KOUGA
local municipality
Good Governance through Service Excellence

2017/18

ANNUAL REPORT KOUGA LOCAL MUNICIPALITY

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COMPONENT A: MAYOR'S FOREWORD

The 2017/2018 financial year was the first full year of governance for the Kouga Council elected in August 2016 and was marked by a definite change in direction for the once-struggling municipality.

Sadly, it was also the year our first Executive Mayor following the election, Elza van Lingen, succumbed to cancer – but not before she selflessly ensured that everything was in place to steer Kouga on its new course towards good governance and service excellence.

What we achieved during 2017/2018 is a testimony to her hard work and I would like to dedicate this document to her, with thanks for her deep devotion and many years of service to Kouga and its people.

The 2017/2018 year was marked by many highlights.

These included the completion of the R85-million upgrade to the Kruisfontein Waste Water Treatment Works at Humansdorp, which will allow for more RDP houses to be built in the area. Construction of the first 391 houses started in August 2017, a triumph for our communities who had not seen any subsidised houses being built in the region for more than a decade.

Progress was also made on the housing projects at Pellsrus and Ocean View in Jeffreys Bay. The installation of internal services was completed at Pellsrus and a contractor was appointed to install internal services at Ocean View.

Improving the living standards of households living in informal settlements remains a priority. 250 sites were electrified at Donkerhoek in Humansdorp towards the end of 2016/2017 and almost 500 more sites, at Donkerhoek and the new RDP development in Kruisfontein, were electrified in 2017/2018.

We have also been beefing up the capacity and financial sustainability of the municipality. All top management vacancies were filled after a rigorous recruitment selection aimed at ensuring quality appointments were made and the municipality's financial position continue to improve, with preliminary figures indicating that the institution had more than R90-million cash-on-hand at year end.

The municipal fleet has further been strengthened so as to boost the daily operations of our service departments. New vehicles that were purchased, included four refuse trucks to complement the "Keep Kouga Clean" campaign.

The launch of Kouga's new call centre and the Link application, designed to improve the manner in which the municipality responds to complaints, was another highlight of the past year. We look forward to strengthening this platform as part of our commitment to building a responsive local government.

Our greatest challenge this past year was the drought disaster and achieving water security for all communities. The drought simply refused to break and, with dam levels critically low, Council was forced to reprioritise the budget. Funding had to be taken away from projects which were due for implementation and reallocated for drought relief measures, including the drilling of extra boreholes.

As drought conditions look likely to continue in the new year, we would like to call on all our residents to continue with their efforts to save water.

Forming partnerships with our citizens, stakeholder groups and sector departments contributed significantly to our successes over the past year. I would like to thank everyone who took hands with us for the betterment of our region.

We look forward to building on these relations as we strive to create a Kouga that is caring, safe, inclusive, forward-thinking and well-run, with opportunities for all.

CLLR. H. HENDRICKS
EXECUTIVE MAYOR

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

Charl Du Plessis – Municipal Manager

The 2017/2018 financial year was a year where Kouga Municipality made big strides in improving service delivery, improving labour relations, building its financial sustainability and improved its productivity. Kouga Municipality unfortunately also during the year in review, lost its inspirational Executive Mayor Elsa van Lingen whom passed away on the 19th of April 2018.

The new Council has adopted a 4th generation Integrated Development Plan (IDP) which will guide Council for the next 5 years which starting with the 2017/18 financial year. As head of the administration the municipal manager of a municipality is subject to the policy directions of the municipal council, responsible and accountable for the formation and development of an economical, effective, efficient and accountable administration equipped to carry out the task of implementing the municipality's integrated development plan. As a result of the adoption of the new Integrated Development Plan and subsequent strategic planning workshop, a new organisational structure was adopted after full consultation within the local labour forum to give effect to the new Integrated Development Plan objectives and priorities. A new Directorate Planning, Development, Housing and Tourism was established to give enhanced focus on the importance of town planning and building control for the future economic growth in Kouga Municipality. Job descriptions were completed for all employees and an audit of all employees was conducted to ensure that no ghost workers were employed.

As service delivery has become a key focus point for the council and community as expressed during consultation threw the IDP process a call centre was established on the new organisational structure of Kouga Municipality. This call centre/operations centre is powered by new software called Link, empowering the broad public to list all service requests and report service delivery issues on the application that is downloadable on smart cell phones. The implementation of the call centre with the Link app was responsible for drastic improvement of service delivery and has been widely supported by the tax payers of Kouga Municipality. All service requests are fully monitored and recorded to ensure service requests are implemented.

The Kouga Municipality has made major progress in the 2017/2018 financial year regarding its Infrastructure investment and service delivery. I would like to emphasise some of the key achievements for the past financial year.

The steady worsening drought conditions in the Kouga municipal area has had a big impact as could be seen with the disastrous fires that Kouga experienced during June 2017. With falling dam levels and poor rains received during the financial year, the challenge of maintaining water security will become a challenge that Kouga Municipality will have to face in the next financial year. Kouga Municipality was forced to re-evaluate its capital spending for the 2018/19 financial year to make funding available for drought mitigation measures such as expanded bore hole drilling to guarantee water supply provision to its residents. Approximately R 10 mil was spent on drilling for boreholes at all our towns.

Kouga Municipality has during the financial year taken measures to mitigate risks identified on its risk register. Apart from the drought risk the municipality has managed to resolve a most of legal actions against the municipality the largest of which concerned the 90 houses burnt down during the 2010 fire in St Francis. The Kouga Municipality also managed to resolve most of the labour disputes brought by unions. The risk posed by the ocean in St Francis has escalated as the sand on the St Francis beaches and the Spit protecting the channels from the St Francs canal development from the ocean keeps being eroded. Kouga Municipalities has started mitigating procedures to place rock revetments at strategic places along the spit. In August

2017 the Kouga Municipality was faced with the causeway across the Seekoei river being flooded after a storm surge flooded the Seekoei river causing the vital link between Paradise Beach and Aston Bay to be cut off. After many engagements the Municipality eventually managed to obtain permission from Department Economic Development, Envinronmental Affiars and Tourism (DEDEAT) to open the estuary to the sea to lower the water level at the estuary. An estuary management plan was completed for the Seekoei estuary and submitted to DEDEAT for approval.

Kouga Municipality managed to source a new building in Woltemade Street to alleviate the shortage of office space for its staff. The town planning and building control section together with technical services and housing section have been relocated and consolidated in the Woltemade building improving working conditions and control over staff.

The different sub directorates performance report contained in the Annual Performance Report contain detailed reporting results of their achievements for the financial year.

The Audit Committee of the Kouga Municipality is fully functional and has been meeting regularly. The Municipal Public Accounts Committee (MPAC) is also constituted and had a busy schedule to, amongst others, deal with legacy issues on the financial statements with regard to prior years of the previous council administration. Council, Mayco and portfolio committees have been meeting regularly and had a full program of meetings during the financial year.

