

CAPE WINELANDS DISTRICT MUNICIPALITY



CAPE WINELANDS DISTRICT
MUNICIPALITY • MUNISIPALITEIT • UMBSIPALA

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR THE FINANCIAL PERIOD 2012/2013 TO 2014/2015

TABLE OF CONTENTS

PART 1

- A. Resolutions
- B. Executive Summary
- C. High Level Summary
- D. Annual Budget Tables (Budget and Reporting Regulations – Schedule A)

PART 2

- A. Overview of Cape Winelands District Municipality
 - Political Structure
 - Administration
- B. Legislative environment
- C. Overview of annual budget process
- D. Overview of alignment of annual budget with the Integrated Development Plan (IDP)
- E. Overview of budget related policies
- F. Overview of key budget assumption
- G. Expenditure on allocation and grant programmes
- H. Allocations and grants made by the municipality
- I. Councilor and board member allowances and employee benefits
- J. Monthly targets for revenue, expenditure and cash flow
- K. Contracts having future budgetary implications
- L. Detail Capital Budget 2012 – 2015
- M. Legislation Compliance
- N. Other Supporting Documents
- O. Quality Certificate

PART 1

A: RESOLUTIONS

The resolution with regard to the approval of the budget will be submitted with the submission of the 2013/20214 MTREF.

B: 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 provide sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. In addition the municipality's macro structure was redesigned to only four directorates instead of six. The municipality also strive to deliver sustainable services to its community without overburdening the consumers with excessive tariffs.

The ten highest risks, still to be approved by Council, identified by the strategic planning exercise can be summarised as follows:

Major Risk	Inherent Risk		
	Impact	Likelihood	Rating
Lack of resources	5	5	25
No Firewall security is in place	5	5	25
Not sufficient IP addresses	5	5	25
No ownership for password control	5	5	25
Lack of polices	5	5	25
Weaknesses in the environmental and physical controls	5	5	25
Misstatements in the Annual financial statements	4	5	20
Water quality in the district - river water	4	5	25
Workload on fire fighting vehicles,	4	5	20
Ageing vehicles exhausting maintenance budget.	4	5	20

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.

Despite the decrease in Council's Equitable Allocation the municipality managed to budget for a small surplus to finance future capital expenditure.

In addressing the key considerations contained in National Treasury's MFMA Circular 66, the following are highlighted in the budget:

- The municipality cut back on capital expenditure to maintain accumulated reserves and ensure long term sustainability of the municipality
- 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 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 2013/2014 Medium-term Revenue and Expenditure Framework:

Operating Budget

YEAR	EXPENDITURE	INCOME	SURPLUS(-) /DEFICIT
2013/ 2014	325 294 660	-325 452 870	-158 210
2014/ 2015	333 801 100	-333 836 800	- 35 700
2015/ 2016	343 005 400	-343 045 200	- 39 800

Capital Budget:

YEAR	EXPENDITURE	INCOME	SURPLUS(-) /DEFICIT
2013/2014	6 546 890	-6 546 890	0
2014/2015	8 479 700	-8 479 700	0
2015/2016	6 480 650	-6 480 650	0

OPERATING BUDGET – REVENUE

The Cape Winelands District Municipality is reliant on Grant funding as its main source of revenue. This is as a result of the abolishment of the RSC Levies. National Treasury also decreased the Equitable Share allocation over the MTREF period with 47.72% and increases the RSC replacement grant with only 3% per annum.

The following table reflects the revenue sources for the 2012/2013 and 2013/2014 financial years:

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR THE FINANCIAL PERIOD 2012-2015

Source of Income	2012/2013	2013/2014	%-Inc./Dec.
Miscellaneous income	1 555 956.00	2 996 000.00	-92.55
Interest on Investments (Not certain)	24 340 000.00	25 250 000.00	-3.74
Public Contributions	1 748 600.00	2 700 000.00	-54.41
EPWP Programme (Not certain)	1 214 000.00	1 000 000.00	17.63
Hiring of Toilets	550 000.00	566 500.00	-3.00
Grants:	213 701 220.00	212 989 000.00	0.33
- RSC Replacement Grant	193 926 000.00	199 744 000.00	-3.00
- Equitable Share	11 888 000.00	9 692 000.00	18.47
- Finance Management Grant	1 250 000.00	1 250 000.00	-
- Finance Management Grant	660 000.00	-	100.00
- Municipal Systems Improvement Grant	1 000 000.00	890 000.00	11.00
- CWDM Integrated Transport Plan (DORA)	715 000.00	604 000.00	15.52
- Transport Safety and Compliance	2 500 000.00	500 000.00	80.00
- Public Transport Infrastructure	1 600 000.00		
- Dev. Of Sport & Recr, Facilities (Pr. DORA)	-	200 000.00	NA
- Housing Consumer Education	81 220.00	25 000.00	69.22
- Community Development Workers	81 000.00	84 000.00	-3.70
Working for Water	12 999 510.00	13 261 350.00	-2.01
Roads Agency Function	69 905 619.00	66 690 020.00	4.60
Total	326 014 905.00	325 452 870.00	0.17

