49% in Operational Cost is mainly due to the increase in Operational Costs in the Roads Function.

# BAD DEBT WRITTEN OFF

Due to large outstanding fire services accounts and the possibility that it will impair, the municipality must make provision for this expenditure.

# INVENTORY

The 20.75% decrease in Inventory was caused by substantial decrease of the budget for Materials and Supplies in the Roads Agency Function.

# TRANSFERS AND SUBSIDIES

The increase in expenditure on Transfers and subsidies are linked to the increase in grant funding from National and Provincial Government.

# CAPITAL BUDGET

The capital budget increased from R 9 238 859 in the 2020/2021 financial year to R 68 838 011 in the 2021/2022 financial year.

The detail is reflected in Annexure “G”.

# D: HIGH LEVEL 2021/2022 OPERATING BUDGET SUMMARY PER STRATEGIC OBJECTIVE

# 

**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

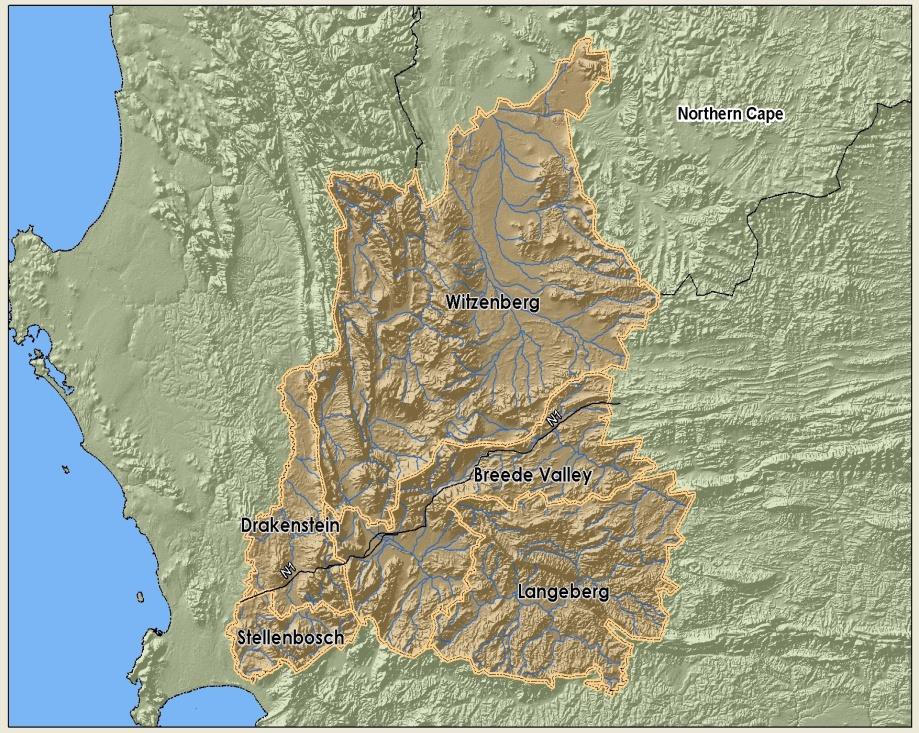
*Table A10 were not completed because council does not deliver this kind of services hence no information is available to complete this table.*

# 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 PROFIL

INTRODUCTION

The world over it has been hard for national policy makers to balance the positive health effects of lockdown against their economic costs. In particular, the affects that lockdowns have on low-income and food-insecure households. The COVID-19 pandemic is exposing the fault lines within the structure of the social, environmental and economic systems in the world. It brought to the fore the deep inequalities that exist within countries between the rich and the poor.

In South Africa the lockdown policies has been particularly stringent and the economic and social impact have been enormous, as seen by the humanitarian crisis we currently face in municipalities.





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| ***Population: 2019***  Cape Winelands has  **902 000** people which is  **1,5%** of the national population  ***Population Growth (Annual percentage change)***  Geography 2019 10 year average  CW 1,6 % 1,9%  National 1,5% 1,6%  ***Population Pyramid: 2019***  MALE FEMALE  60+  45-60  30-44  15-29  00-14  25% 0% 25%  *Source: IHS Rex Report, Global Insight, 2020* | ***Literacy rate: 2009 – 2019***  Cape Winelands National Total  90  88  86  84  82  80  78  76  74  %2009 2011 2013 2015 2017 2019  ***Human Development Index***  Geography 2009 2019 Change  Cape Winelands **0,64 0,70 0,056**  National **0,57 0,66 0,089**  ***People below the upper poverty line***  Geography 2019  Cape Winelands **50,9%**  National **59,2%**  *Source: IHS Rex Report, Global Insight, 2020* |
| ***Households: 2019***  Number of Indigent Households  Households (<R3200)  **244 011 48 621**  ***Age***  0-14 years 15-64 years 65+ years  **25,5% 69,0% 5,6%**  *Source: Western Cape Government, MERO 2020* | ***Dependency ratio: 2018***  *The dependency ratio refers to the number of persons on average dependent on every working person in a region, i.e. the number of people supported by each economically active person.*  Geography 2016 2018  South Africa **53 53**  Cape Winelands **47 47**  In the Cape Winelands District 47 people depend on 1 working person.  *Source: Quantec, 2020* |