The financial sustainability of Kouga Municipality continues to show improvement with all key ratios showing improvement. The cash on hand at the end of the financial year exceeded R 90 mil rand and the Kouga Municipality was able to cover all its potential creditors with the cash on hand. Going into the 2018/19 financial year the expectation is that the Kouga Municipality's financial position will continue to improve while at the same time significantly improve service delivery and invest in new capital projects.

I would like to thank my management team that was recruited during the financial year for their dedication and effort during the financial year in us striving to make Kouga Municipality the best in the Eastern Cape Province.

Charl du Plessis

Municipal Manager

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

OUR VISION

Kouga – Good Governance through Service Excellence.

OUR MISSION

To create a better life for its people by providing effective and efficient service delivery, enabling the sustainable harnessing of its environmental assets, supported by inclusive governance and stakeholder participation, derived from the shared values of its people and its legislated mandate.

The Values underpinning our Vision and Mission are:

Honesty
Transparency
Integrity
People-centered Accountability
Professionalism
Consistency
Accessibility
Equality
Batho Pele

FUNCTIONS

In terms of Circular 8/2009: 2008/09 Capacity Assessments and Recommendations: Adjustment of Powers and Functions between District and Local Municipalities in terms of Section 85 of the Local Government: Municipal Structures Act 1998, the Kouga Municipality has the following powers and functions to fulfil:

POWERS AND FUNCTIONS	
Abattoirs	Air Pollution
Beaches and Amusement Facilities	Billboards and the Display of Advertisements in Public Places
Building Regulation	Cemeteries, Funeral Parlors and Crematoriums
Child Care Facilities	Control of Selling Liquor
Control of the Public Nuisances	Electricity Reticulation
Facilities for the Accommodation, Care and Burial of Animals	Fire Fighting
Health and Environmental Health Services	Licensing and Control of Food Sold to the Public
Local Amenities	Local Tourism and Economic Development
Local Sports Facilities	Markets
Municipal Airports	Municipal Planning
Public Transport	Sanitation
Storm Water	Trading Regulations
Water (Potable)	

POPULATION

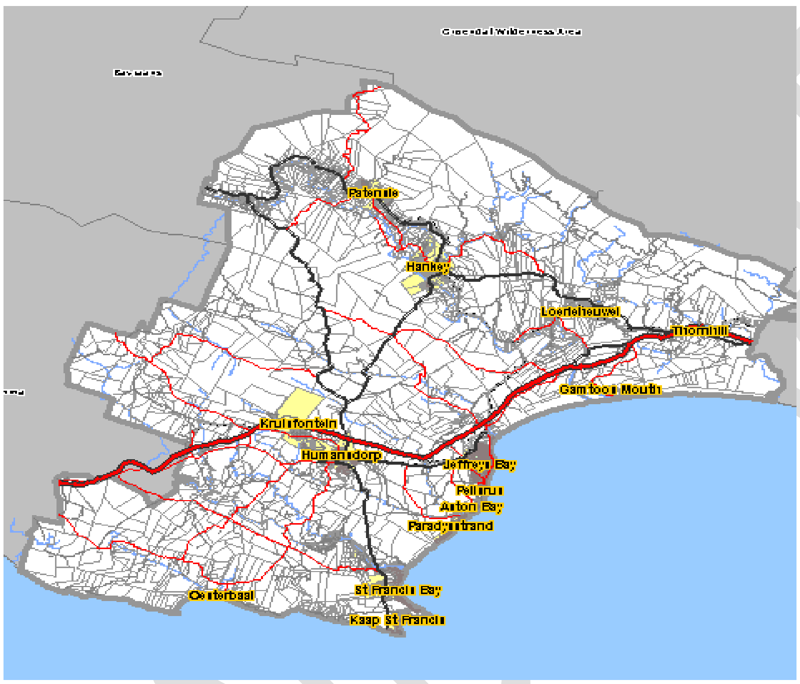
Despite it being the second smallest region in the Sarah Baartman District, covering only 4,1% of the District's land area, Kouga is the most populous region in the district. It has a population of 112 941 (Community Survey 2016), representing approximately 22% of the total population of the district.

Kouga also has the fastest annual growth rate in the district. Since 1996, the population has increased at an average of 2, 4% per annum compared to the annual growth rate of 1,1% in the district and 0,3% in the province. Kouga is characterized by vast differences in population density from one area to the next. These variations have an impact on the cost of service delivery while migration to the urban nodes places additional pressure on the existing infrastructure of these high-density areas.

The influx of job seekers has also impacted negatively on employment figures. According to "Labor Force Survey Data" for 1995 to 2010 (Stats SA), employment in the region declined by 11,7% between 1995 and 2010 while the working age group increased by 25%. This means that 80,3% of the working age group had employment in 1995, compared to 56,8% in 2010

LOCATION

Kouga Local Municipality forms part of the Sarah Baartman District Municipality in the Eastern Cape Province of South Africa. It is situated west of Nelson Mandela Bay Municipality (Port Elizabeth, Uitenhage and Despatch) and covers a total land area of 2 418km².



The nine towns included in Kouga are Jeffreys Bay, Humansdorp, St Francis Bay, Cape St Francis, Oyster Bay, Patensie, Hankey, Loerie and Thornhill.

TOPOGRAPHY AND CLIMATE

Kouga is largely an urban area, with three main topographical regions:
The coastal region stretches from the Van Stadens River in the east to the Tsitsikamma River in the west. This zone includes the towns of Jeffreys Bay, St Francis Bay, Cape St Francis and Oyster Bay. The coast serves as a major tourism attraction.
The Gamtoos River Valley is characterised by wide, fertile flood plains associated with low-lying land. Steep and less-fertile slopes flank the Valley. The towns of Hankey, Patensie, Loerie and Thornhill are focal points of this high-potential agricultural region.
The Humansdorp area, including Kruisfontein, is characterised by moderate slopes in the south, with steeper slopes towards the north and northwest.

The four main rivers in the area - the Kromme, Seekoei, Kabeljauws and Gamtoos – are tidal rivers. The Kromme River and Gamtoos River are significant sources of water supply. Ground water is another major component of domestic water supply. Aquifers are also utilised in the agricultural sector for irrigation.

There are numerous areas of wetland adjacent to the region's rivers and on the coastal platform. These wetlands are extremely sensitive to disturbances such as agricultural activities and development. The wetlands accommodate high species diversity and fulfil natural water purification and flood retention roles.
The climate of the Kouga region is subtropical, which makes the area conducive to a range of outdoor activities and various types of agricultural production. Rainfall varies between 650 mm per year (St Francis Bay area) to 400 mm (Gamtoos River Valley). The area is generally described as windy.