OPERATING BUDGET – EXPENDITURE

Due to the organizational restructuring the total budget of the municipality decreased. The table below illustrates the operating Expenditure for 2012/2013 and 2013/2014 financial years:

Expenditure Categories	2012/2013	2013/2014	%Inc.
Employee Related Costs	137 334 792.00	143 454 710.00	4.46
Remuneration of Councillors	10 362 000.00	11 758 000.00	13.47
Depreciation	14 077 900.00	8 816 000.00	-37.38
Finance Charges	25 100.00	29 500.00	17.53
Repairs and Maintenance	16 815 555.00	14 656 800.00	-12.84
Projects	64 143 530.00	54 597 100.00	-14.88
Other Expenditure	84 287 077.00	91 982 550.00	9.13
Total Expenditure	327 045 954.00	325 294 660.00	-0.54

EMPLOYEE RELATED COST

Due to an organizational restructuring employee related costs only increased with 4.46% as opposed to the budgeted increase of 7%.

Remuneration of Councilors is budgeted for in terms of the Public office bearers act and the approval of the MEC.

REPAIRS AND MAINTENANCE:

This expenditure consists mainly of maintenance on roads performed by the Road Agency Function and is subject to the fluctuation in the Roads Agency allocation.

PROJECTS

The amount of projects that council budget for is subject to the availability of funds hence the decrease of 14.88%.

CAPITAL BUDGET

The capital budget decreased from R11 863 836 in 2012/2013 to R6 546 890 in 2012/2013.

The detail is reflected in Table A5

This overall decrease is due to the following:

- The municipality did not budget for the replacement of Major Fire Engines for the 2013/2014 financial year.
- The decreased in the macro structure resulted in a large amount of useful redundant furniture and equipment which were used for replacements.

C: HIGH LEVEL BUDGET SUMMARY PER VOTE

Vote	Income	Expenditure	-Surplus /Deficit
Economic Development	-	5 282 900	5 282 900
Tourism	-50 000	6 247 660	6 197 660
Land-use and Spatial Planning	-1 272 900	2 712 370	1 439 470
Working for Water	-13 261 350	13 259 350	-2 000
Corporate Services	-773 000	25 638 220	24 865 220
Office of the Municipal Manager	-	8 040 230	8 040 230
Governance and Councillor Support	-34 954 900	43 915 800	8 960 900
Financial Services	-202 461 100	20 042 610	-182 418 490
Community & Developmental Services	-185 400	79 943 670	79 758 270
Rural & Social Development	-84 000	16 055 680	15 971 680
Engineering and Infrastructure	-4 554 400	30 882 600	26 328 200
Public Transport Regulation	-1 104 000	6 521 750	5 417 750
Roads	-66 751 820	66 751 820	-
Total	-325 452 870	325 294 660	-158 210

D: ANNUAL BUDGET TABLES

In accordance with the Budget and Reporting Regulations the following compulsory schedules are attached reflecting the composition and detail of the above mentioned amounts.

