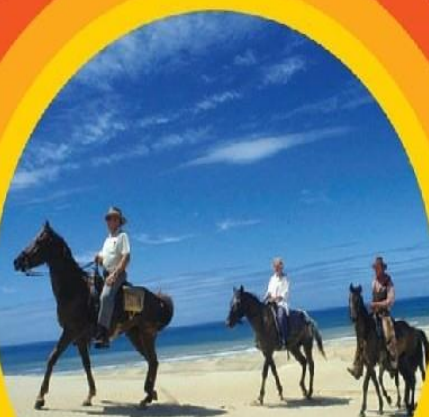


ALFRED NZO DEVELOPMENT AGENCY



2020 – 21 Budget (Schedule D)



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1. PART 01

1.1. Chairperson Report

Over the medium-term expenditure framework, and in line with ANDA Multi-Year Business Plan (2019) the Development Agency has set a number of service delivery objectives which include the following:

- To be recognised as the food basket in the region and markets beyond
- To facilitate the provision of adequate infrastructure and property development
- To realise the full potential of the District's marine, coastal and aquaculture development
- To develop ANDM region to become the destination of choice boosting scenic beauty, culture, and heritage
- Increase the contribution of small enterprises to the growth of the ANDM economy and transfer skills to the unemployed.
- Sustainable Inclusive Economic Growth and Economic Infrastructure Development

The objectives as articulated above demonstrate a critical economic development trajectory which ANDA seeks to embark on whilst highlighting key priority areas and sectors for intervention and development.

Its worth noting though that although the development Agency has set this ambitious yet critical path for development it remains faced with financial constraints that prevent it from implementing high impact projects that will yield large scale economic development and employment creation.

With that said the Development Agency remains appreciative to the shareholder for the financial and non-financial support it has been receiving over the years since inception from the parent municipality. And such it has committed itself to ensuring that the return on investment of the shareholder is ultimately achieved.

In order to achieved its medium-term expenditure framework objectives Development Agency has already initiated a process and continues to structure itself in a manner that will attract financial and non-financial resources for the implementation of high impact economic development programmes.

In conforming to the mandate of the organization as defined in the shareholder agreement between the ANDM and ANDA, the Board is committed to working with management and the municipality to promote economic development initiatives that aim to better the district and to better the lives of its inhabitants. As defined in the SDA the Board has further translated the ANDA mandate into the MYBP 2020/2021 whilst also keeping in mind goals of the shareholder expressed in the IDP.

The Service Delivery and Budget Implementation Plan 2020/2021 (SDBIP) is developed from the Multi – Year Business Plan and is essentially the management and implementation tool which sets in-year information, such as quarterly service delivery and monthly budget targets, and links each service delivery output to the budget of the Agency, thus providing credible management information and a detailed plan for how the Agency will provide such services and the inputs and financial resources to be used.

The budget in line with the SDBIP 2020/2021 sets the yearly service delivery and budget targets (revenue and expenditure), it is imperative that in-year mechanisms are able to measure performance and progress on a continuous basis. Hence, the end-of-year targets must be based on quarterly and monthly targets, and the CEO must ensure that the budget is built around quarterly and monthly information. Being a start-of-year planning and target tool, the SDBIP 2020/2021 gives meaning to both in-year reporting in terms of section 87 (monthly reporting), section 88 (mid-year report) and end-of-year annual reports. The in-year reporting is an illustration of the implementation of the budget.

The budget has been implemented in accordance with the SDBIP 2020/2021 agreement with the ANDM and MYBP 2020/2021.