ECONOMY

Kouga's total output / Gross Value Added (GVA), which is used to measure the value of production in a region, has shown erratic growth since 1996.
"Regional Income and Production Data" for 1995 to 2010 (Stats SA) indicates that the economic sector of Kouga is dominated by secondary and tertiary activity

In 2010 the leading industries were finance, insurance and real estate (FIR) at 33,3%, manufacturing (MAN) at 19,1% and general government (GG) at 14,2%. With its growth outpacing all other industries, FIR has since 1996 overtaken wholesale and retail trade, catering and accommodation (WRCA) as the largest contributor to GVA. WRCA's proportion to Kouga's output has plummeted from 21% in 1995 to 10,3% in 2010.

The contribution of the main primary sector – agriculture, forestry and fishing (AFF) – has also decreased from 11,8% in 1995 to 3,5% in 2010. However, manufacturing proportion saw an increase of 4,8% over the same period. Whilst the primary sector dominated employment up until 2005, the tertiary sector has since taken over this role. According to the 2011 Census, Kouga Municipality is currently the fastest growing economy in the country. With the onset of a number of megaprojects in the area, there is phenomenal growth and influx of people into the area and this has a big impact on the economy. It also impacts on the services of the area as well. This has the positive effect of job creation and added business opportunities for Kouga. It is said that there is 3,22% growth rate in the population and Kouga is ranked 114th by population size in the country.

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY OVERVIEW

Despite having a challenging year, the Service Delivery Directorates recorded significant successes

Electrical Unit:

Achievements:

- Electrification of 270 houses at Donkerhoek and phase2 391 housing project Kruisfontein, Humansdorp
- Replaced of faulty transformer from a 500kva to 1000kva at Oyster Bay
- Replaced faulty 3150kva transformer St Francis Bay main sub station
- Reserving of 66kV bay at Eskom Melkhout sub-station, Humansdorp
- Replacement of a damaged 315kV transformer in St Francis Bay
- Maintenance on 22kv switch gear and protection relays Jeffrey's bay
- Department of Energy grant funding for 237 houses at Kruisfontein
  Department of Energy grant funding for bulk infra-structure Kruisfontein
  Complete 22kv ring feed in St Francis Bay industrial

Challenges:

- Electrical losses increased due to illegal connections and tampering of meters
- Vacant positions not filled
- Redundant vehicles and equipment needed to be replaced.
  Intimidation of staff when removing illegal connections.

Technical Services:

Achievements:

- Resealing Contract: 2016/17
- Project cost = R 1,834,246.90
- Potholes = 3728m2
- Reseal = 59814m2

- Mechanical Upgrade Cormorant Sewer Pump station
- Project cost = R 1,899,060.00
- Installation of new pumps, pipework, electrical control panel and obtaining a new building to house mechanical equipment.

- Upgrade Jeffreys Bay Water Treatment Works
- Project cost: R 2,000,000.00 by the Department of Water and Sanitation (ACIP) and R 750,000.00 own funding
- Replacement of 3 x Sand filter, construction of flocculation canal
- Environmental Authorization received
- *Hankey 990 Housing Project*: Environmental Authorization (EC08/C/LN1&3/M/30-2015), issued 07 July 2016.
- Weston Housing Project: On erven 17,1480 and 1508: Environmental authorization (EC08/C/LN1&3/16-2015)

<u>Town Planning:</u>

Achievements:

- Successful implementation of the new Spatial Planning and Land Use Management Act and the establishment of the Municipal Planning Tribunal & Appeals Authority
- 11 Municipal Planning Tribunal Meetings were held in terms of the new SPLUMA legislation
- One (1) Appeals Authority Meeting was held in terms of the new SPLUMA legislation
- 975 building plans were approved

Challenges:

- Implementation of the new Spatial Planning and Land Use Management Act and reduction of the backlog created in terms of land-use applications

- Vacant positions are not filled
- Inadequate archives space

Local Economic Development and Tourism

Achievements:

* Grant in Aid Policy completed and signed.
* Active PPP's i.e. Kouga Local Tourism Association, Humansdorp Museum Association, Kouga Business Forum.
* Memorandum of Agreement on the BIGM programme was signed between Kouga Municipality and Prince Edward County Signed in March 2018.
* Promoting Kouga Municipality at the Investor Conference in East London.
* Business Information Sharing programme was provided to local SMME's on the 29th May 2018.
* SMME capacitation trough trainings provided by the municipality in conjunction with other government departments.
* The cleaning and upgrading of the fishermen gravesite in Pellsrus in conjunction with the Humansdorp Museum Association.
* Relocation of the Second Word War Soldiers from Suiderkruis Hall to the St Marks Anglican Church in conjunction with the Humansdorp Museum Association.
*Aviwe Sibeko represented Kouga in a talent show case in USA and received a long-term scholarship at the New York Film Academy and was funded R 6000.00 by the Kouga Arts Council.
* Mosaic Training (Visual Arts) for 06 Locals was done on the 6th -13th October 2017 at the Jeffreys Bay Amphitheatre.
* Calamari Festival was successfully held on the 23 September 2017.
* Gamtoos Tourism Citrus Expo was successfully held on the 25-26 August 2017
* Annual Winter Festival was successfully held on the 12-23 July 2017.

Challenges:

* Staff Shortage.
* Transport Allowance for the LED Officers.
* Establishment of an Inclusive LED forum.
* Maintenance of Tourism and Heritage Assets.
* Budget Restrictions.
* Slow process from Land Advisory Committee to approve applications for business space for local SMME's and Commonage Land for Emerging Farmers.

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Political leaders and the heads of administration have a key leadership responsibility, and in a local government context, are accountable for ensuring good governance in their municipalities. Some of the foremost principles of good governance are the key pillars for Municipal compliance: -

Accountability: Accountability is a fundamental requirement of good governance. A municipality has an obligation to report, explain and be answerable to the communities it serves and for the decisions it makes.

Transparency: People should be able to follow and understand the decision-making process. This means that they should be able to clearly see how and why a decision was made; what information, advice and consultation council considered, what consequences were considered and which legislative requirements (where applicable) council followed in arriving at its decision.

Rule of Law: This means that decisions are consistent with relevant legislation and are within the powers of Council. A responsive Local government should always try to serve the needs of the entire community whilst balancing competing interests in a timely, appropriate and responsive manner.

Equity and inclusiveness: A community's wellbeing results from all its members feeling their interests have been considered by council in the decision-making process. This means that all groups, particularly the most vulnerable communities, must have opportunities to participate in the process and should be consulted on their needs.

Effectiveness and Efficiency: Local government should implement decisions and follow processes that make the best use of the available human and financial resources, as well as time to ensure the best possible results for their community.

Participation: Anyone affected by or interested in a decision, should have the opportunity to participate in the decision-making process. This can happen in several ways; community members may be provided with information, asked for their opinion, given the opportunity to make recommendations or, in some cases, be part of the actual decision-making process.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

Kouga is a Category C Local Municipality with an Executive Mayoral System where powers are vested in the Mayor elected by the Council. The Mayor may appoint a committee to whom he/she may delegate certain responsibilities.

