

CAPE WINELANDS DISTRICT MUNICIPALITY



CAPE WINELANDS DISTRICT
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**MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR THE
FINANCIAL PERIOD 2024/2025 TO 2026/2027**

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PART 1

A: MAYORS REPORT

To show up for communities we rise above politics for municipal excellence. Through our commitment to the budget processes, carefully considering and discussing action plans, considering public participation inputs, and prioritisation of projects have all been the building blocks that informed this Cape Winelands District Municipality Budget. This is a budget that lays the foundation for a Unified Cape Winelands of Excellence for Sustainable Development. As Council, our collective responsibility is to unite and work towards creating a municipality that works for its residents and focus on the common goal of service delivery.

In preparing this Medium-Term Revenue and Expenditure Framework (MTREF), we considered the input of all communities, stakeholders, and organisations in the jurisdiction 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:

Medium Term Strategic Policy Framework presented by the Minister of Finance in February as well as provincial budget allocations;

State of the Province address by the Premier of the Western Cape;

State of the Nation Address;

The National Development Plan that aligns with provincial strategic objectives linked to the CWDM IDP; and

Alignment of plans and projects with the five local municipalities in our District.

We have a total budget of R1.83 billion for the MTREF period (2024/2025, 2025/2026, and 2026/2027) which must be allocated within our legislative framework to the benefit of the residents of our region.

The needs of all sectors identified during the public participation process through Mayoral Mondays, our Integrated Development Plan 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. The focus project priorities remain:

Economic Growth and Opportunities:

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. It becomes therefore our business. The Cape Winelands District Municipality will remain committed to

providing a conducive environment for Local Economic Development to stimulate economic growth, which in turn reduces poverty. In this regard, The Cape Winelands District Municipality utilises 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. One of the standout projects that came out of our public participation processes was the need for bursaries for the youth, and I am delighted and proud to say we have delivered on that, and that the Mayoral Study-Aid Fund will assist 72 top achievers with study aid. 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 for youth, energy resilience, mitigating disaster, and striving to give residents a fulfilling life.

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

2024/2025	R 411 148 000
2025/2026	R 425 421 500
2026/2027	R 431 934 500

Disaster, Health and Emergency Services

Our core functions, of which firefighting services, municipal health services, and disaster management receive significant amounts allocation in the budget, render a valuable service in the much unprecedented times especially with extreme floods and fires we have experienced as a district. The divisions' unwavering services to the community act as the flagships for the services of our district.

Infrastructure Support

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.

Through this budget, we are committed to ensuring safer roads and infrastructure that will assist to uplifting communities. Roads are the arteries of this district; they connect people, and we continue

to work on roads affected by the unprecedented floods in 2023. Our residents and our economy cannot thrive if they do not have freedom of movement, and we remain committed within our legislative mandate to connecting communities and creating well-developed road infrastructure that will eliminate transportation and mobility problems.

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 this district 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

An extremely proud Cape Winelands District Municipality achieved its tenth clean audit in the 2022/2023 financial year. As the political head of this municipality, 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 sphere of government. 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 2024/2025 to 2026/2027 MTREF illustrates as follows:

	2023/2024	2024/2025	2025/2026	2026/2027	Total MTREF
	R	R	R	R	R
Operating Expenditure	467,954,354	489,749,031	509,256,741	520,172,411	1,519,178,183
Project Expenditure	30,361,102	30,689,120	21,872,558	21,666,658	74,228,336
Sub Total	498,315,456	520,438,151	531,129,299	541,839,069	1,593,406,519
Capital Expenditure	70,219,802	125,770,800	66,680,500	40,638,000	233,089,300
Total Budget	568,535,258	646,208,951	597,809,799	582,477,069	1,826,495,819

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, considering the present challenge of savings in a tight global economic climate.

FROM THE MAYOR'S DESK

EXTERNAL RELATIONS:

The Cape Winelands District Municipality actively pursues the creation of cooperative partnerships and agreements with key stakeholders to stimulate local economic development in the area. The strategic objectives for external relations are as follows:

- (a) To facilitate economic growth, tourism, and investment within predetermined regions;
- (b) Improve environmental resilience to climate change and increase sustainability;
- (c) To develop the necessary skills and best practices 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 with WESGRO and other partners, 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.

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, fostering our commitment to Intergovernmental relationships.