1.2. Resolutions

With regards to the Budget of ANDA 2020/21 the following proposed resolutions are hereby submitted:

- That the Audit Committee considers and provides quality assurance into the Budget 202/21 and the Multi-Year Business Plan 202/21 of ANDA
- That the Board of Directors approves the ANDA Budget 2020/21
- That the Board approves the Multi-Year Business Plan 2020/21
- The ANDM Standing Committee for PED notes the ANDA Budget 2020/21
- The Mayoral Committee approves the ANDA Budget 2020/21 and Multi-Year Business Plan 202/21
- The ANDM Council adopts the ANDA Budget 2020/21 and the Multi-Year Business Plan 2020/21
- That the Board approves Budget and Budget Adjustment Policy 2020/21
- That the Board approves Supply Chain Management Policy 2020/21

1.3. Executive Summary

Section 87 subsection 4 of the MFMA 56 of 2003 prescribes that an Entity of a Municipality must consider the Parent Municipality's inputs on the proposed budget and revise it's budget to accommodate those inputs and not less than 30 days before the beginning of the financial year (to which the budget relates) and thereafter re-submit the revised budget if such inputs are received. It is in line with the stated legal provisions that the Alfred Nzo Development Agency is submitting the 2020-21 budget to the Alfred Nzo District Municipality for approval.

The Development Agency is planning to spend R 9 050 001.43 on Capital Expenditure in the 2020-21 Financial Year whose anticipated funding sources are as follows:

- FP&M SETA - R 500 000.00
 - NSF - R 6 146 131.00
 - AGRI-SETA - R 364 740.00
 - DG GRANT - R 1 300 000.00
 - ANDM - R 739 130.43
-

The total anticipated 2020 – 21 Budget **R 29 230 871.00** which is split as follows:

- Other Operational Expenditure - R 6 904 441.39
 - Total Capital Expenditure - R 9 050 001.43
 - Payroll R 13 276 428.17
-

Non- Cash Items

GRAP 17 requires each item of property plant and equipment to be depreciated. GRAP 17 requires that depreciation should be over the useful lives of assets. The purpose of depreciating is to enable asset replacement planning (it gives a measure of the reserves that have to be built to ensure that the Agency has sufficient funds to replace assets at their life end for the sake of operational continuity, these reserves may be book entry reserves meaning that by the end of asset useful life they should be cash backed i.e. in the budget towards the end of the useful life of a bakkie the replacement reserve funding needed should be accommodated so that the vehicle can be easily replaced) because the depreciation indicates at what point in time the asset will be non – usable and hence will have to be replaced.

As part of planning (since depreciation forms part of financial reporting) it has to be taken into account when budgeting though it is a non-cash item hence it will form part of the budgeted operational expenditure, hence increasing the budgeted operational expenditure. The estimated depreciation for the 2020-21 Financial Year (based on prior year data) is R 85 552.67. Depreciation is the Agency's only non – cash item.

The impact of Capital Expenditure is anticipated to be as illustrated

In light of the above presentation it is worth noting that the financial strategy of the Development Agency is strongly hinged on the capacity of the programmes department working together with the Office of the CEO and the Budget and Treasury Office to mobilise resources through strategic partnerships. It has been established by the Development Agency that there exists numerous stakeholders with similar objectives to those of the Development Agency who are well placed to provide mainly financial and non-financial support to the Development Agency. The strength of the financial strategy ANDA will flow from a process where these stakeholders are analysed and targeted in terms of their respective roles with the aim of arriving to a meaningful partnership that aids the advancement of the ANDA mandate.

As detailed in the ANDA Multi- Year Business 2020/21 and the ANDM IDP 2020/21 it is evident that ANDM economy is characteristic of high unemployment and poverty as such the process of laying down plans to address these economic challenges must take into account amongst others the rural nature and the capacity levels of current and potential economic transistors to take advantage of opportunities as they present themselves. The objective is to ensure that the programmes of intervention are structured in such a manner that they become accessible to local SMMEs and are able to address the economic challenges of the region.

The process of consolidating the ANDA Budget would incomplete if it did not take into account the performance of the Development Agency in the previous financial year so as to ensure that lesson learnt from the previous financial year are taken into account in order to improve service delivery. This section provides summary of the institutional performance achievements, challenges and measures taken to improve performance during the 2019/20 financial year in line with the planned SDBIP targets and in relation to the various Department s of the Entity.