EXCECUTIVE MAYOR

Executive Mayor: Late Elsa van Lingen

Until 19 April 2018

Speaker: Horatio Hendriks

Served as Speaker until 19 April 2018 whereafter he was elected as Executive Mayor

As at 30 June 2018 the Political Leaderships and Councillors were as follows:

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LEADERSHIP

EXECUTIVE MAYOR AND SPEAKER

EXECUTIVE MAYOR
Clr Horatio Hendricks

SPEAKER
Clr Hattingh Bornman

MAYORAL COMMITTEE

Clr Frances Baxter
CORPORATE SERVICES

Clr Daniel Benson
COMMUNITY SERVICES

Clr Brenton Williams
FINANCE

Clr Bryan Dhludhlu
PLANNING, DEVELOPMENT & TOURISM

Clr Freddy Campher
INFRASTRUCTURE & ENGINEERING

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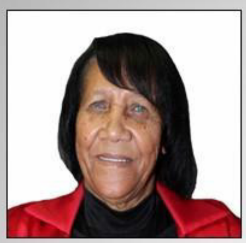
PR COUNCILLORS


Clr Frances Baxter


Clr Danny Benson


Clr Diana Biggs


Clr Nico Botha


Clr Virginia Camealio-Benjamin


Clr Atri Carstens


Clr Malibongwe Dayimani


Clr Bryan Dhludhlu


Clr Robin Jantjies

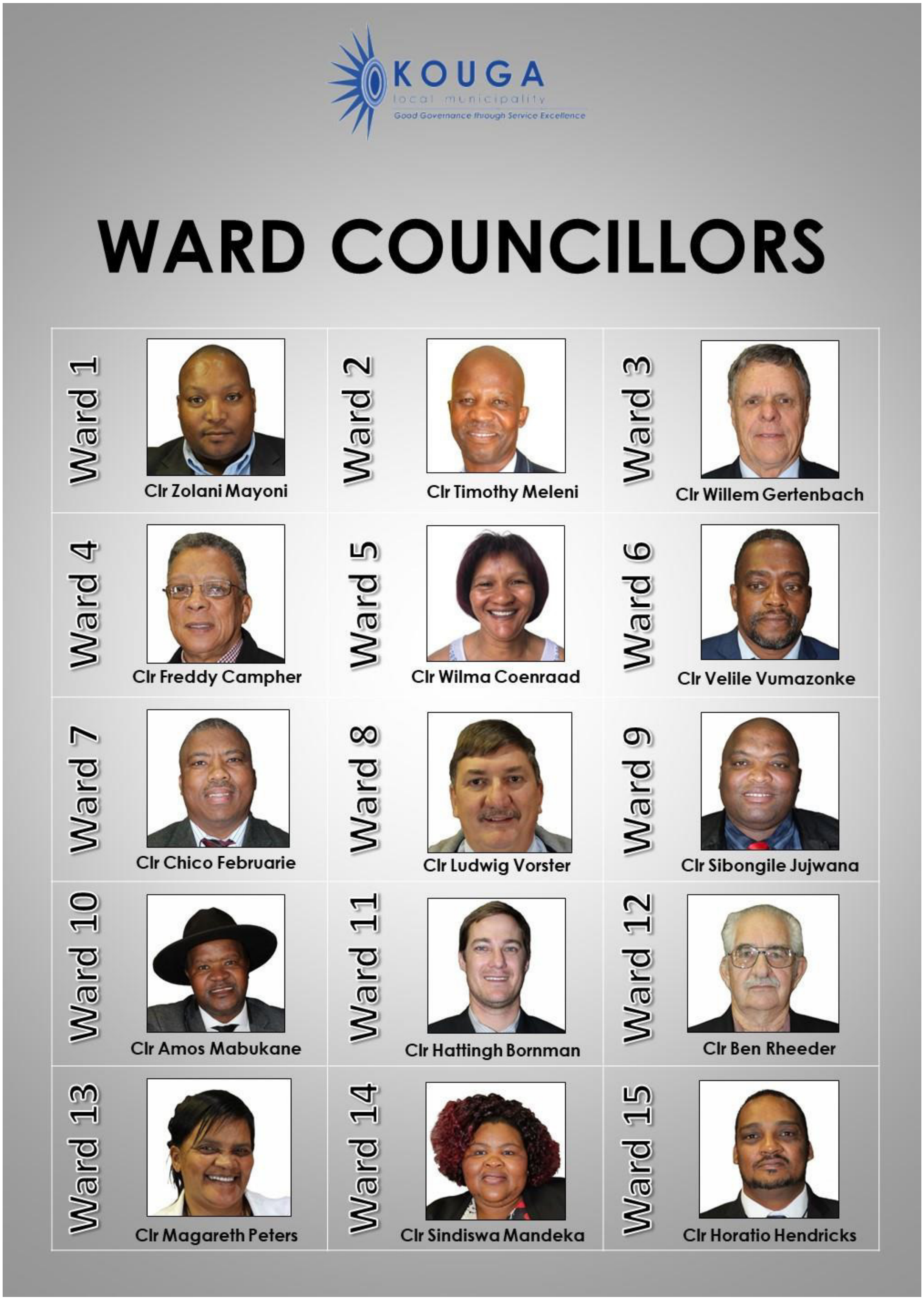

Clr Cynthia Matroos


Clr Aaron Nkomo


Clr Francois Louw


Clr Phumza Nkwalase


Clr Brenton Williams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WARD COUNCILLORS
Ward 1
Clr Zolani Mayoni
Ward 2
Clr Timothy Meleni
Ward 3
Clr Willem Gertenbach
Ward 4
Clr Freddy Campher
Ward 5
Clr Wilma Coenraad
Ward 6
Clr Velile Vumazonke
Ward 7
Clr Chico Februarie
Ward 8
Clr Ludwig Vorster
Ward 9
Clr Sibongile Jujwana
Ward 10
Clr Amos Mabukane
Ward 11
Clr Hattingh Bornman
Ward 12
Clr Ben Rheeder
Ward 13
Clr Magareth Peters
Ward 14
Clr Sindiswa Mandeka
Ward 15
Clr Horatio Hendricks

The Council consists of 29 Councillors made up as follows:

17 Democratic Alliance Councillors

12 African National Congress Councillors

14 Proportional Representative Councillors

15 Ward Councillors

7 Female Councillors

22 Male Councillors

HEAD OF COUNCIL				
1	Elizabeth Christina	Van Lingen	DA	Executive Mayor 2017-2018 – Passed away on 19 April 2018
	Horatio	Hendricks	DA	Executive Mayor From - 20 April 2018
2	Hatting	Bornman	DA	Speaker **-** From 20 April 2018
MAYORAL COMMITTEE				
1	Horatio	Hendricks	DA	Speaker until 19 April 2018
				Executive Mayor from 20 April 2018
2	Hatting	Bornman	DA	**Portfolio Councilor** Administration, Monitoring, Evaluation and Special Projects August 2017-19 April 2018 Elected as Speaker 20 April 2018

