Annexure "A. 1"

CAPE WINELANDS DISTRICT MUNICIPALITY

CAPE WINELANDS DISTRICT
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR THE FINANCIAL PERIOD 2025/2026 TO 2027/2028

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PART 1

A: MAYORS REPORT

In service to our communities, in pursuit of municipal excellence. This budget is a testament to our commitment to responsible governance, inclusive decision-making, and service delivery that directly benefits our residents. Through rigorous public participation processes, careful budget considerations, and strategic prioritisation, the Cape Winelands District Municipality (CWDM) Budget lays the foundation for a unified district focused on sustainable development and resilience.

As Council, our collective responsibility is to unite behind service delivery—ensuring that our municipality works effectively for its people and drives socio-economic growth.

In preparing the Medium-Term Revenue and Expenditure Framework (MTREF), we have considered the diverse inputs from communities, stakeholders, and organizations across the district, in line with Chapter 5 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

The key policy considerations that have shaped this MTREF include:
The Medium-Term Strategic Policy Framework presented by the Minister of Finance.
The State of the Province Address by the Premier of the Western Cape.
The State of the Nation Address and national government's development priorities.
Alignment with the National Development Plan and the Cape Winelands District IDP (Integrated Development Plan).
Coordination with the five local municipalities within our district to ensure alignment of projects and service delivery plans.
This budget represents a total allocation of R1.5 billion for the 2025/2026, 2026/2027, and 2027/2028 financial years, with a strong emphasis on ensuring that every cent is spent effectively, transparently, and within our legislative framework to benefit all residents.

Key Focus Areas:
The Cape Winelands District Municipality remains committed to addressing the needs identified through Mayoral Mondays, IDP engagements, public-private stakeholder consultations, and community inputs. This budget reflects our core priorities:

1. Economic Growth and Opportunities
Economic growth is the backbone of sustainable development. Our commitment to Local Economic Development (LED) ensures that we continue to create opportunities for job creation, business development, and investment.

Tourism and sports tourism remain key drivers of economic growth, attracting both local and international visitors to our region.

The Small Business Support Programme will provide seed funding and training to support entrepreneurship and emerging enterprises.

Addressing food security remains critical, as many vulnerable households struggle to access nutritious food due to unemployment and poverty. Our programs will continue to empower communities with skills and resources to ensure self-sufficiency.

2. Dignity and Social Development

A society is judged by how it treats its most vulnerable. Our commitment to youth empowerment, education, and social upliftment is reflected in this budget.

The Mayoral Study-Aid Fund will continue to support deserving students by providing bursaries to top achievers, ensuring they have access to higher education and opportunities.

Community wellness, sport, and development initiatives will remain a focus to foster youth engagement and holistic development.

Our humanitarian relief programs will continue to provide support to struggling households, particularly in rural areas.

3. Disaster Management, Health, and Emergency Services

The impact of climate change, natural disasters, and public health emergencies has reinforced the need for proactive and well-resourced disaster management.

Firefighting services, municipal health, and disaster management will receive a significant budget allocation to enhance our readiness and response capabilities. The recent floods and wildfires in our district have demonstrated the urgent need for strengthened emergency services and community preparedness programmes. We remain committed to supporting local municipalities in building resilience against future crises.

4. Infrastructure Development and Waste Management

Infrastructure forms the foundation of economic and social well-being. Our multi-year infrastructure projects are designed to enhance mobility, connectivity, and service delivery.

The Regional Landfill Site Project will assist with waste management in the district, promoting sustainability and environmental conservation.

Our ongoing road infrastructure projects will ensure safer, well-maintained roads that connect communities and enable economic activity. Following the unprecedented floods of 2023/2024, restoring damaged road networks and implementing climate-adaptive infrastructure remain key priorities.

5. Safer Communities

Safety is a basic human right and a fundamental pillar of sustainable development.
Our district's agriculture and tourism sectors are crucial economic drivers, and ensuring a safe environment for both workers and visitors is paramount.

We will continue to capacitate local municipalities with resources and expertise to mitigate crime, enhance law enforcement partnerships, and improve public safety infrastructure.

Commitment to Financial Excellence

The Cape Winelands District Municipality is proud to have achieved its 11th consecutive clean audit for the 2023/2024 financial year. This reflects our commitment to good governance, transparency, and sound financial management.

Despite national and global economic challenges, our municipality remains financially stable and resilient. This is a direct result of:

(a) Capable leadership and skilled financial teams.
(b) Strong governance and accountability mechanisms.
(c) Efficient budgeting and sustainable financial planning.

This budget is more than numbers—it represents our commitment to service delivery, economic growth, and social well-being.

As we move forward, we remain guided by our mandate to serve with integrity, unity, and dedication to creating a prosperous and sustainable Cape Winelands for all.

Together, let us rise above challenges, drive meaningful change, and build a brighter future for our district.

A Cape Winelands of Excellence is not just a vision—it is our shared reality.

SUMMARY OF THE BUDGET

The total operating and capital expenditure budget appropriation over the 2025/2026 to 2027/2028 MTREF illustrates as follows:

	2024/2025 R	2025/2026 R	2026/2027 R	2027/2028 R	Total MTREF R
Operating Expenditure	483,434,184	457,448,742	390,828,843	397,889,718	1,246,167,303
Project Expenditure	26,123,862	25,467,549	23,995,249	23,995,249	73,458,047
Sub Total	**509,558,046**	**482,916,291**	**414,824,092**	**421,884,967**	**1,319,625,350**
Capital Expenditure	135,412,838	112,650,200	51,295,000	24,938,700	188,883,900
Total Budget	**644,970,884**	**595,566,491**	**466,119,092**	**446,823,667**	**1,508,509,250**

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.

B: RESOLUTIONS

The resolution with regard to the approval of the budget will be submitted with the submission of the 2025/2028 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 therefor strives to maintain a current ratio of not lower than 2.1 (Current Assets: Current Liabilities)

Among the objectives of this budget is to demonstrate how the municipalities undertake the annual budget preparation in accordance with the budget and financial management reform agenda by focussing on key "game changers". These game-changers include ensuring that the municipal budget is funded, revenue management is optimised, assets are managed efficiently, supply chain management processes are adhered to, mSCOA is implemented correctly and that audit findings are addressed.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2025/2026 Medium-term Revenue and Expenditure Framework:

OPERATING BUDGET:

Year	Expenditure	Income	Surplus(-) /Deficit	Capital Ext. Funding	Surplus (-) /Deficit After Capt. Funding
2025/2026	482,916,291	487,237,291	- 4,321,000	4,321,000	-
2026/2027	414,824,092	414,824,092	-	-	-
2027/2028	421,884,967	421,884,967	-	-	-

CAPITAL BUDGET:

Year	Expediture	Income		Surplus/(-)Deficit
		Capitral Replacement Reserve	External Funds	
2025/2026	112,650,200	108,329,200	4,321,000	-
2026/2027	51,295,000	51,295,000	-	-
2027/2028	24,938,700	24,938,700	-	-

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 4%, 4% and 3% over the MTREF period.