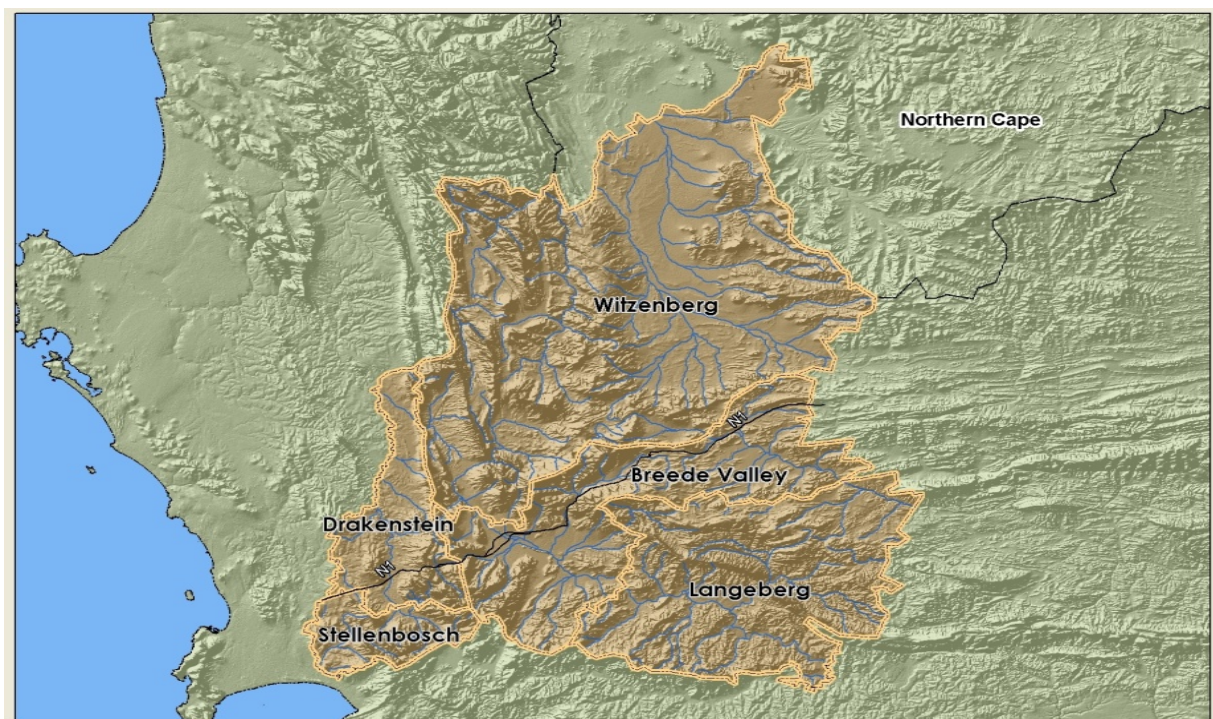
Budget Summary	Table A1
Budgeted Financial Performance (Revenue and Expenditure by standard classification)	Table A2
Budgeted Financial Performance (Revenue and Expenditure by standard classification)	Table A3
Budgeted Financial Performance (Revenue and Expenditure)	Table A4
Budgeted Capital Expenditure 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
This table were not completed because council does not deliver these kind of services hence no information is also 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 51 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 129 370 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 22 309 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) and a District Management Area. 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.

Economic Profile

2.3.1 Economic growth

The Western Cape and the Cape Winelands District Municipality have experienced good economic growth for the period 1995 to 2008, with a sharp decline in economic growth for the period 2008 to 2009; however there have been fluctuations in the GGP growth. These areas followed an almost identical growth pattern, suggesting strong interconnections between the economies. The average annual growth rate for the period 1995 – 2008 (before the impact of the global recession) for South Africa is 3.3%, the Western Cape is 3.7% and for Cape Winelands District Municipality is 3.5%. However the average annual growth rate for the period 1995 – 2009 (taking into account the impact of the global recession) for South Africa is 3.7%, the Western Cape is 4.1% and the CWDM is 3.8%. The Cape Winelands District Municipality contributed 11.4% to the Western Cape Gross Geographic Product (GGP), making the CWDM the second largest economic contributor in the Western Cape. The City of Cape Town contributed 73.6% to the Western Cape GGP.

2.3.2 Sector growth and contributions

The most productive sectors in the Cape Winelands District Municipality, in terms of GGP output per employee, are the electricity and water sector, transport sector, finance and business services sector and the manufacturing sector. The local municipalities also follow the same trend; however the Drakenstein LM also has a high labour productivity within the Mining sector. The community and personal services sector (this also includes the general Government services) contributes to 27.3% of the employment opportunities within the CWDM. The second largest contributing sector is the agricultural sector (19.2%), followed by the trade sector (19%), manufacturing (14.6%) and the finance and business services sector (11.6%). The local municipalities, similarly to the Cape Winelands District Municipality, also have high sectorial employment contributions within the following sectors (not necessarily the same order for all the local municipalities):

- Community and personal services sector
- Agriculture Sector
- Manufacturing Sector
- Trade Sector
- Finance and business services sector