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| ***Gross Domestic Product (in current prices)***  The Gross Domestic product for the Cape Winelands in 2019 was R75,3 billion which is 1,5% of national GDP.  ***Economic Growth: 2009 – 2019***  Over the last few years the Cape Winelands economy, like the South African economy has been characterised by slow economic growth. Now, coupled with the COVID-19 pandemic the results have been catastrophic. For the first time in history, we have seen the South African economy contracting in 4 consecutive quarters. According to the Western Cape Government, the Cape Winelands economy is estimated to contract by 6,1% in 2020. It is estimated that it will take four years for the South African economy to recover back to pre-COVID19 levels (Prof, W. Gumede: Wits School of Governance).  Cape Winelands National Total  6  5  4  3  2  1  0  -1  -2  -3  % 2009 2011 2013 2015 2017 2019  ***Sector Composition***  Agriculture, 10%  Mining, 0%  Manufacturing, 21%  Electricity, 2%  Construction, 5%  Trade, 15%  Transport, 7%  Finance, 19%  Community services, 21%  In 2019 manufacturing and Community Services at 21% respectively is the largest sectors followed by Finance (19%), Agriculture (10%), Trade (15%) and Construction (5%).  *Source: IHS Rex Report, Global Insight, 2020* |

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| ***Top 10 Sectors (GVA per billions)*** |  |
| Sector | 2019 |
| Food, beverages and tobacco products | 9.97 |
| Agriculture and hunting | 6.42 |
| Finance and Insurance | 5.25 |
| Retail trade and repairs of goods | 4.82 |
| Real estate activities | 4.41 |
| Education | 4.28 |
| Public administration and defence activities | 4.14 |
| Construction | 3.36 |
| Land and Water transport | 3.17 |
| Health and social work | 3.13 |
| All other smaller sectors | 16.23 |
| *Source: IHS Rex Report, Global Insight, 2020* |  |
|  | |
| ***Employment: 2019 Unemployment***  Cape Winelands has  **379 000** employed people which is **%**  28.4  **2,3%** of the national employment 9.1  Cape Winelands National Total  **Primary** 2019 share Jobs Created / lost since ***Employment composition in primary, secondary***  2009  Agriculture 11.1% ***and tertiary sectors***  3 080  Mining 0.1%  What can be seen is that of the 379 000 jobs in the  **Secondary** Cape Winelands District, the top 3 employment  Manufacturing 11.8% sectors is Trade (24,5%) followed by Finance  Electricity 0.3% 6 260 (19,3%) and Community services (18,4%).  Construction 9.3%  The tertiary sector has created the most  **Tertiary** employment from 2009 to 2019. The tertiary  Trade 24.5% sector requires skilled people which means a  Transport 5.2% greater focus needs to be placed on skilling people  Finance 19.3% 27 100 in the Cape Winelands.  Community 18.4  *Source: IHS Rex Report, Global Insight, 2020* | |

|  |  |
| --- | --- |
| Imports | Exports |
| **R36,6** billion | **R28,3** billion |

|  |
| --- |
| In 2020 through the lockdown and the resultant slowdown in economic activity we have seen many business closures and many people has lost their jobs. In early 2020 Business for South Africa forecasted that around 4 million people would lose their jobs in 2020. What has been seen is that many people in the middle and lower-middle class, who were financially secure pre-COVID-19, has now been plunge into poverty. |
|  |
| ***Imports and Exports: 2019 Top 3 Exports***  Wine, citrus and grapes  ***Top three countries exported to:***  In 2019 the Cape Winelands District had a trade Netherlands, United Kingdom and Namibia deficit since the imports exceed the exports.  *Source: Western Cape Government, MERO 2020*  **In conclusion:**  We have developed and drafted a Cape Winelands Economic Recovery Plan to kick-start the district economy. The choices that the District Municipality and its partners makes to restart the district economy, including the long-term social and economic co-benefits we seek to achieve through our business and community investments, will need to ensure that we ***“build back stronger and better”.*** |

# 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:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Party** | **Democratic Alliance (DA)** | **African**  **National Congress (ANC)** | **Economic**  **Freedom Fighters (EFF)** | **Breedevallei Onafhanklik (BO)** |
| **No. of Councillors** | 27 | 11 | 2 | 1 |