CONCLUSION

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

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 2024/2025 Medium-term Revenue and Expenditure Framework:

OPERATING BUDGET:

Year	Expenditure	Income	Surplus(-)	Capital Ext. Funding	Surplus (-)/Deficit After Capt. Funding
			/Deficit		
2024/2025	520,438,151	521,484,651	- 1,046,500	1,046,500	-
2025/2026	531,129,299	535,535,299	- 4,406,000	4,406,000	-
2026/2027	541,839,069	541,855,069	- 16,000	16,000	-

CAPITAL BUDGET:

Year	Expenditure	Income		Surplus/(-)Deficit
		Capital Replacement Reserve	External Loan	
2024/2025	125,770,800	34,770,800	91,000,000	-
2025/2026	66,680,500	66,680,500	-	-
2026/2027	40,638,000	40,638,000	-	-

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 1.8%, 3.94% and 4.31% over the MTREF period.

The following table reflects the revenue sources for the 2023/2024 and 2024/2025 financial years:

Sources of Income	2023/2024	2024/2025	%
			Inc./-Dec
Ex Rev: Operational Revenue	12,324,453	14,384,632	16.72
Ex Rev: Rental Fixed Assets	240,000	240,000	-
Ex Rev: Agency Services	139,027,514	134,696,000	- 3.12
Ex Rev: Sales Goods and Services	427,800	427,800	-
Ex Rev: Service Charges	-	10,278,839	100.00
Ex Rev: Int Divident Rent on Land	73,103,481	83,370,580	14.04
Non-Ex Rev:	600,000	600,000	-
Non-Ex Rev: Transfers & Subsidies	274,762,422	277,152,000	0.87
- RSC Replacement Grant	255,683,000	260,486,000	1.88
- Equitable Share	3,046,000	3,174,000	4.20
- LG Finance Management Grant	1,000,000	1,000,000	-
-Western Cape Municipal Interventions Grant	198,482	-	- 100.00
-Water Resilliance Grant	1,200,000	-	- 100.00
- Emergency Back-Up Power Supply	950,000	950,000	-
- CWDM Integrated Transprot Plan	-	939,000	100.00
-Non-Motorised Transport Infrastructure	3,500,000	3,500,000	-
-Capacity Building (Fire Services)	500,000	500,000	-
- Safety Plan Implementation Grant	2,315,824	1,560,000	- 32.64
- Community Development Workers	90,116	76,000	- 15.66
-Contr. Merio Road Maintenance	-	100,000	100.00
- Subs. DOW.: Hiring of Toilets	1,120,000	600,000	- 46.43
- Expanded Public Works Programme	2,271,000	1,249,000	- 45.00
- Rural Roads Asset Man, System (Dora)	2,888,000	3,018,000	4.50
Seta Refund	334,800	334,800	-
Total	500,820,470	521,484,651	4.13

OPERATING BUDGET – EXPENDITURE

The table below illustrates the operating Expenditure for 2023/2024 and 2024/2025 financial years:

Expenditure Categories	2023/2024	2024/2025	%	
			Inc./-Dec.	
Employee Related Costs	257,216,521	289,659,071	12.61	
Remuneration of Councillors	15,186,828	15,946,179	5.00	
Operational Cost	97,391,168	87,581,942	-	10.07
Contracted Services	81,402,295	79,189,908	-	2.72
Interest Dividend Rent on Land	1,744,480	9,031,650	417.73	
Operating Leases	300,000	300,000	-	
Bad Debt Written Off	500,000	500,000	-	
Depreciation and Amortisation	9,580,700	9,818,000	2.48	
Inventory	27,988,349	21,304,790	-	23.88
Transfers and Subsidies	19,485,115	19,595,610	0.57	
Gains and Losses	-12,480,000	-12,489,000	0.07	
Total	498,315,456	520,438,150	4.44	

EMPLOYEE RELATED COST

Employee related costs increased 5%. Various vacant posts, which were subsequently filled, were not budgeted in full in the 2023/2024 financial year, hence the 12.61% increase in Employee Related Costs. 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 Department of Infrastructure allocated additional funding to the Cape Winelands District Municipality to finance flood damage expenditure experienced during the 2023/2024, hence the decrease of 10.07%

CONTRACTED SERVICES

Contracted services decreased with 2.72%. Additional funding was allocated for Fire Fighting services during the previous financial year to combat extensive mountain fires.

INTEREST DIVIDEND RENT ON LAND

Provision was made for Interest on a long-term external loan to finance the development of the Regional Landfill Site.

INVENTORY

The 23.88% decrease in Inventory is related to a decrease in the amount allocated for Inventory in the Roads Department.