Table 1.3.1 Overall Performance

Department	Total No. of Targets	Targets Achieved	Targets Not Achieved	% Achieved	% Not Achieved
Office of the Chief Executive Officer	5	3	2	60	40
Corporate Services	7	6	1	86	14
Budget & Treasury Office	7	6	1	86	14
Programmes	7	5	2	71	29
Total	26	20	6	77%	23%

- During the 2019/20 financial year ANDA achieved 77% of the targets that had been set and approved in line with the SDBIP by the board, 23% of the targets that had been planned could not be achieved.
- It is worth noting that Department s that performed well during the 2018/19 financial year are input Department such as the Budget and Treasury Office and the Corporate Services Department.
- The programmes Department as an output Department also achieved at least two thirds of the targets it had set to achieve.

The operations of ANDA are constrained and/or threatened by a number of factors that operate in its authorising environment. The following are some of the challenges that impacted negatively on the performance of the Entity:

- ANDA budget is currently financed generally through a grant transfer from the parent municipality and grants from the SETAs. For the past at least 3 financial years ANDA has not been able to receive an increase in its budget allocation from the parent municipality. This poses a challenge as the cost of operations has over the years continued to increase. Notwithstanding the directive given to ANDA to become self-sustainable and financially viable, given that company that is able to generate its own revenue ANDA is not a profit-driven from business activities this means there will always be a need for the District to invest in its Entity and investment will be utilised as leverage for further investment attraction. Financial instability of ANDA poses, a serious threat to the sustainability of the entity and its Business operations.
- ANDA has further demonstrated some weaknesses which might compromise its organisational performance. These challenges ranges from the fact that the institution has been under the guidance of the interim Board for some time without a full time Board from a compliance and a governance perspective this poses a strategic risk to the Entity.
- The full implementation of Municipal Standard Chart of Accounts (mSCOA) remains one of the biggest challenges facing the Entity and more focus should be directed towards its implementation particularly at a management level. At the end of the financial year it can be reported that ANDA was not mSCOA compliant which is a critical non-compliance as mSCOA compliance is a requirement as set by National Treasury.
- During the 2018/19 the Internal Audit raised audit findings in relation to the alignment of the strategic of ANDA and also in relation to the alignment of ANDA planning documents to that of the parent municipality strategic direction as articulated in the DDP and IDP of ANDM.
- According to Regulation (29)(2) a Bid Adjudication Committee must comprise of at least four senior managers however in terms of the ANDA organogram the Development Agency only has 3 senior managers, meaning the Agency is not able to fulfil this requirement due to organisational architectural issues.
- ANDA board currently operates through two committees of the board, the Risk Committee and the Audit and Performance Committee. There are other committee that should be in place including the HR Committee, the Trade and Investment Committee and the Social and Ethics Committee.
- Although the Programmes Department performed relatively well at the end of the 2018/19 it must be highlighted that a need was identified to improve the nature of initiatives that are implemented in order to ensure that for every initiative that is implemented, that initiative contributes towards the improvement of the economic indicators of ANDM as stated above.

Notwithstanding the challenges of the previous financial year it is worth noting that ANDA experienced some successes which are outlined below:

- Although there were challenges experienced by the municipal entity during and at the end of the financial year, it must be noted that various efforts have gone into trying to address those challenges. ANDA remains committed to improve on its good governance, accountability and its disclaimer status from previous year.
- This is evident through migration from Corporate Plan to a Multi-Year Business Plan and from the Annual Performance Plan to the Service Delivery and Budget Implementation Plan. This was in response to audit findings raised by internal audit. During the special budget adjustment that took place in April ANDA utilised that opportunity to address critical issues that were raised by internal audit.
- At the end of the financial year ANDA had a relatively high vacancy rate with critical senior management positions still not filled.
- During the 2018/2019 audit, Auditor General raised issues pertaining to the Implementation of the Performance Management System. In addressing this matter, the agency has revised its PMS framework which is aimed at improving the organizations' performance. PMS Framework has been approved by the Board with all other policies.