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 |
| Cllr. D. Swart | Deputy Executive Mayor  Agri Parks and Co-ordinator of the Agri Committee | DA |
| Cllr. C. Meyer | Speaker | DA |
| Cllr. D.D. Joubert | Single Whip of Council | DA |
| Cllr. P.C. Ramokhabi | Rural and Social Development Administrative Support Services  Human Resources | DA |
| Cllr. J.D.F. Van Zyl | Financial Services | DA |
| Cllr. G.J. Carinus | Information and Communication Technology Facilities Management  Project Management Roads  Regulation of Passenger Transport Services | DA |
| Cllr. J.J. du Plessis | Local Economic Development  Spatial Planning and Environmental Management Tourism  IDP | DA |
| Cllr. A. Florence | Sport, Arts & Culture | DA |
| Cllr. L.W. Niehaus | Fire Services  Disaster Management Municipal Health Services | DA |
| Cllr. L. Landu | Advisor to the Executive Mayor | 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 2019/2020, 2020/2021and 2021/2022 was compiled in accordance with the requirements 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 2020/2021:

* MFMA Circular No. 108 – Municipal Budget Circular for the 2021/2022 MTREF – 8 March 2021
* MFMA Circular No. 107 – Municipal Budget Circular for the 2021/2022 MTREF – 4 December 2020
* Addendum to MFMA Circular No. 88 for the 2021/2022 MTREF (the planning and reporting templates are attached as part of Annexure M to the budget).

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. 51 Municipal Budget Circular for the 2010/11 MTREF – 19 February 2010
* MFMA Circular No. 54 Municipal Budget Circular for the 2011/12 MTREF – 10 December 2010
* MFMA Circular No. 55 Municipal Budget Circular for the 2011/12 MTREF – 8 March 2011
* MFMA Circular No. 70 Municipal Budget Circular for the 2014/2015 MTREF – 4 December

2013

* MFMA Circular No. 72 Municipal Budget Circular for the 2014/2015 MTREF – 17 March 2014
* MFMA Circular No. 74 Municipal Budget Circular for the 2015/2016 MTREF – 12 December 2014
* MFMA Circular No. 78 Municipal Budget Circular for the 2016/2017 MTREF – 7 December 2015
* MFMA Circular No. 85 Municipal Budget Circular for the 2017/2018 MTREF – 9 December 2016
* MFMA Circular No. 86 Municipal Budget Circular for the 2017/2018 MTREF – 8 March 20147
* MFMA Circular No. 89 Municipal Budget Circular for the 2018/2019 MTREF – 8 December 2017
* MFMA Circular No. 90 Tax Compliance Status – 30 January 2018
* MFMA Circular No. 91 Municipal Budget Circular for the 2018/2019 MTREF – 7 March 2018
* [MFMA Circular No. 93 - Municipal Budget Circular for the 2019/20 MTREF - 7 December 2018](http://mfma.treasury.gov.za/Circulars/Documents/Circular%2093%202019%20MTREF%20-%207%20Dec%202018)
* [MFMA Circular No. 94 - Municipal Budget Circular for the 2019/20 MTREF - 8 March 2019](http://mfma.treasury.gov.za/Circulars/Documents/MFMA%20Budget%20Circular%20No%2094%20-%2008%20March%202019_.pdf)

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.

# 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 tabled in Council the required 4th Generation IDP 2017 – 2021 (5-year plan) and budget time schedule on 25 May 2017. Annually the IDP document must be reviewed as required by legislation. The First Review of the 5-year plan was adopted on 31 May 2018, Second Review on 27 May 2019 and the Third Review on 28 May 2020.

# 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 2021/2022 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 2020/2021 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.

# Community /Stakeholder Consultation

A full IDP/Budget consultation process will be carried out during April 2021. 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 3rd Review IDP to be approved by Council end of May 2021.

# 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, and 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 4th Review IDP document which will be submitted to Council end of May 2021 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”.

Budget Policy

Cash Management and Investment Policy

Implementation of the Expanded Public Works Program (EPWP) Policy Funding and Reserves Policy

Appointment of Consultants Policy Mobile Device Policy

Official Vehicles and Fleet Management Policy Virement Policy

Branding Policy

Leave and Unpaid Leave Policy Asset Management Policy

Private Work: Declaration of Interest; Code of Conduct for Supply Chain Management Practitioners and Role Players

Petty Cash Policy Community Support Policy Corporate Gifts Policy

Expenditure Management Policy Grant in Aid Policy

Internship Policy

Inventory and Stock Management Policy

Long Term Financial Planning and Implementation Policy Maintenance Management Policy

Overtime Policy

Revenue Management Policy Cost Containment Policy

Supply Chain Management Policy Sponsorships Policy

Unauthorized, Irregular, Fruitless and Wasteful Expenditure Policy Unforeseen and Unavoidable Expenditure 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 2021/2022 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 4.5% per annum was used to calculate the budgeted income from investmens.

# Covic-19

* Management did an extensive review of all expenditure items and identified certain expenditure items to be reprioritised to fund Covid -19 expenditure in the 2020/2021 financial year. Due to the uncertainty around the possible exposition of positive Covid-19 cases management will do the same review process early in the 2021/2022 financial year to redirect expenditure to the item funding the Covid-19 Expenditure.

# 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 Office 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 2019/2020 MTREF in May 2020.

* + 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