The following table reflects the revenue sources for the 2024/2025 and 2025/2026 financial years:

Sources of Income	2024/2025	2025/2026	% Inc./-Dec
Ex Rev: Operational Revenue	14,207,648	9,333,646	- 34.31
Ex Rev: Rental Fixed Assets	240,000	240,000	-
Ex Rev: Agency Services	134,642,000	92,298,500	- 31.45
Ex Rev: Sales Goods and Services	427,000	390,300	- 8.59
Ex Rev: Service Charges	-	16,875,045	100.00
Ex Rev: Int Divident Rent on Land	85,000,000	85,000,000	-
Non-Ex Rev:	600,000	600,000	-
Non-Ex Rev: Transfers & Subsidies	277,043,598	281,810,000	1.72
- RSC Replacement Grant	260,486,000	270,761,000	3.94
- Equitable Share	3,174,000	3,089,000	- 2.68
- LG Finance Management Grant	1,000,000	1,000,000	-
- Western Cape Capacity Building Grant	200,000	-	- 100.00
-Western Cape Municipal Interventions Grant	100,000	-	- 100.00
-Water Resilliance Grant	1,800,000	-	- 100.00
- CWDM Integrated Transprot Plan	939,000	982,000	4.58
-Non-Motorised Transport Infrastructure	3,500,000	-	- 100.00
-Capacty Building (Fire Services)	500,000	500,000	-
- Safety Plan Implementation Grant	1,000,000	1,000,000	-
- Community Development Workers	77,598	76,000	- 2.06
- Expanded Public Works Programme	1,249,000	1,249,000	-
- Rural Roads Asset Man, System (Dora)	3,018,000	3,153,000	4.47
Seta Refund	334,800	334,800	-
Gains	355,000	355,000	-
Total	512,850,046	487,237,291	- 4.99

OPERATING BUDGET – EXPENDITURE

The table below illustrates the operating Expenditure for 2024/2025 and 2025/2026 financial years:

Expenditure Categories	2024/2025	2025/2026	% Inc./-Dec.
Employee Related Costs	275,562,807	254,459,760	- 7.66
Remuneration of Councillors	15,626,709	16,267,538	4.10
Operational Cost	87,730,264	77,467,130	- 11.70
Contracted Services	64,747,259	77,095,290	19.07
Interest Dividend Rent on Land	4,462,337	9,591,054	114.93
Operating Leases	10,000	0	- 100.00
Bad Debt Written Off	400,000	200,000	- 50.00
Depreciation and Amortisation	11,804,210	11,556,840	- 2.10
Inventory	27,034,306	16,433,656	- 39.21
Transfers and Subsidies	16,549,821	15,190,023	- 8.22
Gains and Losses	5,630,333	4,655,000	- 17.32
Total	509,558,046	482,916,291	- 5.23

EMPLOYEE RELATED COST

Employee related costs Increased 5%. The 7.66% decrease in the Employee Related Costs is mainly due to the discontinuation of the Roads Function on 31 March 2026.

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

OPERATIONAL COST

Management restricted the increase in operational costs to the inflation rate as far as possible. The 11.7 % decrease in Operational Costs is due to the discontinuation of the Roads Function on 31 March 2026.

CONTRACTED SERVICES

Contracted services increased with 19.07% due to the Regional Landfill site becoming operational in the 2025/2026 financial year. The bulk of the expenditure related to the landfill site is Contracted Services.

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. Interest on the total outstanding amount of the loan will only be calculated as from July 2025, hence the 114.93% increase in Interest Dividend Rent on Land.

INVENTORY

The 39.21% decrease in Inventory is related to the discontinuation of the Roads Function on 31 March 2026.

GAINS AND LOSSES

The 17.32% decrease in Gains and Losses is primarily based on a decrease of the Actuarial Loss related to the Future Medical Aid Liability.

CAPITAL BUDGET

The capital budget decreased from R 135 412 838 in the 2024/2025 financial year to R 112 650 200 in the 2025/2026 financial year. The decrease is mainly due to the establishment of the regional landfill site to be completed in the 2024/2025 financial year.

The detail is reflected in Annexure “G”.

D: HIGH LEVEL 2025/2026 OPERATING BUDGET SUMMARY PER STRATEGIC OBJECTIVE

STRATEGIC OBJECTIVE	Income	Expenditure	Surplus /- Deficit
Strategic Financial Management and Support Services			
Financial Services	**271,861,800**	**38,999,667**	**232,862,133**
Foster good governance processes as prescribed by legislation and best practice			
Governance and Councillor Support	97,027,246	66,751,761	30,275,485
Office of the Municipal Manager	-	20,940,438	- 20,940,438
Corporate Services	-	33,543,723	- 33,543,723
	97,027,246	**121,235,922**	**- 24,208,676**
Technical Services			
Engineering and Infrastructure	23,253,445	42,394,274	- 19,140,829
Roads	92,411,000	88,590,000	3,821,000
Total: Technical Services	**115,664,445**	**130,984,274**	**- 15,319,829**
Community Development and Planning Services			
Regional Development and Planning	-	15,515,561	- 15,515,561
Community & Developmental Services	2,273,000	130,762,536	- 128,489,536
Rural & Social Development	76,000	20,846,059	- 20,770,059
Total: Community Development and Planning Services	**2,349,000**	**167,124,156**	**- 164,775,156**
Establish a skilled workforce			
Human Resource Management	**334,800**	**14,185,900**	**- 13,851,100**
Facilitate partnerships that cultivate economic growth			
Economic Development	**-**	**10,386,372**	**- 10,386,372**
Surplus/-Deficit before Capital Funding	**487,237,291**	**482,916,291**	**4,321,000**
Funding: Capital Expenditure			**- 4,321,000**
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 21 473 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 11.6% 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.


CWD
CAPE WINELANDS
DISTRICT
21 473KM²
WITZENBERG
Ceres
BREEDE VALLEY
DRAKENSTEIN
WORCESTER
LANGEBERG
Paarl
Robertson
STELLENBOSCH









Demographics



Population 2023

850 053 people which is **1,3%** of the national population **11,6%** of the Western Cape province.