The District municipality has in placed a defined and adopted mandate for its Entity, ANDA. The strategic direction of ANDA in terms of key interventions is also informed by strategic documents such as the DDP, IDP and other strategic documents that influence economic development in our District. The DDP is a pioneering document that guides the District's continuous inclusive socio-economic growth towards a long-term goal; vision 2030. In order to achieve Goal 1 of the DDP which is to enable infrastructure network development within the District, the Agency is mandated to acquire, develop and manage land and buildings necessary to provide public good, generate revenue towards self-sustainability and enable the Agency to achieve its stated aims and objectives, this goal is aligned with goal 2 of the IDP which is aimed at delivering basic service and empower communities of Alfred Nzo.

Goal 3 of the DDP aspires to see an innovative District and inclusive economic growth. To that effect, the Council mandated the Agency to develop the innovation and entrepreneurial potential and activity which supports and drives economic growth within ANDM jurisdiction. This mandate was also influenced by the IDP's

number one focus area; inclusive growth and development. Related to this, the DDP desires a high impact rural development for our District, especially in the field of agriculture.

Further to that, environmental sustainability is at the core of both the DDP and IDP development framework. This then complements the basis of the core business of the agency; our mandate is orientated around accelerated inclusive socio-economic development as well as environmental sustainability. At the center of ANDA's mandate is the good governance, sound financial viability and enhanced human capital which are also fundamental goals of both the DDP and IDP.

Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	178	1 141	(1 440)	0	(0)	(0)	0	0	0
Taxation	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	178	1 141	(1 440)	0	(0)	(0)	0	0	0
Capital expenditure & funds sources									
Capital expenditure	151	40	446	100	130	130	165	175	185
Transfers recognised - capital	151	40	446	100	130	130	165	175	185
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-
Total sources of capital funds	151	40	446	100	130	130	165	175	185
Financial position									
Total current assets	1 090	851	943	850	1 241	1 241	14 936	15 832	16 872
Total non current assets	2 075	1 967	2 032	4 749	4 749	4 749	5 033	5 336	5 656
Total current liabilities	10 703	2 829	2 033	1 952	1 952	1 952	2 069	2 193	2 325
Total non current liabilities	-	-	-	-	-	-	-	-	-
Community wealth/Equity	(7 539)	(11)	942	3 647	4 038	4 038	17 900	18 975	20 203
Cash flows									
Net cash from (used) operating	278	115	353	6 305	14 327	14 327	-	-	-
Net cash from (used) investing	(537)	(22)	(374)	(50)	(675)	(675)	(730)	(774)	(820)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	626	719	699	6 954	14 351	14 351	13 621	12 847	12 027

Alfred Nzo Development Agency - Table D2 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands										
Revenue by Source	1									
Property rates		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		77	84	83	84	96	96	180	191	202
Interest earned - external investments		131	101	115	101	153	153	160	170	180
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		18 320	23 566	19 012	23 566	35 318	35 318	20 000	21 200	22 472
Other revenue		35	401	121	485	1	1	8 391	8 894	9 428
Gains		-	5	-	-	-	-	-	-	-

Total Revenue (excluding capital transfers and contributions)		18 564	24 158	19 332	24 236	35 567	35 567	28 731	30 455	32 282
Expenditure By Type										
Employee related costs		8 017	8 359	8 935	8 359	10 798	10 798	13 276	14 073	14 917
Remuneration of councillors		99	250	144	259	200	200	200	212	225
Debt impairment	4	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		603	294	270	294	294	294	-	-	-
Finance charges			24	23	24	20	20	40	42	45
Bulk purchases	2	-	-	-	-	-	-	-	-	-
Other materials	5	-	-	-	-	-	-	-	-	-
Contracted services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		-	-	5 290	4 499	14 628	14 628	9 050	9 593	10 169
Other expenditure	3	9 667	14 090	6 111	10 801	9 628	9 628	6 164	6 534	6 926
Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		18 385	23 017	20 772	24 236	35 567	35 567	28 731	30 455	32 282
Surplus/(Deficit)		178	1 141	(1 440)	0	(0)	(0)	0	0	0
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		178	1 141	(1 440)	0	(0)	(0)	0	0	0
Taxation		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		178	1 141	(1 440)	0	(0)	(0)	0	0	0