TRANSFERS AND SUBSIDIES

The 0.57% increase in expenditure on Transfers and Subsidies is mainly linked to inflation.

CAPITAL BUDGET

The capital budget increased from R 70 219 802 in the 2023/2024 financial year to R 125 770 800 in the 2024/2025 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

STRATEGIC OBJECTIVE	Income	Expenditure	Surplus /- Deficit
Community Development and Planning Services			
Regional Development and Planning	0	28,726,395	-28,726,395
Community & Developmental Services	3,783,000	146,620,539	-142,837,539
Rural & Social Development	76,000	19,267,684	-19,191,684
Total: Community Development and Planning Services	3,859,000	194,614,618	-190,755,618
Technical Services			
Engineering and Infrastructure	20,957,123	49,716,783	-28,759,660
Roads	134,846,000	133,800,000	1,046,000
Total: Technical Services	155,803,123	183,516,783	-27,713,660
Financial, Strategic and Administrative Support Services			
Governance and Councillor Support	99,900,928	51,514,913	48,386,015
Office of the Municipal Manager	0	24,279,429	-24,279,429
Corporate Services	334,800	25,678,994	-25,344,194
Financial Services	261,586,800	40,833,414	220,753,386
Total: Financial, Strategic and Administrative Support Services	361,822,528	142,306,750	219,515,778
Surplus/-Deficit before Capital Funding	521,484,651	520,438,151	1,046,500
Funding: Capital Expenditure			-1,046,500
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 one of five district municipalities in the Western Cape and is bordered all the other Districts and the City of Cape Town. The Cape Winelands stretches across an area of more 21 000 square kilometers of fertile valleys, majestic mountains and unique fauna and flora. The district is served by five local municipalities namely, Stellenbosch, Drakenstein, Witzenberg, Breede Valley and Langeberg.

The Cape Winelands District is the second most populous district in the Western Cape after the City of Cape Town, accounting for 16.6% of the Western Cape's population and continues to grow. It is natural therefore that the area is also the second largest center of economic activity in the Western Cape and is not only famous because of its wine.

In fact, the Cape Winelands District is the largest exporter of soft fruit in the Southern Hemisphere, has the most diverse tourism related industry, catering for every need and taste and offers internationally renowned educational institutions, including two, that cater specifically to special education. All this available a in as little as a half an hour's drive from Cape Town International Airport.



Cape Winelands District: At a Glance

Demographics

Population Estimates, 2023; Actual households, 2022



Population
877 368

(Source: Department of Health)



Households
242 283

(Source: Cape Winelands District Municipality)

Education

2022



Matric Pass Rate **77.4%**
Learner Retention Rate **76.0%**
Learner-Teacher Ratio **27.77**

Poverty

2022



Gini Coefficient **0.59**
Poverty Head Count Ratio (UBPL) **64.83%**

Health

2022/23



Primary Health Care Facilities
40
(excl. mobile/satellite clinics)

Immunisation Rate
76.4%

Maternal Mortality Ratio (per 100 000 live births)
54.7

Teenage Pregnancies – Delivery rate to women U/18
13.3%

Safety and Security

Actual number of reported cases in 2022/23



Residential Burglaries
4391

DUI
768

Drug-related Crimes
6783

Murder
395

Sexual Offences
989

Access to Basic Service Delivery

Percentage of households with access to basic services, 2022

Water
87.1%



Refuse Removal
85.6%



Electricity
97.1%



Sanitation
96.2%



Housing
88.8%



Labour

2022

Unemployment Rate (narrow definition)



14.7%

Socio-economic Risks

Risk 1 Job losses
Risk 2 Low learner retention
Risk 3 Low skills base (Labour)