3	Nicolaas Stephanus	Botha	DA	**Portfolio Council:** Administration, Monitoring, Evaluation and Special Projects until August 2017
4	Frances	Baxter	DA	**Portfolio Councilor** Tourism and Creative Industries-2017-2018. Corporate Services from April 2018
5	Freddy	Campher	DA	**Portfolio Council:** Infrastructure Development & Planning in 2017/2018
6	Desmond	Petersen	DA	**Portfolio Councilor** till August – October 2017 - Dismissed
7	Daniel	Benson	DA	**Portfolio Council:** Social/Community Services
8	Brenton John	Williams	DA	**Portfolio Council:** Finance
9	Bryan	Dhludhlu	DA	**Portfolio Council:** Local Economic Development, Town Planning and Tourism
PR COUNCILLORS				
1	Frances	Baxter	DA	PR Cllr
2	Brenton John	Williams	DA	PR Cllr
3	Daniel	Benson	DA	PR Cllr
4	Nicolaas Stephanus	Botha	DA	PR Cllr
5	Elizabeth Christina (deceased)Replaced by: *Robin*	Van Lingen – 2017-2018 - April *Jantjies -May 2018*	DA *DA*	PR Cllr *PR Cllr*

6	Francois Johannes	Louw	DA	PR Cllr
7	Beatric Hendrina Jacoba (Resigned) Replaced by: Timothy	Carstens -2017 - June 2018 Jantjies -June 2018	DA *DA*	PR Cllr *PR Cllr*
8	Diana Jane	Biggs	DA	PR Cllr
9	Down Mnyamezeli	Nkomo	DA	PR Cllr
10	Bryan	Dhludhlu	DA	PR Cllr
11	Malibongwe Emmanuel	Dayimane	ANC	PR Cllr
12	Virginia Alice	Camealio-Benjamin	ANC	PR Cllr
13	Cynthia Nomathamsanqa	Matroos	ANC	PR Cllr
14	Phumza	Nkwalase	ANC	PR Cllr
	WARD COUNCILLORS			
1	Julius Zolani	Mayoni	ANC	Ward 1
2	Timothy Ncedile	Meleni	ANC	Ward 2
3	Willem Petrus Dormehl	Gertenbach	DA	Ward 3
4	Frederick Jacobus	Campher	DA	Ward 4
5	Desmond Neville (Dismissed) Replaced by: Wilma	Petersen - August - November 2017 Coenraad - December 2017 to date	DA *DA*	Ward 5 *Ward 5*

6	Vallie Solomon	Vumazonke	ANC	Ward 6
7	Eldridge Reginald	Februarie	ANC	Ward 7
8	Ludwig	Vorster	DA	Ward 8
9	Sibongile	Jujwana	ANC	Ward 9
10	Amos	Mabukane	ANC	Ward 10
11	Chris Hattingh	Bornman	DA	Ward 11
12	Benjamin Fredeman	Rheeder	DA	Ward 12
13	Magareth	Peters	ANC	Ward 13
14	Cynthia Sindiswa	Mandeka	ANC	Ward 14
15	Horatio Mario	Hendricks	DA	Ward 15

The Council established several Committees to enable it to deliver on its constitutional mandate.

Section 80 Committees

The following Portfolio Committees have been established in terms of Section 80 of the Municipal Structures Act to assist the Mayor and the Mayoral Committee: -

a) Community Services Committee

b) Infrastructure and Engineering Committee

c) Finance Committee

d) Corporate Services Committee

e) Planning, Development and Tourism Committee

Each of the Support Committees deliberates on matters that fall within its specific terms of reference and makes recommendations to the Mayoral Committee for final approval by the full Council where necessary. The Mayoral Committee has wide ranging delegations with the exception of the powers provided to Council in terms of Section 160 (2) of the Constitution of the Republic of South Africa, 1996. The following functions may not be delegated by a Municipal Council:

1. The passing of by-laws;
2. The approval of budgets;
3. The imposition of rates and other taxes, levies and duties; and
4. The raising of loans.

The Mayoral Committee makes recommendations for approval by Council on such matters.

Section 79 Committees

In addition, Council has established the following Committees in terms of Section 79 of the Municipal Structures Act:-

a) Municipal Public Accounts Committee

The Municipal Public Accounts Committee which is made up of non-executive Councillors ensures that the Administration is held accountable for the management of municipal funds and assets, and to ensure the efficient and effective utilization of council resources. The Committee also considers the Annual Report and makes recommendations to Council on the Annual Report by submission of an Oversight Report. The Committee's Oversight Report is published separately in accordance with the Municipal Finance Management Act.

Statutory Committees

Administrative Committees

The Council has also established administrative committees as follows: -

a) Audit Committee

b) Bid Specification Committee

c) Bid Evaluation Committee

d) Bid Adjudication Committee

The Audit Committee is established in terms of Section 166 of the Municipal Finance Management Act. It is an independent external committee, which provides an oversight function over the financial management and performance of the Municipality.

The Municipal Supply Chain Management Regulations require a committee system for competitive bids, consisting of a Bid Specification, a Bid Evaluation and a Bid Adjudication Committee.

The Bid Specification Committee compiles the specifications for all goods or services procured by the municipality.

The Bid Evaluation Committee evaluates bids in accordance with the specifications for a specific procurement, and the points system set out in the SCM (Supply Chain Management) Policy and Regulations and as prescribed in terms of the Preferential Procurement Policy Framework Act.

The Bid Adjudication Committee considers reports and recommendations of the bid evaluation committee and makes a recommendation to the Accounting Officer to make the final award; or makes another recommendation to the Accounting Officer on how to proceed with the relevant procurement.

2.2 ADMINISTRATIVE GOVERNANCE

Charl Du Plessis

Municipal Manager

Colleen Dreyer: *Manager IDP*

Nomvula Machelesi

Director Community Services

Krishen Moodley

Director Corporate Services

Selwyn Thys

Chief Financial Officer

Victor Felton

Director Infrastructure and Engineering

Fezeka Mabusela

Director Planning, Development and Tourism

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

In terms of the MFMA section 60(b), the Municipal Manager of a municipality is the accounting officer and must provide guidance on compliance with this Act to political structures, political office bearers, and officials of the municipality.

As head of administration, the Municipal Manager ensures that the municipality is managed in accordance with all legislation applicable to local government. He undertakes various administrative responsibilities in relation to Council such as advising the political structures and political office bearers of the municipality; managing the communications between the municipality's administration and its political structures and office bearers; and carrying out the decisions of the political structures and political office bearers of the municipality. In addition, he has human resources related responsibilities to ensure that the municipality has the requisite human resources that are functioning at an optimal level to enable it to deliver on its mandate.