Population Growth Rate 2023

Cape Winelands	**1,3%**
Western Cape	**1,4%**
National	**1.3%**

Number of Households (HH) 2023

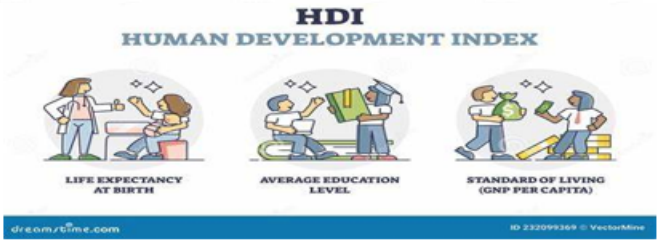


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Municipality	Households
Witzenberg Municipality	25.545
Drakenstein Municipality	71.989
Stellenbosch Municipality	50.000
Breede Valley Municipality	59.594
Langeberg Municipality	26.148
Cape Winelands District	**233.277**

Source: IHS Rex Report, Global Insight, 2025

Cape Winelands Human Development Index 2023



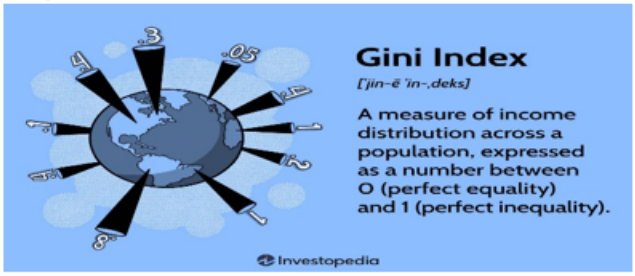
0.58

Income of Households: 2023

Income	No. of Households
0-2400	7
2400-6000	124
6000-12000	782
12000-18000	1.754
18000-30000	6.730
30000-42000	10.615
42000-54000	10.735
54000-72000	16.863
72000-96000	22.295
96000-132000	25.588
132000-192000	28.279
192000-360000	39.205
360000-600000	27.005
600000-1200000	24.853
1200000-2400000	12.861
2400000+	2.650

Source: IHS Rex Report, Global Insight, 2025

Cape Winelands Gini Coefficient 2023

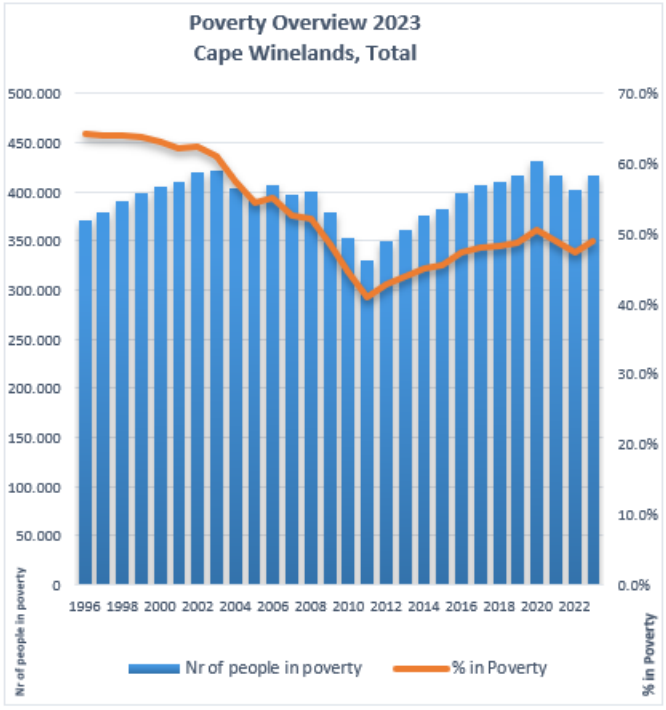


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Source: IHS Rex Report, Global Insight, 2025

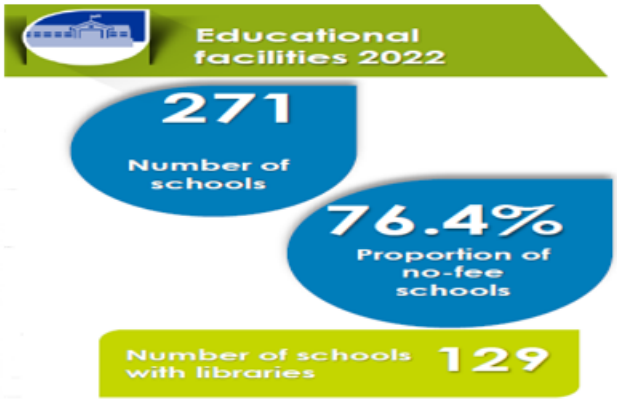
The greatest number of households (196 950 of 230 348 households) in the Cape Winelands earns between R54 000 and R1 200 000 which is about 86%.

Poverty 2023

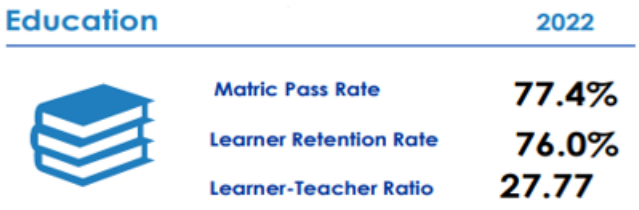


Source: IHS Rex Report, Global Insight, 2025

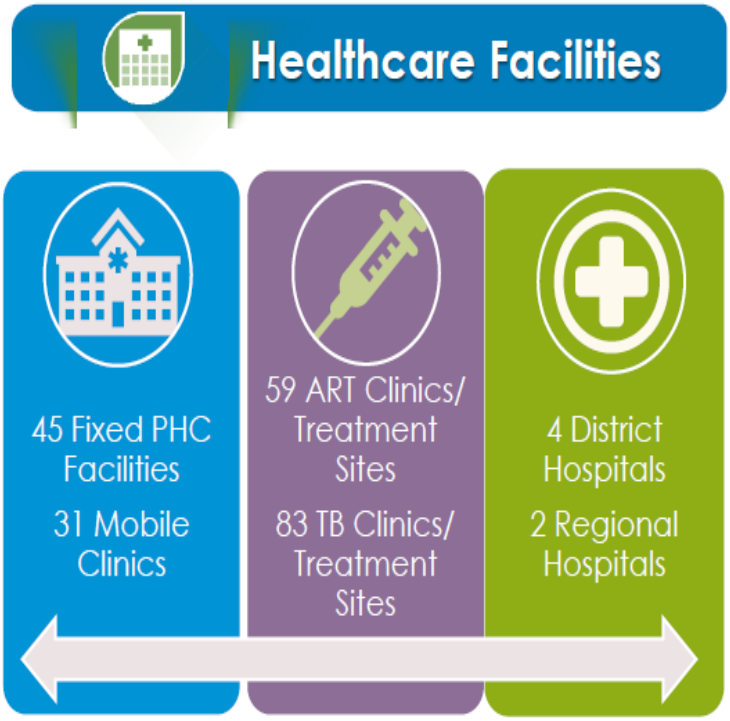
The number of people in poverty in the Cape Winelands has been steadily rising since 2010 with a slight decrease between 2020-2022 and then a slight rising again in 2023.