Largest 3 Sectors

Contribution to GDP, 2021

Finance, insurance, real estate and business services

24.6%



Wholesale & retail trade, catering and accommodation

16.8%

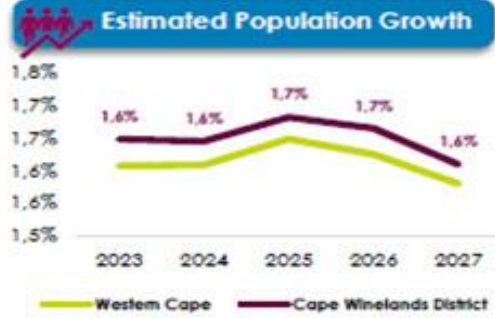


Manufacturing

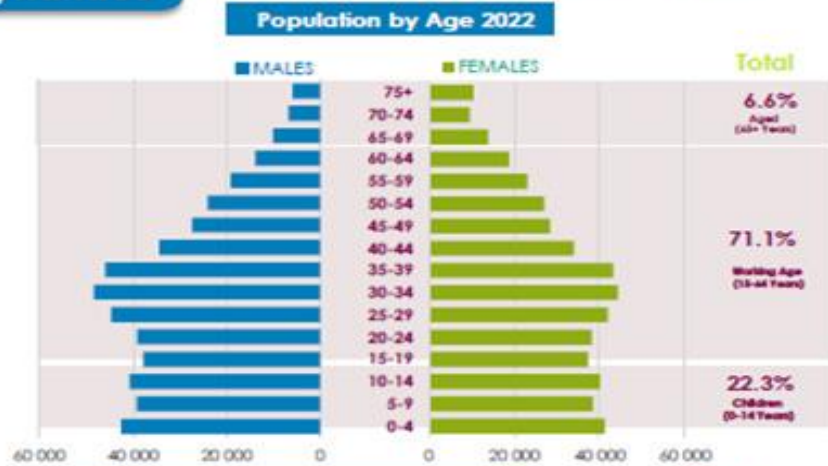
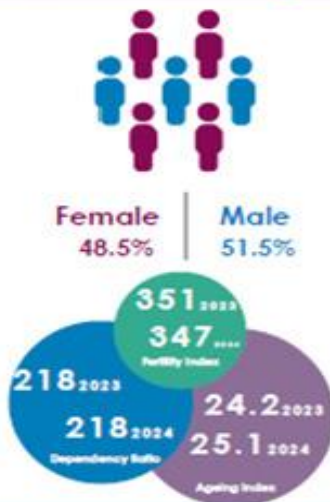
15.7%



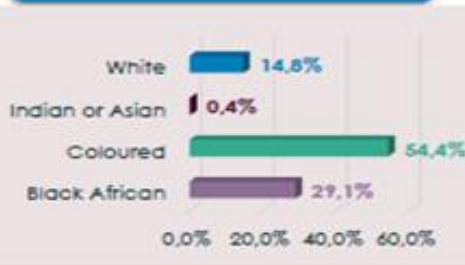
DEMOGRAPHICS



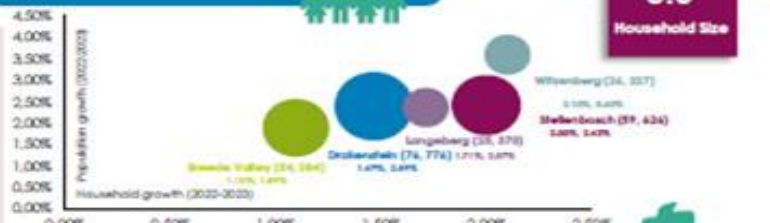
Gender and Age Dynamics



Racial Split



Population and Household Growth 2022



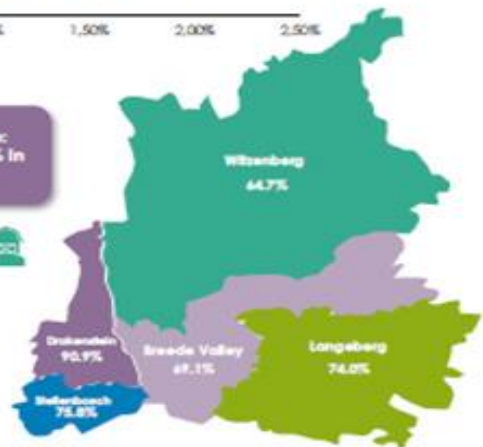
Level of Urbanisation 2021



Urbanisation rate: 75% in 2001 to 77% in 2021

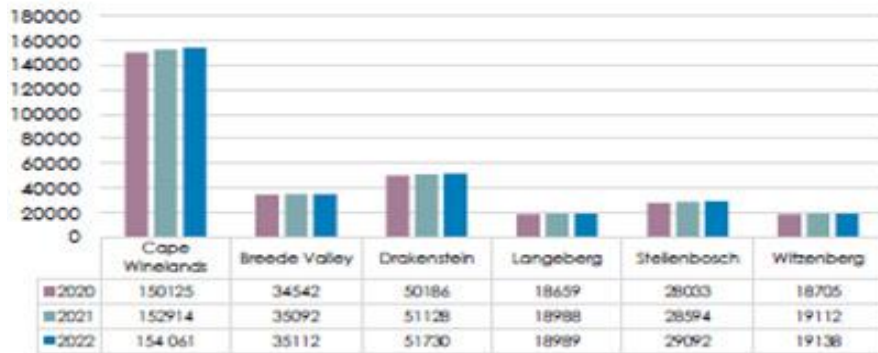
Most populated and urbanized municipal area - Drakenstein with Paarl/Wellington/Mbeleni