As the accounting officer, the Municipal Manager is responsible for general management of municipal finances, including: asset and liability management, revenue and expenditure management and budget implementation. In his role as accounting officer, he must also assist the Mayor in performing the budgetary functions assigned to the Mayor in terms of Chapters 4 and 7; and provide the Mayor with the administrative support, resources and information necessary for the performance of those functions.

There are five Directorates which report to the Municipal Manager. Each Directorate is responsible for a Service Cluster (Key Performance Area) with some overlapping responsibilities:

Community Services	(Basic Service Delivery)
Corporate Services	(Good Governance and Public Participation) (Institutional Development and Transformation)
Planning, Development & Tourism	(Planning, Development and Local Economic Development)
Infrastructure & Engineering	(Infrastructure and Basic Service Delivery)
Finance Services	(Financial Viability and Management)

The organogram was reviewed and approved by Council in December 2017. The primary objective of the review was to create functional alignment and give effect to Council's vision, mission and strategy.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

The Kouga Intergovernmental Relations Forum (IGR) consists of representatives from the Kouga Municipality, Sarah Baartman District Municipality, sector departments, parastatals and government agencies. The Forum is chaired by the Mayor.

The purpose of the forum is to:

- Consider and coordinate service-delivery continuity measures
- Provide a forum for sharing best practices and learning
- Facilitate communication on, and formulating joint responses to provincial and district policy and legislative processes
- Consider any other matters referred to it by either the municipality or sector departments
- Promote inter-sectoral dialogue and mediation in case of disputes between the municipality and other structures
- Ensure that there are coordinated programmes of implementation and the necessary structures with regard to such issues as, but not limited to, rural development, urban renewal, safety and security, local economic development, infrastructure development, HIV/Aids and special programmes
- Promote and enhance the principles of integrated governance at local level by strengthening cooperation between municipalities, sector departments and any other relevant stakeholders.

During the year under review Kouga IGR structure was active and 5 meetings were held.

Kouga Municipality continued to build on its relationship with sector departments during the year under review. Several multimillion-rand bulk infrastructure projects were successfully implemented together with sector partners such as the Eastern Cape Department of Human Settlements and the Department of Water and Sanitation.

The municipality was also an active participant in intergovernmental structures such as the Municipal Managers Forum, driven by the Eastern Cape Government. Sector departments further participated in the review of the Integrated Development Plan (IDP) through structures such as the IDP Representative Forum.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 PUBLIC MEETINGS

Kouga engaged with communities at commemorative events, public hearings, workshops, project launches and meetings during the 2017/2018 reporting period.

The Table below illustrates the public meetings and events that were held:

DATE	PROGRAMME	VENUE
18 July 2017	Mandela Day	Tokyo Sexwale, Jeffreys Bay
31 July 2017	Closing month of MRM	Humansdorp Country Club
1 August 2017	Public hearing on Marine Spatial Planning	Port Elizabeth
8 August 2017	Women Business Opportunities Workshop	Loerie community hall
13 September 2017	Public Participation week	Vusumzi Landu hall
28 September 2017	Repositioning of Home Affairs	Humansdorp
21 September 2017	Ward Councillors & CWP meeting	Jeffreys Bay

DATE	PROGRAMME	VENUE
05 October 2017	Establishment of Kouga Initiation Forum	Kwanomzamo community hall
28 0ctober 2017	Repositioning of Home Affairs	Humansdorp council chamber
1November 2017	Roll-out Session of the Customary Male Initiation Act	Humansdorp Council Chamber
1 February 2018	Evaluation of Summer Season	Humansdorp Council Chamber
1-3 March 2018	Public Participation Roundtable	East London
14 March 2018	Ward councillors meeting	Jeffreys Bay council chamber
14 April 2018	Kouga Initiation Forum meeting	Humansdorp
18 May 2018	Ward councillors meeting	Jeffreys Bay council chamber
30 May 2018	Public hearing	Vusumzi Landu hall
7 June 2018	Public Participation on Khoi -San	Dan Sandi hall
11 June 2018	Establishment of Ward Initiation Forums	Per ward
18 June 2018	Moral Regeneration Movement meeting	Humansdorp council chamber

2.4 IDP PARTICIPATION AND ALIGNMENT

A 5-year Integrated Development Plan for the period 2017-2022 (2017/18 review period)

The 3rd generation IDP cycle ended during the 2016/17 review. Section 25 of the Local Government: Municipal Systems Act (2000) prescribes that a municipal council, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality. The new council was established in 2016 during the last review period and started with the new IDP during the for 2017/18 financial year. during 2017. The new cycle is the 4th generation IDP which paves the strategic plan for the period 2017/2022.

Strategic Direction for 2017/2022: The municipality started with the development of the IDP by adopting a process plan for the 2017/18 period which sets out the process of the IDP until the final adoption. The Process Plan was adopted on 29 July 2016 (Council Resolution 16/07/AME3).

The 1st phase of the IDP, situational analysis was done to provide the status quo information of the municipality, demographics, socio-economic trends, service delivery trends, economic analysis and environmental aspects. The municipality has during this phase developed new focus areas (development priorities), objectives and strategies to improve service delivery, community upliftment (socially and economically), and to build a strong institution with the appropriate skills and resources.

The Council has identified the following goals for the next five (5) years:

PROBLEM IDENTIFICATION

- Service Delivery
- Jobs
- Institutional capacity
- Safety

GOALS

- To provide better service delivery
- To improve the infrastructure
- To create jobs
- To stop corrupt activities
- Build institutional capacity and financial viability
- To create a safe and caring environment

A strategic planning session was held during November 2017 to develop new strategies for the 5-year plan. The desired outcomes and develop objectives for the 2017/18 were as follows:

- To promote access for all citizens to equitable, appropriate and sustainable infrastructure;
- To provide equitable, appropriate and sustainable basic services to all citizens;
- To ensure proper spatial planning and transportation planning for mega projects and human settlements;
- To create an enabling environment for economic growth that attracts investors and tourists, encourages innovation and facilities pro-poor inventions;
- To ensure a municipality that is committed to prudent management of public funds, good governance, financial viability that accommodates diversity in service delivery;
- To develop progressive strategies to optimize the use of available human resources;
- To establish a common vision and create coherence in government's work by seeking close partnerships with citizenry;

Detailed departmental objectives were drafted which were linked to the municipal performance management system as well as the budget. The Final IDP was approved on 31 May 2017, council resolution no. 17/05/AME&SP3. All the legal requirements as prescribed in Chapter 5 of the Municipal Systems Act were met and the process was fully compliant.

Alignment with Sector Departments

Regular meetings with the District Municipality where held namely the District Consultative Forum as well as the 2 District IDP Representative Forum meetings. The inputs from the sector departments were obtained during the Project Phase of the IDP as well as from inputs from the District IDP Representative Forum. 2 Local IDP Representative Forum Meetings were held during the review period. The interaction with the sector departments remain crucial to fully integrate and align programmes within the Province.