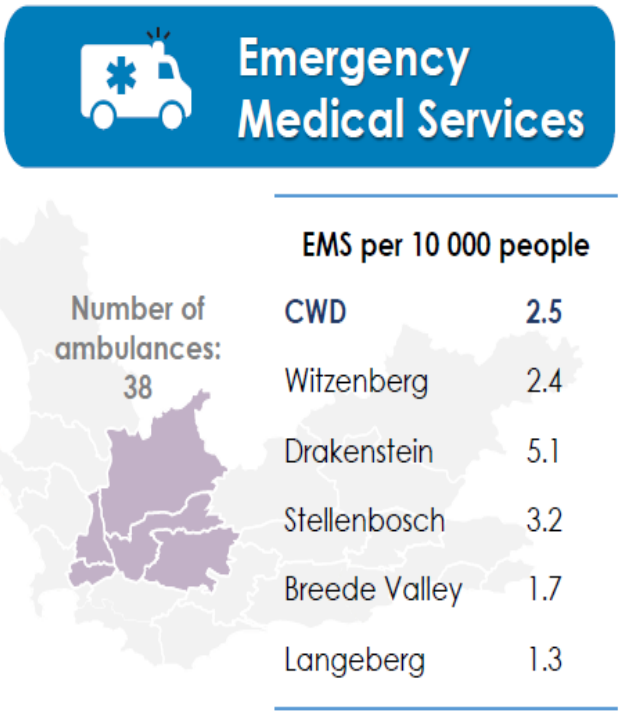


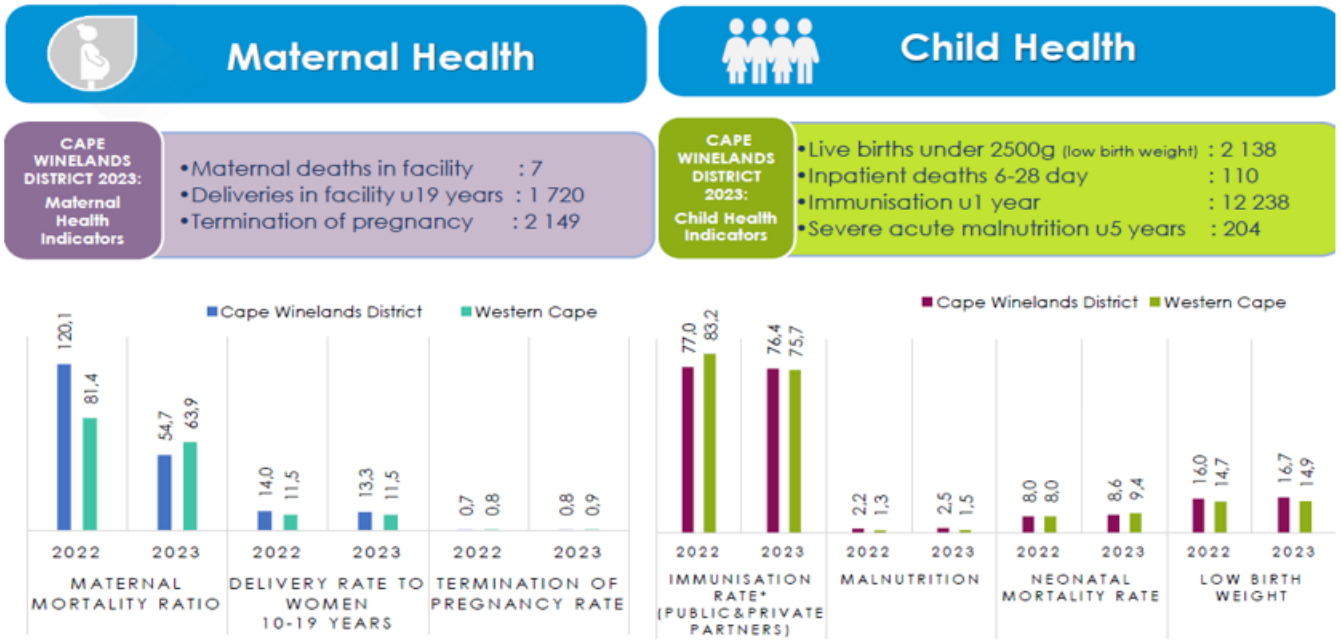
Source: Western Cape Government: Socio-economic profile – Cape Winelands District Municipality, 2023



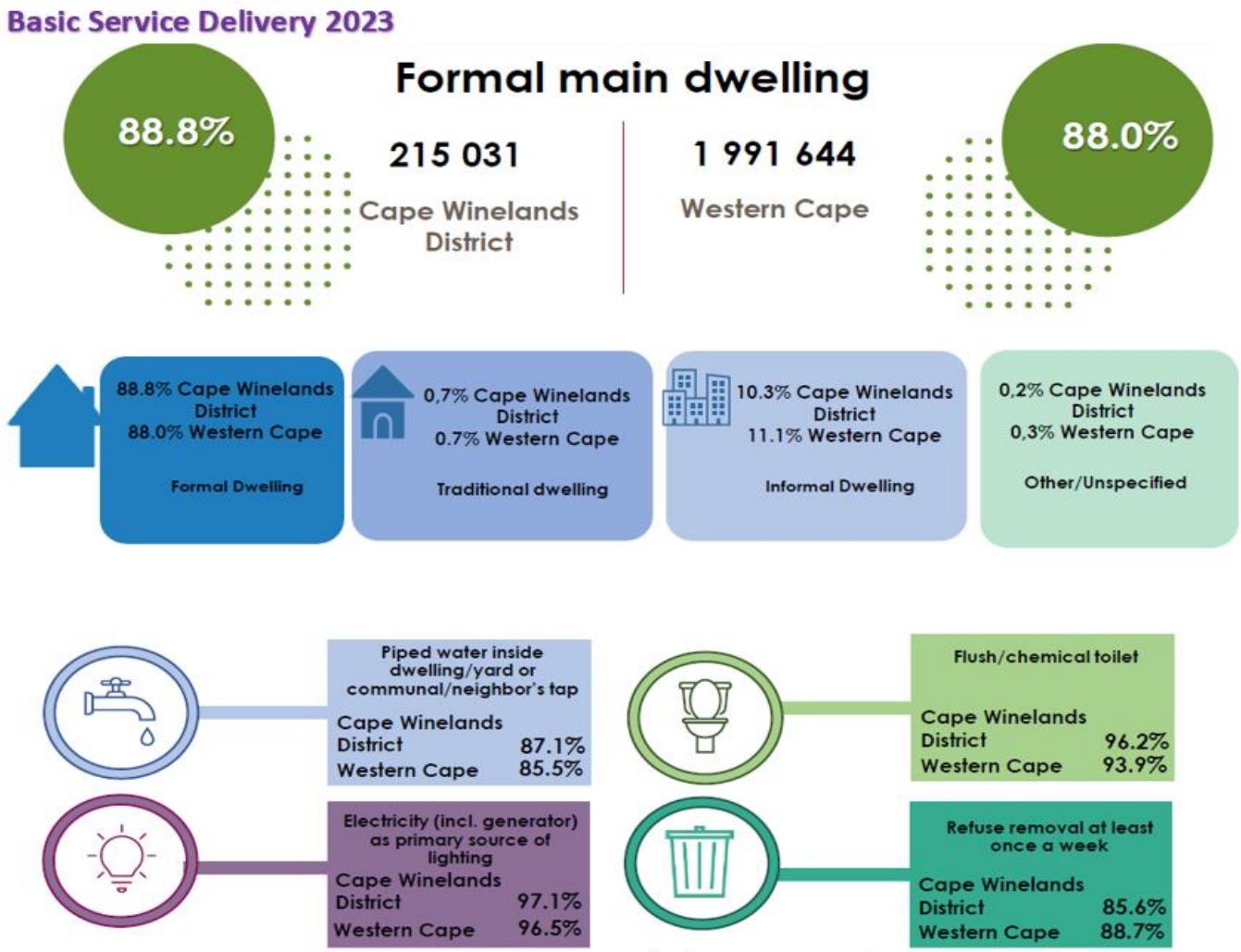
Source: Western Cape Government: Socio-economic profile – Cape Winelands District Municipality, 2023