Total non current assets		2 075	1 967	2 032	4 749	4 749	4 749	5 033	5 336	5 656
TOTAL ASSETS		3 165	2 818	2 976	5 599	5 990	5 990	19 969	6 730	7 134
LIABILITIES										
Current liabilities										
Bank overdraft		-	-	25	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-
Consumer deposits		-	-	-	-	-	-	-	-	-
Trade and other payables		10 703	2 829	2 008	1 952	1 952	1 952	2 069	2 193	2 325
Provisions	3	-	-	-	-	-	-	-	-	-
Total current liabilities		10 703	2 829	2 033	1 952	1 952	1 952	2 069	2 193	2 325
Non current liabilities										
Borrowing		-	-	-	-	-	-	-	-	-
Provisions	3	-	-	-	-	-	-	-	-	-
Total non current liabilities		-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		10 703	2 829	2 033	1 952	1 952	1 952	2 069	2 193	2 325
NET ASSETS	2	(7 539)	(11) 942	3 647	4 038	4 038	17 900	18 975	20 203	
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)		(7 539)	(11) 942	3 647	4 038	4 038	17 900	18 975	20 203	
Reserves		-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	(7 539)	(11) 942	3 647	4 038	4 038	17 900	18 975	20 203	

Alfred Nzo Development Agency - Table D5 Budgeted Cash Flow

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		-	-	-	-	-	-	-	-	-
Service charges		-	-	-	-	-	-	-	-	-
Other revenue		113	485	121	96	96	96	260	276	292
Transfers and Subsidies - Operational		13 610	17 513	17 391	17 700	21 067	21 067	20 000	21 200	22 472
Transfers and Subsidies - Capital		4 710	6 053	1 621	6 405	14 251	14 251	8 311	8 810	9 338
Interest		131	101	115	153	153	153	160	170	180
Dividends		-	-	-	-	-	-	-	-	-
Payments	2									
Suppliers and employees		(18 284)	(24 016)	(18 872)	(18 049)	(21 219)	(21 219)	(28 691)	(30 412)	(32 237)
Finance charges		(1)	(21)	(23)	-	(20)	(20)	(40)	(42)	(45)
Dividends paid		-	-	-	-	-	-	-	-	-
Transfers and Grants		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		278	115	353	6 305	14 327	14 327	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		52	48	142	50	80	80	120	127	135

Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		(589)	(70)	(516)	(100)	(755)	(755)	(850)	(901)	(955)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(537)	(22)	(374)	(50)	(675)	(675)	(730)	(774)	(820)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	1	(259)	93	(20)	6 255	13 652	13 652	(730)	(774)	(820)
Cash/cash equivalents at the year begin:	2	885	626	719	699	699	699	14 351	13 621	12 847
Cash/cash equivalents at the year end:	2	626	719	699	6 954	14 351	14 351	13 621	12 847	12 027

PART 02 – SUPPORTING DOCUMENTATION

2.1. OVERVIEW OF BUDGET ASSUMPTIONS

As already stated, Section 87 subsection 2 of the MFMA 56 of 2003 prescribes that an Entity of a Municipality must consider the Parent Municipality's inputs on the proposed budget and revise its budget to accommodate those inputs and not less than 100 days before the beginning of the financial year (to which the budget relates) re-submit the revised budget.

It is in line with the above legal provisions that the Alfred Nzo Development Agency is submitting the 2020-21 budget to the Alfred Nzo District Municipality.