Local Community Participation

- **Stakeholder Consultation**

Kouga Local Municipality places a high premium on inclusivity and subsequently the involvement and participation of all relevant stakeholders forms an essential component of the IDP Process. The Public Participation Process for the 2017/2022 IDP was based on full-scale public meetings in all 15 wards. The purpose of this initial round of public participation was:

- To discuss the process to be followed for the 2017/2022 IDP;
- To consult the public on the content for the IDP especially ward based planning, through rigorous public participation meetings.

The socio-economic conditions and character of the towns and settlements are distinctly different, resulting in their expectations from the budget and service delivery priorities being diverse. This diversity and service delivery backlogs in some areas were duly considered in the IDP review. The public participation process was characterized by active participation by all sectors of society and again highlighted the fact that the expectations from communities are very high in terms of service delivery, infrastructure development and other development challenges in comparison to the limited resources available to the municipality.

Effective partnerships with communities, other spheres of government and the private sector are essential to deliver on this expectation adequately. To conclude the public participation process, the draft IDP review was advertised for public comment for 30 days to allow any member of the public to provide final comments before it is being adopted by Council.

2 Rounds of public meetings were held in all 15 words with additional meetings in different towns due to it locality and demarcation.

- **Ward Based Planning**

Successful ward-based planning workshops were held in Jeffreys Bay, Humansdorp and Hankey which were attended by all ward committee members. The inputs from the ward committees were presented to the wards to set ward priorities for consideration during the 1st draft of the IDP.

Credibility Assessment – Findings on the 2017/2022 IDP (Review period 2017/22)

The overall findings on the 2017/2022 final IDP of the Kouga Municipality can be summarized as follows:

- The municipality has tabled, adopted and submitted its 2017/2022 Integrated Development Plan for assessment during the week of 31 July – 4 August 2017.
- The municipality has conformed to the Council approved process plan.
- The municipality has confirmed to the core components of and IDP as prescribed by Section 26 of the Municipal Systems Act (MSA), and has been assessed covering the Key Performance Areas (KPA) as per guidance of 5-year Local Government Strategic Agenda, lifted below are areas of concerns raised during assessment:

KPA Ratings

An overview of the detailed assessment is set out below to provide the municipality with a synopsis of scoring:

Key Performance Area					
KPA 2 – Service Delivery	**KPA 3 – Financial Viability**	**KPA 4 – Local Economic Development**	**KPA 5 – Good Governance**	**KPA 6 – Institutional Arrangements**	**Overall Ratings**
Ratings					
High	**Medium**	**High**	**High**	**High**	**High**

The municipality has developed a legally compliant IDP, and it is noted with delight the municipality has scored an overall **HIGH** rating.

IDP and Budget Alignment

The IDP and Budget was aligned after receipt of comments from the public and was finally incorporated in the final IDP. The following capital funded projects are listed:

ID NO.	PROJECT	AMOUNT
00001	New Melkhout to Jeffreys Bay Main 66Kv Line	R1 573 647
00002	Electrification of Oceanview	R6 000 000
00003	Generator	R500 000
00004	Upgrade Kruisfontein WWTW & outfall sewer	R14 679 134
00005	Patensie Replacement of Digesters Phase 1	R8 368 626
00006	Patensie upgrade of WWTW	R500 000
00007	Wavecrest Internal Sewer	R3 730 000
00008	New sewer pump at Cormorant Sewer Pump Station Aston Bay	R1 480 000
00009	Pressure filters at Jeffreys Bay WTW	R750 000
00010	Community water supply	R2 000 000
00011	Motor vehicles	R250 000
00012	Furniture and equipment	R1 948 200
00013	Ablution facility Weston & Kwanomzamo libraries	R200 000
00014	Fencing of existing cemeteries	R500 000
00015	Chairs – community halls	R200 000
00016	Acquisition of wheel chairs	R150 000

ID NO.	PROJECT	AMOUNT
00017	Upgrade of hydrants	**R240 000**
00018	Satellite fire station (Oyster Bay)	**R400 000**
00019	Mesh truck	**R1 000 000**
00020	Transfer station Patensie	**R350 000**
00021	Transfer station Weston	**R350 000**
00022	Mini transfer station Thornhill	**R350 000**
00023	Mini transfer station Oyster Bay	**R350 000**
00024	4 x skip trucks	**R1 000 000**
00025	Skip bins	**R400 000**
00026	New community hall in Kwanomzamo	**R5 500 000**
00027	Upgrade sports facilities	**R4 321 455**
00028	2 x compactor trucks	**R2 800 000**
00029	LED (social institutions % micro enterprise infrastructure	**R1 440 485**

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance has to do with the structures and processes associated with management, decision-making and control in the municipality. Corporate governance is based on principles of conducting business with integrity and fairness, being transparent regarding all transactions, making all the necessary disclosures and decisions, complying with all the law of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner.

The following four ethical values underpin good corporate governance:

(a) Responsibility: The Council should assume responsibility for the assets and actions of the municipality and be willing to take corrective action to keep the municipality on a strategic path that is ethical and sustainable.
(b) Accountability: The Council should be able to justify its decisions and actions to its stakeholders and communities.
(c) Fairness: The Council should ensure that it considers the legitimate interests and expectations of its communities and stakeholders.
(d) Transparency: The board should disclose information in a manner that enables the AG and relevant bodies and communities to make an informed analysis of the municipality's performance and sustainability

TARGETS AND ACHIEVEMENTS

ANNUAL TARGETS	TARGET	ACHIEVEMENT 2017/18	PRIOR YEAR ACHIEVEMENT 2016/17	COMMENT
Paperless	Reduce printing costs	On average printing costs over the reporting period decreased	Not measured	The Directorate Corporate Services is committed to reduce the Carbon footprint of the Municipality and to

ANNUAL TARGETS	TARGET	ACHIEVEMENT 2017/18	PRIOR YEAR ACHIEVEMENT 2016/17	COMMENT
		by approximately R75 000 per month		achieve a substantial saving on the expenditure of the Municipal printing costs that amounted to R5 million in the 2016/17 financial year. A paperless environment starts as a phase-in process. The Directorate is continuing to phase out printing of Council and Committee Agendas and have provided Councillors with laptops to access their agendas. The Directorate continues to monitor the printing habits of the Municipality.
Tools of Trade for all Councillors	Provide all the Councillors with laptops, routers and a monthly allocation of data	All the Councillors received tools of trade	Only the Mayoral Committee received tools of trade	The furnishing of all Councillors with laptops and access to data enabled the Directorate to phase in a paperless environment. All Council and Committee Agendas and documents are pre-dominantly delivered electronically to all the relevant parties.
Upgrade of Institutional buildings.	Repaint and do maintenance on buildings and Replace furniture	The foyer area of the Da Gama St building was upgraded as well as the installation of laminated flooring, tiling and painting of offices. New furniture was acquired. Various toilet facilities,	Not measured, no target set	This is an ongoing process that is dictated by the availability of budget and upgrades to other buildings will be done in phases as the budget allows.