Largest change in numbers: Paarl/Wellington/Mbeleni

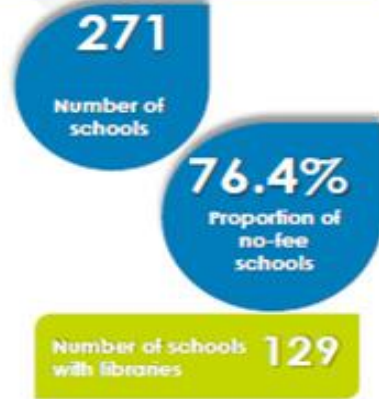


EDUCATION

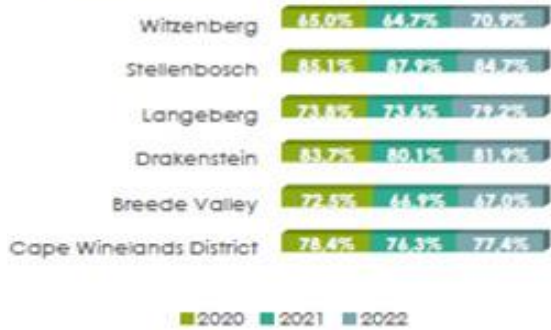
Learner enrolment



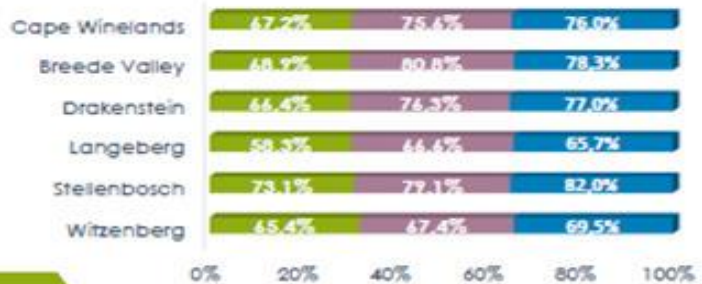
Educational facilities 2022



Education outcomes



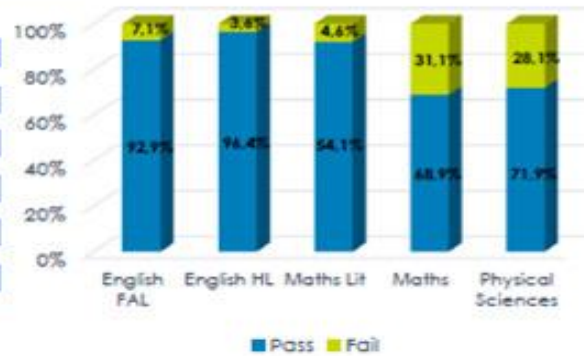
Learner retention 2020 - 2022



Learner-Teacher Ratio 2020- 2022

Cape Winelands	27.8	28.0	27.7
Langeberg	28.4	28.4	27.7
Witzenberg	27.8	28.6	29.0
Drakeinslein	27.7	28.0	27.6
Stellenbosch	26.8	27.2	26.7
Breede Valley	28.3	28.0	27.8