The Development Agency is planning to spend R 9 050 001.43 on Capital Expenditure in the 2020-21 Financial Year whose anticipated funding sources are as follows:

- NSF - R 6 146 131.00
- AGRISETA - R 364 740.00
- FP&SETA - R 500 000.00
- DG GRANT - R 1 300 000.00
- ANDM FUNDING - R 739 130.43

The total anticipated 2020 – 21 Budget **R 28 730 871.00** which is split as follows:

- Other Operational Expenditure - R 6 404 441.39
- Total Capital Expenditure - R 9 050 001.43
- Payroll - R 13 276 428.17

2.2. KEY 2020/21 BUDGET DEADLINES

ANNUAL BUDGET PROCESS KEY DEADLINES IN TERMS OF SECTION 87 OF MFMA 56 OF 2003 and Compliance Status

Item	Latest Date	Submitted on
150 Days 2020-21 Proposed Budget	29 February 2020	22 February 2020
100 Days Revised 2020-21 Budget After taking into account the Municipality's comments on the 150 days budget.	20 March 2020	18 March 2020
30 days Final Budget	31 May 2020	05 th May 2020

2.3. OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH SERVICE DELIVERY AGREEMENT

2.3.1 The Alfred Nzo Development Agency (ANDA) is an institution of the Alfred Nzo District Municipality (ANDM) is established in terms of the Municipal Systems Act No. 32 of 2000 and regulated in terms of the Municipal Finance Management Act No 56 of 2003. ANDA is registered in terms of the Companies Act No 71 of 2008. ANDA is governed by a plethora of legislation and regulations that intends to support and strengthen its role in transforming society and the developmental state.

2.3.2 The Development Agency reports to the following oversight Committees of the Municipal Council.

- The Audit Committee
- The Municipal Public Accounts Committee
- The Municipality's Finance Standing Committee
- Mayoral Committee
- Council

2.3.3 The mandate of the Agency therefore is to:

- Act as the operational arm of the Municipality for the purposes of implementing economic, social and environmental policies and projects within ANDM jurisdiction;
- Develop the innovation and entrepreneurial potential and activity which supports and drives economic growth within ANDM jurisdiction;
- To leverage public and private resources and support for development around opportunities which offer economic and development potential;
- Acquire, develop and manage land and buildings necessary to provide public good, generate revenue towards self-sustainability and enable the Agency to achieve its stated aims and objectives;

- Acquire and exercise rights and duties, necessary for the furtherance of its objectives, and generally to perform such further functions as may be delegated or assigned to it by the Municipal Council from time to time

2.3.4 The Alfred Nzo District Municipality and Alfred Nzo Development Agency agree that, ANDA's Core Business is to:

- Attract new business and promote investment in all sectors of the local economy;
- Promote business retention and renewal, focusing where appropriate on area-specific regeneration initiatives;
- Enhancing Inward Investment into the local economy;
- Enhance entrepreneurial skills, skill development and matching the skills of the local labour force with the local economic needs;
- Promoting and develop business efficiency and competitiveness;
- Undertake opportunity and market research on an on-going basis to identify opportunities that can be exploited to achieve local, social and economic development;
- Identify and facilitate the formation and implementation of public private sector partnerships and joint ventures in the implementation of relevant projects.
- Implement projects identified in the LED Strategy, IDP and in any other related strategies and plans;
- Investigate, source and apply appropriate financial resources for project implementation and effective service delivery;
- Promote stakeholder networking;
- Undertake investment brokerage and investment aftercare

2.3.5 The mandate of the ANDA was informed by thorough considerations of different strategic documents e.g. the DDP, IDP and other strategic documents that influence economic development in our District. The DDP is a pioneering document that guides the District's continuous inclusive socio economic growth towards a long term goal; vision 2030. In order to achieve Goal 1 of the DDP which is to enable infrastructure network within the District, the Agency is mandated to acquire, develop and manage land and buildings necessary to provide public good, generate revenue towards self-sustainability and enable the Agency to achieve its stated aims and objectives, this goal is aligned with goal 2 of the IDP which is aimed at delivering basic service and empower communities of Alfred Nzo.