Source: Western Cape Government: Socio-economic profile – Cape Winelands District Municipality, 2023

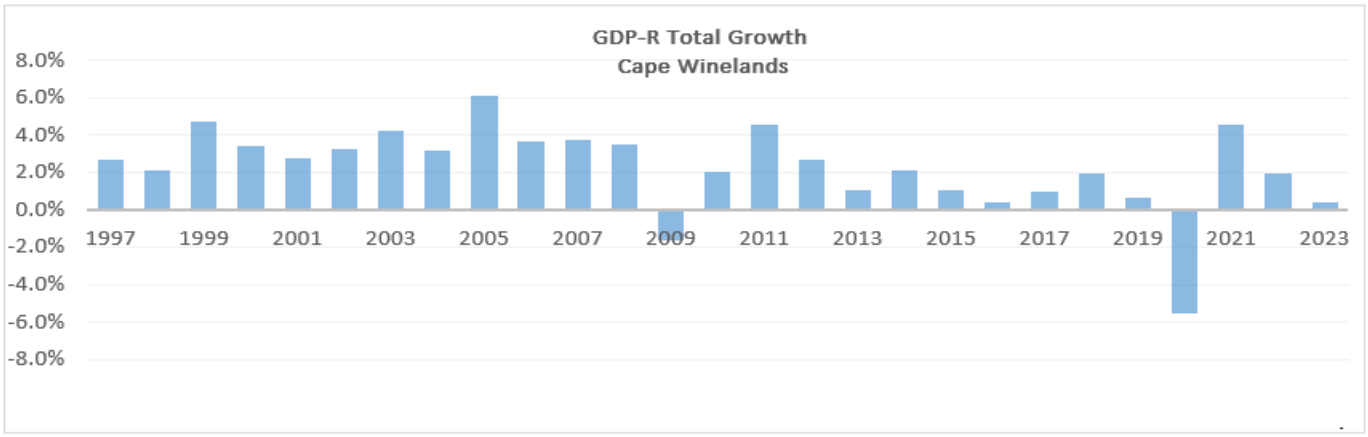


Source: Western Cape Government: Socio-economic profile – Cape Winelands District Municipality, 2023



Economy

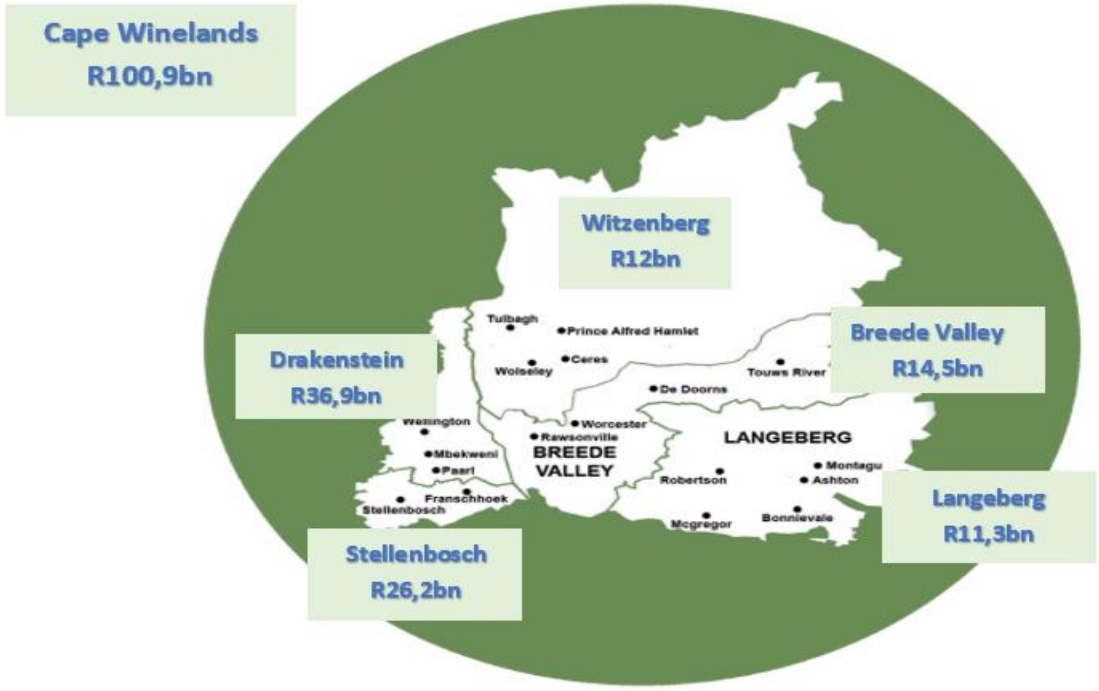
This Economic section touches on a few variables that will give information on the status quo of the Cape Winelands economy. It will touch on the sectoral composition and strengths by highlighting key sectors and its contribution to the Gross Domestic Product.



Source: IHS Rex Report, Global Insight, 2025

From the graph, we see positive economic growth from 1997 onwards except for the 2008 financial crisis and the Covid-19 pandemic.