Subject Outcomes

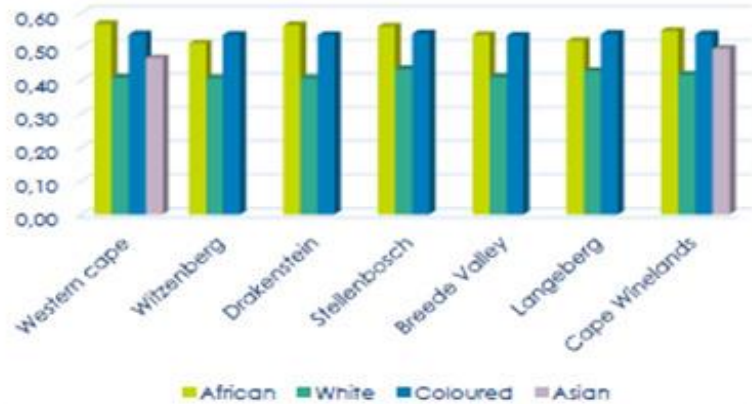


POVERTY

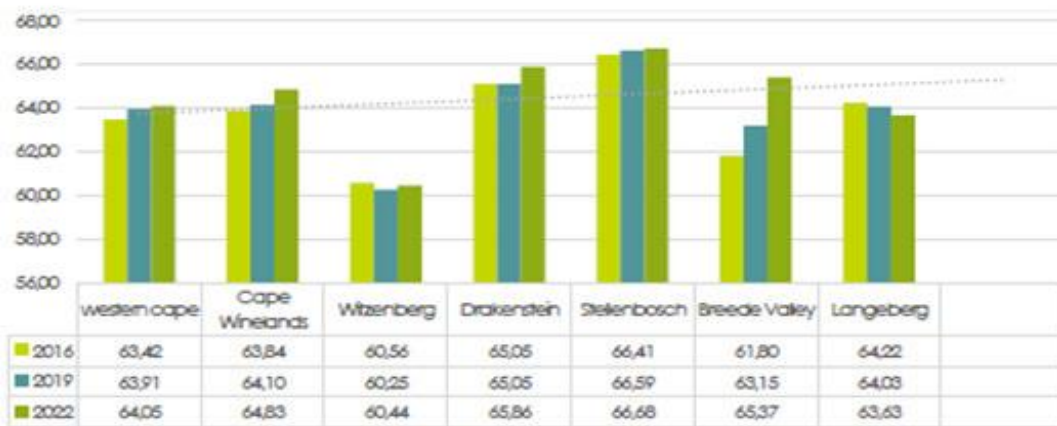
GDP per capita



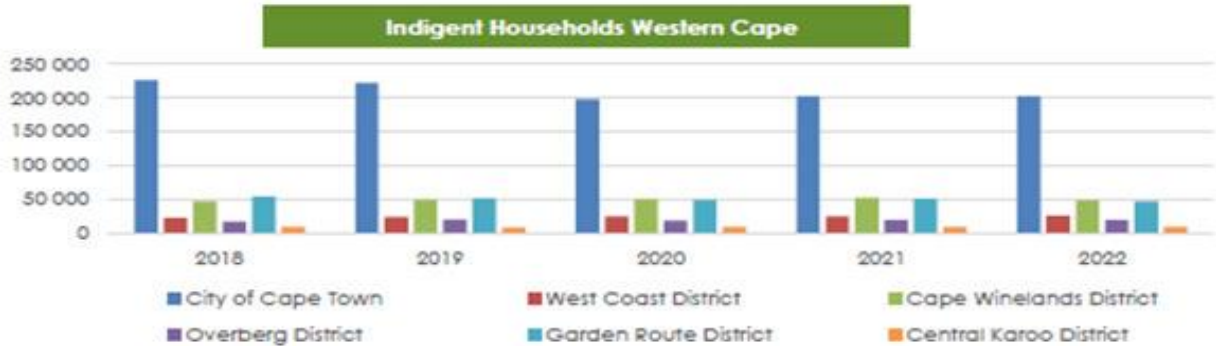
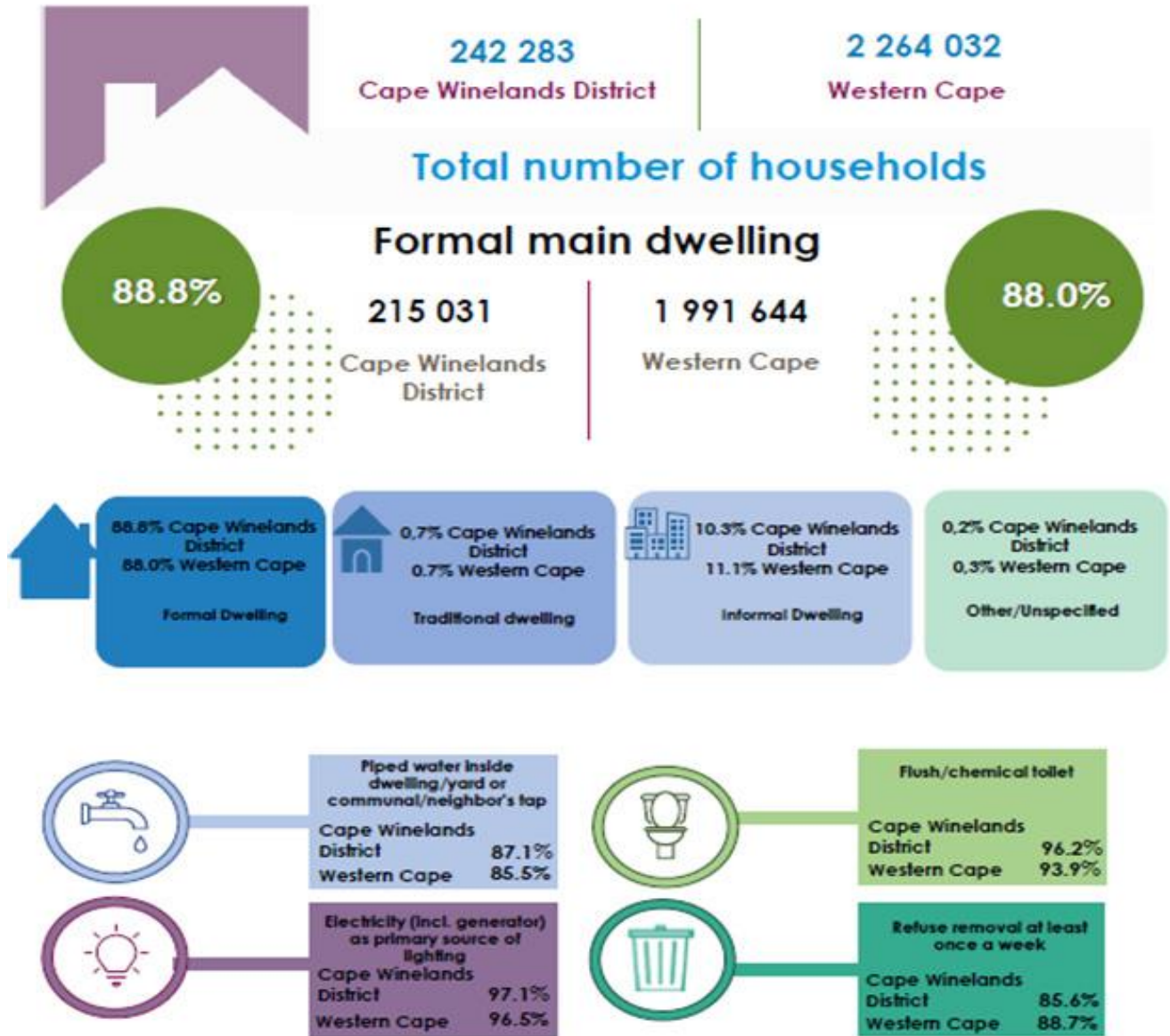
Income Inequality