Political Structure

Cape Winelands District Municipality is represented by 39 councillors. The Mayoral Committee consists of the Executive Mayor, the Deputy Executive Mayor and 7 councillors. The members

of the Mayoral Committee and the Speaker are deemed to be full-time councillors. The situation is as follows:

Political Party	DA	SCA	ACDP	ANC	COPE	NPP
No. of Councillors	22	1	1	12	1	2

The table below presents the Mayor, Speaker and portfolios:

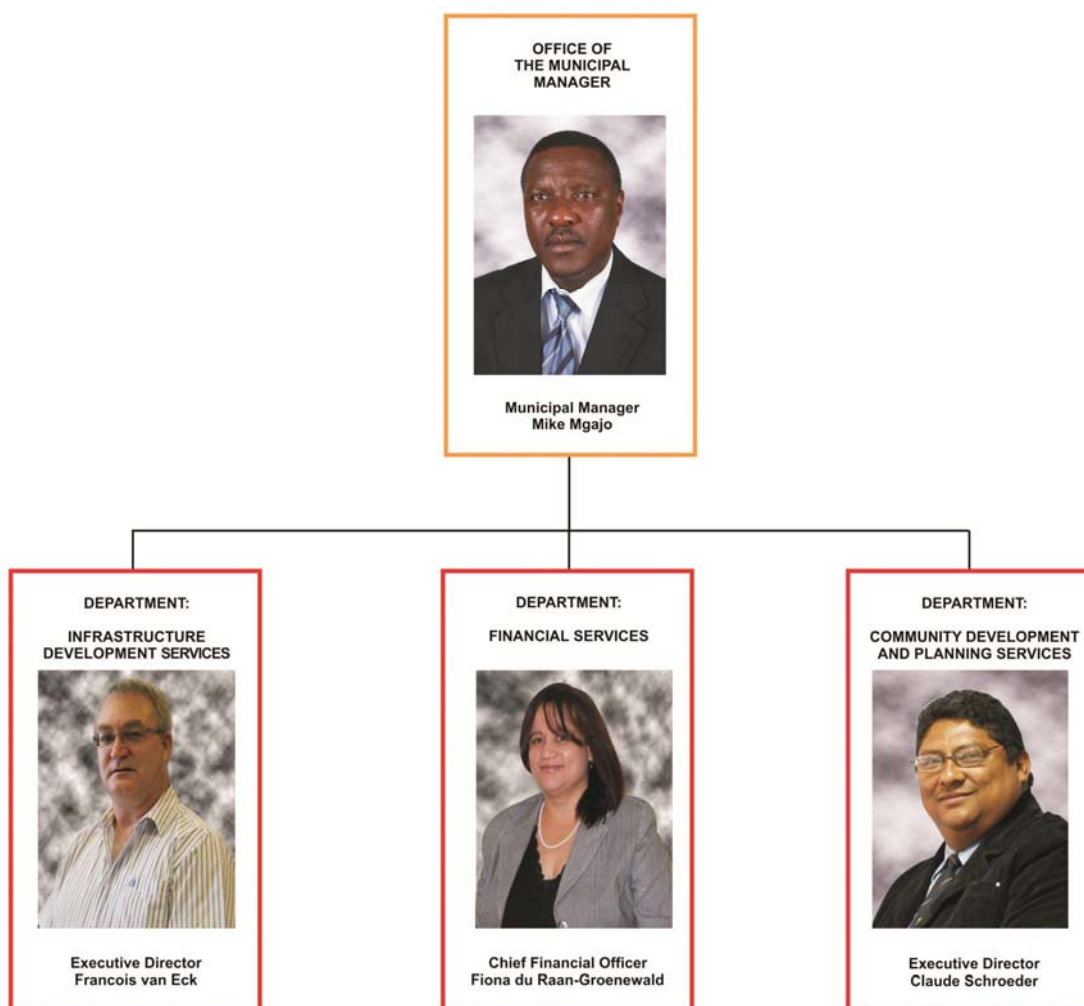
Portfolio	Name	Political Party
Executive Mayor	Cllr Ald. CA de Bruyn	DA
Deputy mayor	Cllr HM Jansen	DA
Speaker	Cllr C Meyer	DA
Engineering and Infrastructure Services	Cllr GJ Garinus	DA
Financial Management Services	Cllr Ald. (DR) NE Kahlberg	DA
Corporate and Human Resource Management Services	Cllr (Dr) H von Schlicht	DA
Social Development/Youth/Disabled	Cllr LX Mdemka	DA
Special Programmes	Cllr RB Arnolds	DA
Tourism and Planning Services	Cllr JJ du Plessis	DA
Technical and Agricultural Services	Cllr JRF Torr	DA

Administration

The Development Priorities of the 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.