GDP-R Contribution, 2023



Source: IHS Rex Report, Global Insight, 2025

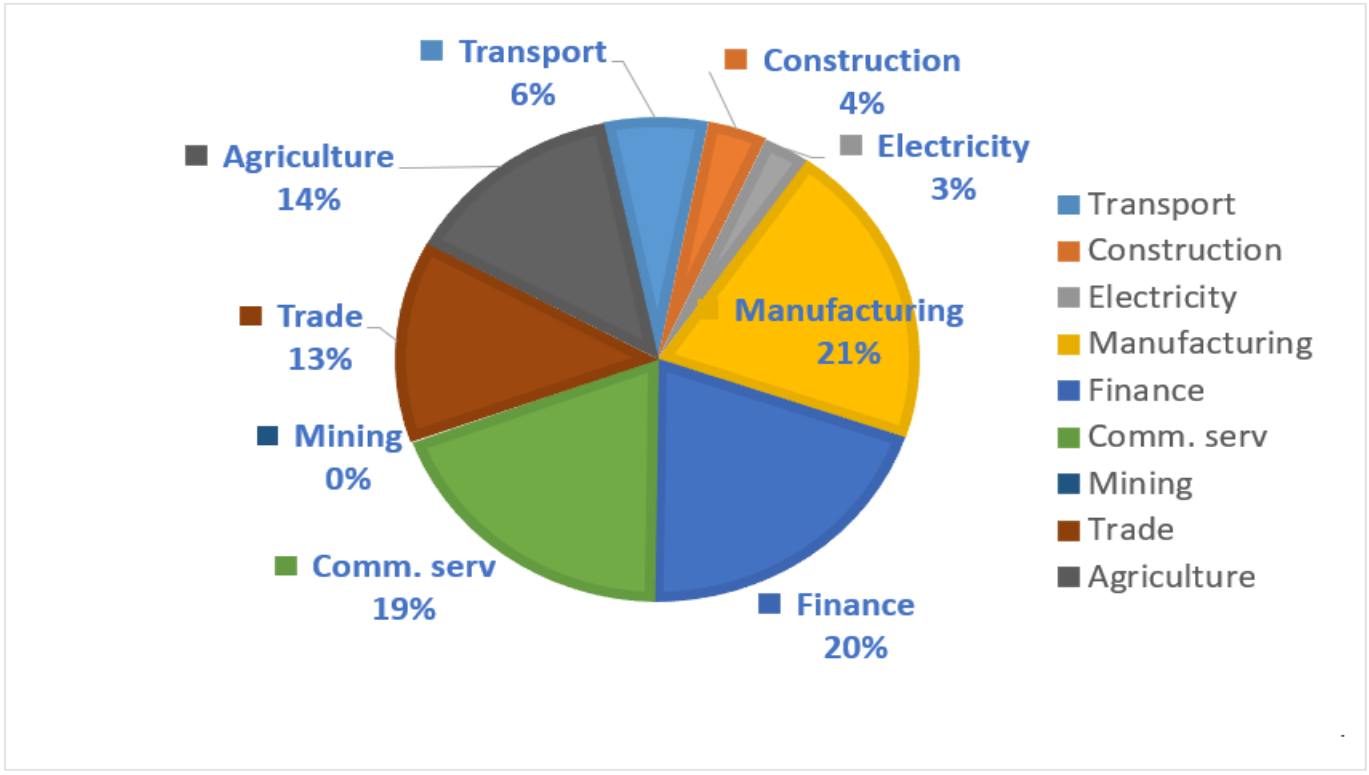
Sectoral Composition, 2023



Source: IHS Rex Report, Global Insight, 2025

The economy of the Cape Winelands region is dominated by the Tertiary sector which accounts 59%; then the secondary sector at 27%; and then the primary sector at 14%.

9 Broad Economic Sector Composition, 2023



Source: IHS Rex Report, Global Insight, 2025

The chart above illustrates the sectoral composition in terms of Gross Value Added by Region. There are three leading sectors in the Cape Winelands: Manufacturing (21%); Financial services (20%) and Community services sectors (19%).



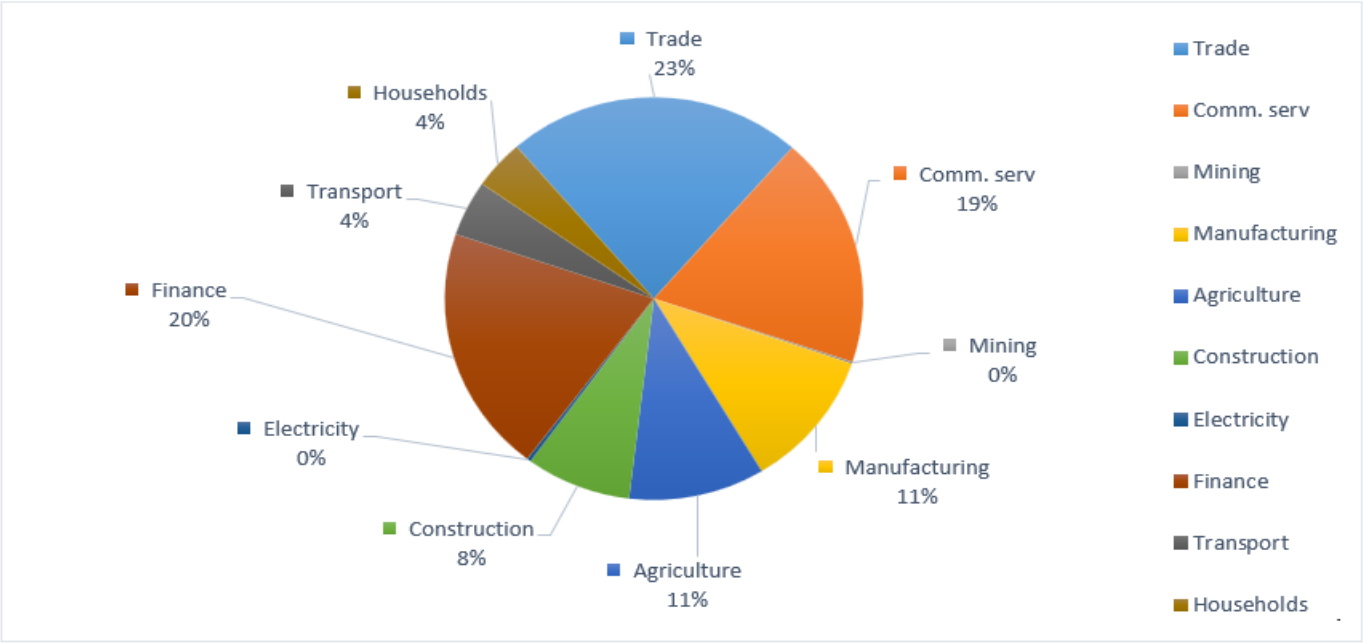
Labour

Labour Indicators, 2023

Cape Winelands Labour Indicators	Number
Working Age Population	596.633
Labour Force	408.635
Employment (at place of residence)	359.569
Commuters (nett)	3.856
Employment (at place of work)	363.425
Employment - Formal sector non-agriculture	261.412
Employment - Informal sector non-agriculture	49.384
Employment - Agriculture	38.252
Employment - Private Households	14.378
Unemployment - official definition	49.066
Not Economically Active - official definition	187.998
Not Economically Active - expanded definition	171.648
Discouraged work seekers	16.350
Unemployment Rate - official definition	12.0%
Unemployment Rate - expanded definition	15.4%
Labour absorption rate	60.3%
Labour force participation rate	68.5%

Source: IHS Rex Report, Global Insight, 2025

Sector Employment, 2023



The chart above illustrates the employment per sector in the Cape Winelands. Trade Sector is the highest employer currently in the district with 23% followed by the Financial Services Sector with a contribution of 20%. Community Services is 19%, Agriculture and Manufacturing contributing 11% and Construction at 8% of employment. The least contributing sectors of the 9 sectors of the economy in the Cape Winelands is the Transport Sector with a contribution of 4 % and electricity and mining at 0% respectively.