Poverty Line



BASIC SERVICE DELIVERY



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 8 councillors. The members of the Mayoral Committee, Speaker and 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, Whip of Council and portfolios:

Name	Portfolio	Political Party
Ald. (Dr.) H. von Schlicht	Executive Mayor	DA
Ald. M. Sampson	Executive Deputy Mayor	DA
Ald. 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	Sports, Art & Culture	DA
Ald. R. Farao	Fire Services	DA
Cllr. X.L. Mdemka	Municipal Health Services	DA
Cllr. W.C. Petersen	Rural and Social Development	DA
Cllr. E. Groenewald	Corporate Services	DA
Cllr. G.J. Carinus	Infrastructure Services	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 2024/2025, 2025/2026 and 2026/2027 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 2024/2025

- MFMA Circular No 126 - Municipal Budget Circular for the 2024/25 MTREF - 07 December 2023.
- MFMA Circular No 128 - Municipal Budget Circular for the 2024/25 MTREF - 08 March 2024.

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 2nd Review IDP (2024/2025) in May 2024.

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 2024/2025 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 2023/2024 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

An 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 2nd Review IDP to be approved by Council end of May 2024.

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 Development Planning is a process through which municipalities prepare a strategic developmental plan, for a five-year period. The Integrated Developmental Plan (IDP) is a product of the integrated development planning process. The IDP is a principal strategic planning instrument which guides and informs all planning, budgeting, management and decision-making in a 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. Under the constitution, municipalities have been awarded major developmental responsibilities to ensure that the quality of life for its citizens is improved. The role of local government includes provision of basic services, creation of jobs, promoting democracy and accountability and eradication of poverty. Preparing and having the IDP therefore enables the municipality to be able to manage the process of fulfilling its developmental responsibilities.

More detail with regard to the alignment of the Annual Budget and IDP is provided in the attached 2nd Review IDP document which will be submitted to Council end of May 2024 as Annexure "E".

Strategic objectives:

Strategic objectives are statements of 'end-goals' that the municipality aspires to achieve within a defined long-term timeframe. These statements are purpose statements and help create an overall vision and measurable steps for the municipality to help achieve the desired outcome. The following

strategic objectives have been developed for the Municipality:

1. Provide sustainable strategic financial management and support services.

Outcomes: The municipality aims to create sustainable sources of funding and management thereof, ensuring long-term financial viability.