There is, therefore, close alignment between the way in which the administration is structured and resourced through its operational and salaries budget, the IDP objectives and the performance targets of the municipality.

The figures below illustrate the macro-structure currently being implemented at the Cape Winelands District Municipality:



B: LEGISLATIVE ENVIRONMENT

Legal Requirements

The medium term revenue and expenditure framework for 2013/2014, 2014/2015 and 2015/2016 was compiled in accordance with the requirements the relevant legislation, of which the following are the most important:

- i) the Constitution, Act 108 of 1996
- ii) the Local Government Transition Act, Act 209 of 1993
- iii) the Municipal Structures Act, Act 117 of 1998
- iv) the Municipal Systems Act, Act 32 of 2000
- v) 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 2013/2014:

- MFMA Circular No. 67 Municipal Budget Circular for the 2013/2014 MTREF – 12 March 2013
- MFMA Circular No. 66 Municipal Budget Circular for the 2013/2014 MTREF – 24 January 2013

Other circulars used during the compilation of the budget:

- MFMA Circular No. 48 Municipal Budget Circular for the 2009/10 MTREF – 2 March 2009
- 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

Other Guidelines:

- National outcomes/priorities
- Headline inflation forecasts
- Revising rates, tariffs and other charges
- Funding choices and management issues
- Conditional transfers to municipalities
- Budget process and submissions for the 2013/14 MTREF

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, taking into account 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 tabled in Council the required IDP and budget time schedule on 23 August 2012.

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 2013/2014 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 2012/2013 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 Consultation

A full consultation process will be carried out during April 2013. 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 to be approved by Council on 27 May 2013.

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 aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. 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.

For more detail with regard to the alignment of the Annual Budget and IDP refer to the attached IDP review document in Annexure E of the Budget.

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

Strategic goal 1:

To ensure the health and safety of communities in the Cape Winelands through the proactive prevention, mitigation, identification and management of environmental health, fire and disaster risks.

Subsidies re Water and Sanitation on Farms
Clean-Up Campaign
Environmental Health Education Programme
Greening Project
Biological Rodent Control
Revision Risk Assessment

Strategic goal 2:

To facilitate sustainable economic empowerment of all communities within the Cape Winelands District through economic, environmental and social infrastructure investment, poverty alleviation, job creation and skills development.

Missions, Exhibitions and Trade Shows
Business Retention Expansion programme
Investment Attraction Programme
Sector Studies

Mentorship Programme
Tourism Month
Tourism Training
Educational
LTA Projects
Tourism Events
EPWP Invasive Alien Vegetation Management Programme
WFW : EPWP Invasive Alien Vegetation Management Programme
WFW : EPWP Invasive Alien Vegetation Management Training Programme
Pool Championship

Strategic goal 3:

To support and ensure the development and implementation of Infrastructural services such as bulk and internal services, functional road network and public transport services that contribute to Integrated Human Settlements in the Cape Winelands.

Housing
Consumer education
Planning: storm water master plans
Meerlust hous: Planning (council)
Provision of water to schools: council
Planning Nieuwedrift
Planning: regional landfill site
Infrastructure rural area (ren. elect.)
Upgrading Cemetery's
Greening – Entrances to Towns & Townships
Upgrading of rural sport facilities
Clearing of road reserves
Sewerage: Meerlust housing (dopw)
Upgrade rural roads: council
Upgrading infrastructure at various schools
Road safety education
CWDM integrated transport plan (DORA)
Impoundment facility (DORA)
CBD – W/berg & Langeberg

Strategic goal 4:

To provide an effective and efficient support service to the CWD Municipality's executive directorates so that the organisational objectives can be achieved through the provision of: HR Management, ICT, Admin Support Services, Strategic Services and Communication Services.

To ensure well functional statutory and other committees

Improved intergovernmental relations

To ensure skilled and competent workforce in order to realise organisational strategic objectives

Improved Labour Relations and informed Workforce

Improving internal communications

Well informed community

Strengthening media relations

Strategic goal 5:

To facilitate and ensure the development and empowerment of the poor and most vulnerable people, particularly women, children, youth, the disabled, elderly persons and rural dwellers throughout the Cape Winelands.