Goal 3 of the DDP aspires to see an innovative District and inclusive economic growth. To that effect, the Council mandated the Agency to develop the innovation and entrepreneurial potential and activity which support and drives economic growth within ANDM jurisdiction. This mandate was also influence by the IDP's number one focus area; inclusive growth and development. Related to this, the DDP desire a high impact rural development for our District, especially in the field of agriculture.

Further to that, environmental sustainability is at the core of both the DDP and IDP development framework. This then complements the basis of the core business of the agency; our mandated is orientated around accelerated inclusive socio-economic development as well as environmental sustainability. At the centre of ANDA's mandate is the good governance, sound financial viability and enhanced human capital which are also fundamental goals of both the DDP and IDP.

2.3.6 The Parent Municipality has approved the budged of R20 million which shall be paid to ANDA in four quarterly tranches of R5 million as follows:

- The first tranche is payable by no later than 31st July of each year;
- The second tranche is payable by no later than 31st October of each year
- The third tranche is payable by no later than 31st January of each year; and
- The fourth tranche is payable by no later than 30th April of each year.

2.4 Measurable performance objectives and indicators

RATIOS (on the 2018/19 Financial Statement)

Liquidity Ratios

- Quick Ratio = Cash + Cash Equivalents + Short Term Investments + Current Receivables / Current Liabilities

$$= \text{R } 723\,528 + \text{R } 0.00 + \text{R } 174\,157 / \text{R } 2\,033\,202$$

$$= \text{R } 897\,685 / \text{R } 2\,033\,202$$

$$= 0.44$$

The quick ratio is less than 1 meaning that the Agency can struggle to pay off all its current liabilities with its current assets and have any current assets after that.

- Quick Ratio = Total Current Assets – Inventory – Prepaid Expenses/ Current Liabilities

$$= \text{R}943368 - \text{R}0.00 - \text{R}0.00 / \text{R}2033202$$

$$= 0.46$$

The quick ratio is less than 1 meaning that the Agency can struggle to pay off all its current liabilities with its current assets and have any current assets after that.

- Current Ratio = Current Assets / Current Liabilities

$$= \text{R } 943\,368 / \text{R } 2\,033\,202$$

$$= 0.46$$

The current ratio is less than 1 meaning that the Agency can struggle to pay off its current liabilities with its current assets.

Solvency Ratios

- Debt to Equity Ratio = Total Debts/Owner's Equity

$$= \text{R } 2\,033\,202 / \text{R } 942\,421$$

$$= 2.16$$

NB: Equity is the Municipal Entity's share of the total assets.

Since the ratio is above 1 it implies that in the event that the Agency would be wound up the the Municipality as the shareholder would have to sell off some of its asset to cover its debts.

- Equity Ratio = Total Equity / Total Assets

$$= \text{R } 942\,421 / \text{R } 2\,975\,523$$

$$= 32\%$$

An Equity ratio that is less than 50% is unfavourable because it indicates that the Agency is utilizing less of it's Equity to fund it's operations and is heavily reliant on debts to fund it's operations.

- Debt Ratio = Total Liabilities / Total Assets

$$= \text{R } 2\,033\,202 / 2\,975\,523$$

$$= 68\%$$

A debt ratio that is above 50% in an indication that the Agency is overleveraged, with it relying on debt as against Equity to fund it's operations. This also means in the event of liquidation a portion of 68% of the Agency's Assets would have to be used to settle the Agency's debts.