Resources are efficiently used to maximise contributions to LED and support services.

2. Foster good governance processes as prescribed by legislation and best practice.

Outcomes: A foundation for effective governance that promotes political and administrative stability, a clean audit, improved ethical culture and functional oversight, has been established and is adhered to.

3. Provide sustainable infrastructure services and a transport system that enables social and economic opportunities.

Outcomes: Infrastructure services and resources are financially supported and measured.

Municipal infrastructure and transport systems are developed in a resilient and well-functioning manner as to result in longevity, and a safe and secure communal environment facilitating social and economic opportunities.

4. Monitor and promote a clean, healthy and safe living environment for all residents of the CWDM area.

Outcomes: All residents have equal access to basic service delivery.

Resources, including stable infrastructure, technological and spatial resources, as well as water security, are efficiently utilized to ensure the long-term well-being and unity of the community.

5. Provide disaster management services to the district.

Outcomes: Emergency response plans are well-established and regularly tested, enabling an improved response to incidents, which creates stronger relationships within the district.

A well-co-ordinated fire services department with easier access to the public, establishing a safe community.

6. Establish a skilled workforce and performance orientated administration to promote the growth and development of the organisation.

Outcomes: A capable and knowledgeable workforce that positively contribute and successfully provide high-quality services to the community and become enablers to inspire development.

Consequence/ development management and a performance management system embedded into the functioning of the municipality in order to promote optimal performance.

7. Facilitate partnerships that cultivate economic growth and development throughout the district

Outcomes: Achieving an enabled environment by creating inclusive and equitable economies, and developmental growth through the economic benefits generated from new markets, innovation, and partnerships.

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”.

Appointment of Consultants Policy

Appointment of Councillor Support Staff

Benevolent Fund Policy

Borrowing Policy

Branding Policy

Budget Policy

Centralization De-centralization Policy

Combatting abuse of SCM Policy

Community Support Policy

Corporate Gifts Policy

Credit Control and Debt Collection Policy

Expenditure Management Policy

Expanded Public Works Programme

Grant in Aid Policy

Inventory and Stock Management Policy

Long Term Financial Planning and Implementation Policy

Maintenance Management Policy

Official Vehicles and Fleet Management Policy

Petty Cash Policy

Private Work: Declaration of Interest; Code of Conduct for Supply Chain Management

Revenue Management Policy

Sponsorships Policy

Sponsored Work Related Functions Policy

Student Assistance Policy

Subsistence and Travel policy

Telecommunication Policy

Unauthorized, Irregular, Fruitless and Wasteful Expenditure Policy

Unforeseen and Unavoidable Expenditure Policy

Uniform and Protective Clothing Policy

Human Resource Management Policies:

Education, Training & Development Policy

Employee Assistance Programme (EAP) Policy

Employment Equity Policy

Exit Management Policy

Individual Performance Management Policy

Induction Policy

Internship Policy
Leave and Unpaid Leave Policy
Mobile Device Policy
Mentoring and Coaching Policy
Overtime Policy
Probation Period Policy
Recruitment and Selection Policy
Task Job Evaluation Policy
Scarce Skills Retention Policy
Secondment and Transfer Policy
Study Aid and Leave Policy
Succession Planning and Career Pathing Policy
Transport Allowance Scheme

Policies to be amended are:

Cash Management and Investment Policy
Cost Containment Policy
Funding and Reserves Policy
Supply Chain Management 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 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 2024/2025 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

The tariffs for the 2024/2025 financial year were calculated on the premise of the 4.9% macro-economic forecast of CPI Inflation, as set out in the Final Municipal Budget Circular No.128 for the 2024/225 MTREF, dated 08 March 2024.

Regional Landfill Site

The expected interest rate of the loan will be 10.93% over a period of 10 years.

The tariff was determined by various direct and indirect costs, and consumers of the site is charged based on the type of customer and refuse, as well as the condition of the refuse that is dumped at the site.

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. The following average interest rates were used to calculate the budgeted income from investments.:

- 12.06% average annual interest rate for long-term investments
- 9% average annual interest rate for short-term 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 2024-2025

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 and Performance 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 2024/2025 MTREF in May 2024.
- **MMC Training:**
Most of the senior, middle management and interns have attended the MMC Training (Municipal Minimum Competency Training) conducted by Bantubanye Skills.

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 _____