HIV/AIDS Project

ECD

Youth

Elderly

Disabled

Families & Children

Women

Community Support

Programme

Sport, Recreation & Culture

Small Farmer Support

ID Campaign

Strategic goal 6:

To ensure the financial sustainability of the Cape Winelands District Municipality and to fulfil the statutory requirements.

Credible Budget and approved SDBIP

Timely and accurate Annual Financial Statements

Unqualified Audit

Transparent and accountable reporting to all stakeholders

Early identification of problem areas in order to implement appropriate corrective actions

Effective systems, procedures and internal control of expenditure and revenue.

Fair, Equitable, Transparent, Competitive and cost-effective SCM Policy and Regulatory Framework.

E: OVERVIEW OF BUDGET RELATED POLICIES

The following policies are **new**:

Borrowing Policy

Council does not have any external loans and therefore does not have a Borrowing policy.

The following existing policies were reviewed and amended to achieve Council's strategic goals:

Accounting Policy

This policy provides the accounting framework applicable to the finances of the municipality and is informed by the Municipal Finance Management Act (Act no 56 of 2003). Refer Appendix B.

Asset Management Policy

The Municipal Finance Management Act Number 56 of 2003 is the legislative framework for the Asset Management Policy whilst Generally Recognized Accounting Practice (GRAP) is the accounting framework. The Municipal Manager as Accounting Officer of municipal funds, assets and liabilities is responsible for the effective implementation of the asset management policy which regulates the acquisition, safeguarding, maintenance of all assets and disposal of assets where the assets are no longer used to provide a minimum level of basic service as regulated in terms of section 14 of the MFMA. Refer Appendix B.

The following existing budget related policies were reviewed but no amendments were necessary therefor they were not submitted:

Funding and Reserves Policy

The policy provides a framework to ensure that the annual budget of Cape Winelands District Municipality is fully funded and that all funds and reserves are maintained at the required level to avoid future year non cash backed liabilities. The policy aims to give effect to the requirements and stipulations of the Municipal Finance Management Act and Municipal Budget and Reporting Framework. This policy also address council's long term financial planning.

Supply Chain Management Policy

Section 111 of the MFMA requires each Municipality and municipal entity to adopt and implement a supply chain management policy, which gives effect to the requirements of the Act. The Preferential Procurement Policy Framework Act, no 5 of 2000 and its accompanying regulations influences and dictates process around the evaluation and awarding of points.

Budget Policy

The policy aims to give effect to the requirements and stipulations of the Municipal Finance

Management Act and Municipal Budget and Reporting Framework in terms of the planning, preparation and approval of the annual and adjustments budgets.

Credit Control and Debt Collection Policy

This policy provides a framework to enable Council to proactively manage and collect all money due for services rendered, subject to the provisions of the Municipal Systems Act of 2000 and any other applicable legislation and internal policies of Council. Refer to Appendix 12.

Tariff Policy

This policy serves as the implementing tool which guides the levying of tariffs for municipal services in accordance with the provisions of the Municipal Systems Act and any other applicable legislation. Tariffs represent the charges levied by Council on consumers for the utilization of services provided by the Municipality and rates on properties. Tariffs will be calculated in various ways, dependent upon the nature of the service being provided.

Cash Management and Investment Policy

To regulate and provide directives in respect of the investment of funds and to maximize returns from authorized investments, consistent with the primary objective of minimizing risk.

Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

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 2013/2014 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

Collection rate for revenue services

The municipality used National Treasury's guidelines provided to municipalities in Circular 66.

Salary Increases

Municipalities must take into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increase based on the average CPI for the period 1 February 2012 until 31 January 2013, plus 1.25% for the 2013/2014 financial year.

Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focused service delivery and in this regard various measures were implemented to align IDP's provincial and national strategies around priority spatial interventions. Therefore the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

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

I: COUNCILLOR AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

Refer to MBRR SA 23

J: MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

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

K: CONTRACTS HAVING FUTURE AND BUDGETARY IMPLICATIONS

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

L: DETAIL CAPITAL BUDGET 2012-2015

Refer to MBRR SA 35 and MBRR SA 36

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 has 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 detail SDBIUP document is at a draft stage and will be finalized after approval of the 2013/2014 MTREF in May 2013.
- 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:

- 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
This SDBIP will only be signed after the approval of the 2013/2014 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 applicable

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_____