Trade

Trade Indicator	South Africa	Western Capel	Cape Winelands
Exports (R 1000)	2.023.428.242	211.405.166	56.543.316
Imports (R 1000)	1.913.992.000	340.158.146	17.538.090
Total Trade (R 1000)	3.937.420.242	551.563.311	74.081.406
Trade Balance (R 1000)	109.436.242	-128.752.980	39.005.226
Exports as % of GDP	28.8%	21.5%	56.0%
Total trade as % of GDP	56.1%	56.0%	73.4%

Source: IHS Rex Report, Global Insight, 2025

Cape Winelands Total Trade, 2023: R74bn **Trade Balance: R39bn**



Source: IHS Rex Report, Global Insight, 2025

Top 3 Trading Countries: Exports



1 Netherlands R7.6bn
2 United Kingdom R6.0bn
3 China R5.4bn

Top 3 Trading Countries: Imports



1 China R3.5bn
2 Thailand R2.8bn
3 Germany R1.1bn

Source: IHS Rex Report, Global Insight, 2025

From the above it can be seen that the Cape Winelands have a positive trade balance of R39bn and that exports is at 56% of GDP. This means that the Cape Winelands continues to be an export orientated economy.



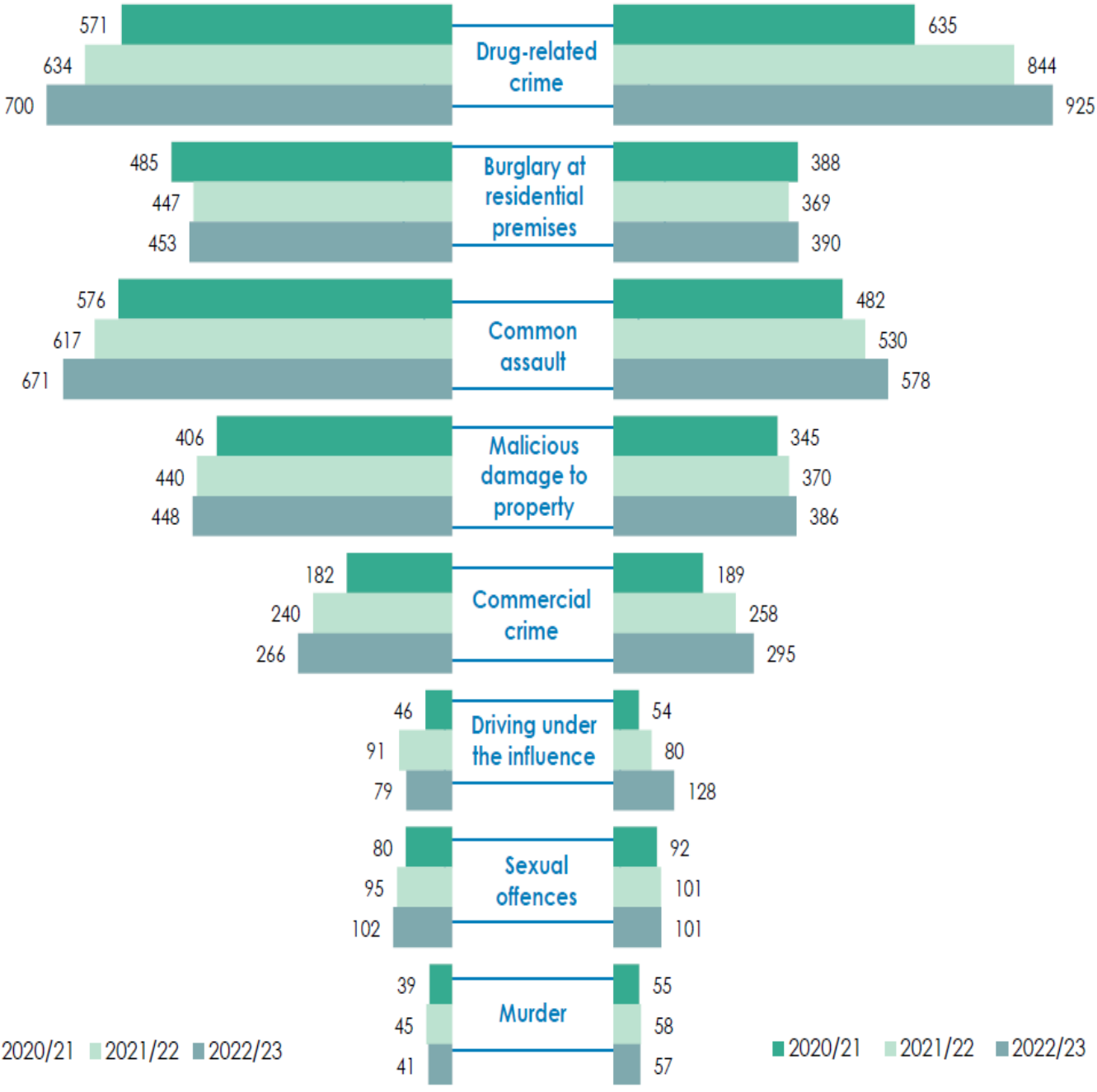
Crime

CAPE WINELANDS

5 648 Total reported crime per 100 000 people in the Cape Winelands District in 2022/23

WESTERN CAPE

5 439 Total reported crime per 100 000 people in Western Cape in 2022/23





Source: Western Cape Government: Socio-economic profile – Cape Winelands District Municipality, 2023

Political Structure

The Municipal Council of the Cape Winelands District Municipality has 41 councillors. The Mayoral Committee (Mayco) consists of the Executive Mayor, the Deputy Executive Mayor and 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	Economic Development	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 and Financial 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



Acting Municipal Manager: Mr W Markus



Executive Director:
Community Dev.
and Planning Services
Mr PA Williams



Executive Director:
Corporate Services
Ms IM Barnard

Vacant

Executive Director:
Technical Services
(Vacant)



Chief Financial Officer
Ms FA Du Raan-
Groenewald

B: LEGISLATIVE ENVIRONMENT

Legal Requirements

The medium-term revenue and expenditure framework for 2025/2026, 2026/2027 and 2027/2028 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 129 - Municipal Budget Circular for the 2025/26 MTREF - 10 December 2024
- MFMA Circular No 130 - Municipal Budget Circular for the 2025/26 MTREF - 20 March 2025

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 3rd Review IDP (2025/2026) in May 2025.