2.5 Overview of budget – related policies

The Agency has a budget and reviewed budget adjustment policy in place

2.6 Overview of budget funding

OPERATIONAL INCOME

Grant Income: ANDM R 20 000 000.00

Other Income

Vat Refund R 30 000.00

Interest Received R 160 000.00

Rent Income R 180 000.00

Funded from Internal Reserves

Income From Sale of Tenders R 30 000.00

Other Income R 20 000.00

CAPITAL

Grant Income: FP&M SETA R 500 000.00

Grant NSF R 6 146 131.00

Agri SETA R 364 740.00

DG Grant: Services SETA R 1 300 000.00

TOTAL REVENUE R 28 730 871.00

This Budget has been prepared in line with Schedule D of the Municipal Finance Management Act Regulations of Published in terms of Act No 56 of 2003 which is also Section 20 of the Alfred Nzo Development Agency's (ANDA) Budget and Budget Adjustment Policy. The Development Agency's Budget preparation process began with the Annual Review of the 2020 to 2020 Multi Year Business Plan and the Development of the 2020/21 Service Delivery and Budget Implementation Plan . Following the guidelines of Section 87 paragraphs 01 to 04 of the MFMA with the first submission (150 days submission in line with subsection 01 made) on the 22nd February 2020 to the Municipality by the Agency.

The Mayoral Sitting of the 25th of February 2020 noted the budget and forwarded it to Council for noting. Without Municipal inputs on the 150 days budget in line with Section 87 subsection 150 days budget was resubmitted on the 18th of March 2020. This second submission was in line with subsection 02 of Section 87 (which has a 100 days submission date). The Mayoral Sitting the 20th March 2020 indicated that only R 20 000 000.00 from the Municipality is available for the Agency.

In line with Section 22 of the Municipal Finance Management Act (MFMA) and Section 22 of ANDA's Budget and Budget Adjustment Policy the Municipality conducted a Community outreach programme for Consultations on it's budget which includes the Development Agency's budget.

Subsequent to the Final Section 87 subsection 04 30 day budget there have been no new comments from the Municipality on it's stakeholder Outreach Consultations and the Municipality as a stakeholder in itself (as required by Section 23 of the Alfred Nzo Development Agency's Budget and Budget Adjustments Policy) hence that is why the final budget is submitted with a R 20 000 000.00 Municipality funding allocation for Council approval no later than the 30 May 2020 in line with Section 24 of the MFMA and Section 24 of the Alfred Nzo Development Agency's Budget and Budget Policy. The Final Budget totals R 28 730 871.00 with R 20 000 000.00 from the Municipality R 420 000.00 from Internal Funding Sources and R 8 310 871.00 from External Funding Sources.

Contracts with Future Budgetary Implications

There is only one contract with future Budgetary Implications is the Provision of Financial Services with a three year contract period which was appointed on the 2019/20 Financial Year.

Type of Contract	2019/20 Budget	2021/22 Budget	2022/23 Budget (just an estimate subject to the finalization of the 2022/23 Budget)
Provision of Financial Services	R 1 310 000.00	R 1 190 000.00	R 1 261 400.00

The Development Agency has budgeted for 7 Board Members in the 2020-21 with the following Sitting Allowances:

Board Members Allowances

Board Members	Sitting Rate per Meeting	No Of Ordinary Meetings	No of Special Meetings	Total Number of Meetings	Total Cost
Board Chairperson	R 5 500.00	4	2	6	R 33 000.00
Ordinary Members x 6	R 4 500.00	4	2	6	R 162 000.00
TOTAL					R 195 000.00

Below is the spread of the Development Agency's Payroll

PAYROLL			
CEO's OFFICE			2 052 151.32
CORPORATE SERVICES			3 340 604.39
FINANCE			4 468 189.42
PROGRAMMES			3 415 483.04
TOTAL			13 276 428.17

2.7 Expenditure on allocations and grant programmes

SKILLS DEVELOPMENT		
Services SETA (Discretionary Grant)	SSETA - DG GRANT	R 1 300 000.00
FP & M SETA	SETA	R500 000.00
AGRISETA	SETA	R 364 740.00
NSF	NSF	R 6 146 131.00