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 2025/2026 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 2024/2025 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

The IDP/Budget consultation process is scheduled for April 2025. During this period, community members
will have the opportunity to provide input and feedback on the draft budget. All comments and suggestions
will be carefully reviewed, and where feasible, relevant proposals will be incorporated into the final budget
and the Third Review IDP. The final documents will be submitted for Council approval by the end of May 2025.

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 3rd Review IDP document which will be submitted to Council end of May 2025 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:

SO1. 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.*

SO2. 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.*

SO3. 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.*

SO4. 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.*
- *Disaster response plans are well-established and regularly tested, enabling an improved response to incidents, which creates stronger relationships within the district and a well-coordinated disaster management centre*
- *A well-coordinated fire services division, establishing a fire safe environment for all.*
- *The provision of health services (MHS, check wording)*

SO5. 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 of development.*
- *Consequence/ development management and a performance management system embedded into the functioning of the municipality in order to promote optimal performance.*

SO6. 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 niche markets, innovation, and partnerships.*

E: OVERVIEW OF BUDGET RELATED POLICIES

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

Allowances and Benefits for Councillors Policy
Anti-Corruption and Fraud Prevention Policy and Strategy
Appointment of Consultants Policy
Appointment of Councillor Support Staff

Asset Management Policy
Baseline Installation Procedures for Operating Systems policy
Benevolent Fund Policy
Borrowing Policy
Branding Policy
Budget Policy
Centralization De-centralization Policy
Change Management Process
Combatting abuse of SCM Policy
Communication Policy and Strategy
Community Support Policy
Contract Management Policy
Corporate Gifts Policy
Corporate Identity and Branding Policy
Cost Containment Policy
Delegations, Authorisation and Responsibility
Education, Training & Development Policy
Electrification of Rural Housing Policy, Consolidate with Water and Sanitation Policy
Emergency Nutrition Provision Policy
Employee Assistance Programme Policy
Employee Driving License Assistance Policy
Employee Study Aid and Leave Policy
Employment Equity Policy
Enterprise Risk Management Policy
Exit Management Policy
Expenditure Management Policy
Expanded Public Works Programme Policy
Financial Support for the Replacement and Construction of Fencing along the Provincial Roads Network in the jurisdiction area of CWDM
Fire and Rescue Training Academy Policy
Funding and Reserves Policy
Grant in Aid Policy
HIV and AIDS Policy
ICT Data Backup and Retention Policy
ICT Disaster Recovery Plan
ICT Operating System Security Controls Policy
ICT Service Level Agreement Management
Identifiable and Protective Clothing Policy: Disaster Management
Individual Performance Management Policy
Induction Policy
Information and Communication Backup Policy
Information Technology Security Policy
International Relations Policy
Internet and E-mail Usage Policy
Internship Policy

Inventory and Stock Management Policy
Investigation of Allegations of Contraventions of Code of Conduct for Councillors Policy
Leave and Unpaid Leave Policy
Legal Aid Policy for Councillors and Employees
Long Term Financial Planning and Implementation Policy
Maintenance Management Policy
Mayoral Bursary Fund Policy
Medical Funds Administration Policy
Mentoring and Coaching Policy
Mobile Device Policy
Municipal Corporate Governance of Information and communication Technology (ICT) Policy
Network Security Policy
Occupational Health and Safety Policy
Official Vehicles and Fleet Management Policy
Overtime Policy
Performance Management System Policy and Framework Guide
Personal Protective Equipment Policy for the Roads Agency Function
Petty Cash Policy
Physical Environmental Security Policy
PPE Policy for Roads and Mechanical Workshop
Post Retirement Medical Aid Benefits Policy
Preferential Procurement Policy
Private Work Policy
Probation Period Policy
Protective Clothing for Environmental Health Practitioners Policy
Protective Clothing Policy for Personnel: Roads
Provision of Basic Services to Rural Dwellings Policy
Public Participation Policy
Recruitment and Selection Policy
Revenue Management Policy
Scarce Skills Retention Policy
Secondment and Transfer Policy
Social Relief of Distress Policy
Sponsorships Policy
Sponsored Work-Related Functions Policy
Student Assistance Policy
Subsistence and Travel policy
Succession Planning and Career Pathing Policy
Task Job Evaluation Policy
Telecommunications Policy
Telecoms and Cellular Phone Allowance Policy
Telephone Policy for Councillors
Time and Work Attendance Management Policy
Transport Allowance Scheme

Transport Allowance Scheme for Essential Users
Travel and Removal Expenses Policy
Unauthorized, Irregular, Fruitless and Wasteful Expenditure Policy
Unforeseen and Unavoidable Expenditure Policy
Uniform and Protective Clothing: Support Personnel Policy
Uniform Schedule for the Division: Fire Service
Unpaid Leave Policy
User Account Management Procedures
User Security Policy

Policies to be amended are:
Cash Management and Investment Policy
Credit Control and Debt Collection Policy
Supply Chain Management Policy
Tariff Policy
Virement Policy

F: OVERVIEW OF KEY BUDGET ASSUMPTIONS

Municipalities' long-term financial viability depends largely on the extent to which improved and sustainable revenue capacity on the one hand and sound financial management of its resources on the other hand can be achieved. These imperatives necessitate proper multi-year financial planning. Future impacts of revenue streams, expenditure requirements and the financial implications for the community at large (i.e. the potential influence 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 2025/2026 MTREF:

- National Government macro-economic forecasts as indicated in MFMA Circular 129;
    - The tariffs for the 2025/2026 financial year were calculated on the premise of the 4.4% macro-economic forecast of CPI Inflation
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
    - Tariffs of municipal services and property rates
    - Repairs and maintenance
    - Fuel and maintenance of fleet
    - Communication and technology services
- The increase in the cost of remuneration; and
- Funding Sources
    - Conditional Grand funding for National and Provincial Government
    - Equitable Share

- Interest earned on investments
- External Loan
- Roads Agency

Regional Landfill Site

The landfill site tariff is determined by considering both direct and indirect costs. The tariff per tonne is detailed in the Tariff Schedule (Annexure I), along with a fixed monthly charge. This fixed charge is linked to the monthly loan repayments, covering both capital and interest, for the loan secured by the Cape Winelands District Municipality in the 2024/2025 financial year. The loan has an 8-year term and an interest rate of 9.61%.

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.:

- 11.65% average annual interest rate for long-term investments
- 8.25% 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 “H”

I: COUNCILLOR AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

Refer to MBRR SA 23 and Annexure “E”

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 2025-2026

Refer to MBRR SA 35, MBRR SA 36 to be submitted as Annexure “F”.

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 2025/2026 MTREF in May 2025.
- 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.
SA8 - Performance indicators and benchmarks
SA9 - Social, economic and demographic statistics and assumptions
SA10 - Funding measurement

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_____