ANNUAL TARGETS	TARGET	ACHIEVEMENT 2017/18	PRIOR YEAR ACHIEVEMENT 2016/17	COMMENT
		kitchens and the balcony area were also upgraded		
Reduction of telephone cost by upgrading the PABX system	Reduce the number of external Telkom lines & Telkom extension lines. Reduce the Telkom Bill	The in -operational PABX system was upgraded and put to use. VOIP Licenses were acquired	No target set	It was discovered that the Municipality bought a PABX system some years ago, at a substantial cost, that was never implemented. The PABX system was upgraded and VOIP licenses were acquired which enabled the Municipality to terminate external Telkom extension lines. The VOIP system reduced the cost of calls and this has resulted in a combined saving of R100 000 per month on the Municipal phone bill.
Call Centre (Complaints)	Establish a Call Centre. Procure Computers. Appoint more staff. Expand space or move Call Centre to another location.	A Call Centre was established in October 2017.	No target set	The Call Centre is a Service delivery complaint tool for the public and functions as an operational Centre for the Municipality. All service delivery issues are handled by the Call Centre which dispatches the relevant technical staff to resolve the issue. In June 2018 new Call Centre Operators, with Call Centre experience, were appointed as well as a Supervisor.
Ward Offices	Maintenance and new furniture and equipment	Partially Achieved.	Not measured	Maintenance of Ward Offices is an ongoing process and is dependent on the availability of budget

ANNUAL TARGETS	TARGET	ACHIEVEMENT 2017/18	PRIOR YEAR ACHIEVEMENT 2016/17	COMMENT
Libraries and Caravan Parks	Internet	Internet was installed at all the Libraries	No target set	
Schedule of Meetings – Maycom, Portfolio, Council	To establish a meeting rhythm to improve the effectiveness of Committees	Achieved	There was a meeting Calendar	The meeting Calendar was improved.
Telephone Reports	To measure the use and abuse of municipal resources	Achieved	Staff are supposed to pay for personal calls, but enforcement was ineffective	The reports that are generated by the new PABX system identifies employees who make high volumes of calls and these calls are being monitored to ensure that it is made in the interest of Municipal business. Abusers of the system are being identified and disciplined
Documenting of outcomes ward committee meetings	Actioning of service delivery issues in the different Wards	Achieved	Achieved	The Minutes of Ward Committees are submitted to Administration every month. The Public Participation officers submit service delivery issues to the Call Centre where it is actioned. Non- technical issues are submitted to the Executive Management Committee where the relevant Directors deals with these issues directly.

2.6 RISK MANAGEMENT

Risk management is as much about identifying opportunities as avoiding or mitigating losses. It is a logical and systematic process of establishing the context, analysing, evaluating, treating, monitoring and communicating risks associated with any activity, function or process, in a way that enables an organisation to minimise losses and maximise opportunities.

The drive for local government transformation with limited resources has tended to force municipalities into taking a less conservative approach to service delivery with a proportional increase in their risk exposure. Ongoing local government reforms have provided a broad administrative framework for further improvements to occur. These include more stringent corporate governance requirements, greater flexibility and a focus on results and accountability.

Risk management trends and components already overlap with those of internal auditing, performance management, programme and project management, financial management, change management, customer care, communication, etc. and require incremental inclusion in current and future plans of the entire organisation.

The management of risk by implication is a managerial function, even though individual sections, departments and directorates differ in their exposure and reaction to risks and thus departments, sections and individuals form a vital part of the overall risk management process within the Municipality.

In our continuously changing governance environment it is imperative that Council remains updated on key changes and challenges and how these effect the operation of business in today's environment. This will not be achieved without an effective, efficient, soundly funded and managed risk strategy that seeks to maximise its impact on the organisation with minimum resources at its disposal.

National Treasury Public Sector Risk Management Framework affirms that no organisation has a luxury of functioning in a risk-free environment and public institutions are especially vulnerable to risk associated with fulfilling their mandates.

The table below indicate the top five risks within the Municipality:

Top Five Municipal Risks			
Risk no.	**Risk category**	**Risk description**	**Risk background**
1	**Infrastructure and basic services**	Ageing plant and equipment	• Plant, transport and equipment are ageing • No policy on replacement of vehicles • Inadequate maintenance plan (lack of spare parts, replacement policy)
2	**Good governance and public participation**	Non-compliance with Occupational Health and Safety Act	• No appointed medical practitioner accountable for Occupational Health and Safety appointed by KM • No schedules for inoculations and check ups Insufficient first aid training and first aiders
		Poor records management	• Non-compliance to archive policy • Non-disposal of old records • Implementation of the file-plan
3	**Financial viability and management**	Inefficient revenue collection	• No recovery plan in place • Backlog maintenance exacerbates the problem
5	**Infrastructure and basic services**	Lack of bulk infrastructure	• Insufficient allocation of funding to maintenance • Poor refurbishment and replacement of current assets (water, pump stations sewage, storm water, electricity, Internal networks - water pipes) • Lack of funding • Lack of planning • Lack of master plan in place • No provision for capital reserve

2.7 ANTI-CORRUPTION AND FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimise the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m)(i) identifies supply chain measures to be enforced to combat fraud and corruption, favoritism and unfair and irregular practices. Section 115(1) of the MFMA states that the Accounting Officer must take steps to ensure mechanisms and separation of duties in supply chain management system to minimise the likelihood of corruption and fraud.
The Anti-corruption strategy and fraud prevention strategy were both approved on the 29 May 2015. There were no corrupt practices reported and therefore the employees seem to be aware of the section 3 contained in the Prevention and Combating of Corrupt Activities Act (No.12 of 2004). A Fraud Risk Assesment was conducted on the 1st of March 2017 and the Fraud Risk Register was updated.

2.8 SUPPLY CHAIN MANAGEMENT

In terms of paragraph 6 of the Supply Chain Management Policy, the Council must maintain oversight over the implementation of this policy to ensure that the Accounting Officer implements all Supply Chain Management activities in accordance therewith.

A. Compliance and Reporting

SARS Tax Compliance Status

The SCM Officials are required to be listed as users on the SARS E-Filling account of the municipality to verify the Tax Compliance Status of the Service Providers. SARS visited SCM on site and completed the loading of two SCM Officials as users. Currently only one Supply Chain Management official of the Kouga Municipality has access: Mrs N Malgas- Goeda.

National Treasury Centralised Supplier Database

The Supply Chain Management Officials are listed on the National Treasury Centralised Supplier Database. The municipality has been added as a supplier on the National Treasury Centralised Supplier database with the supplier number **MAAA0214163**.

Annual Database Advert

In May 2017, the Kouga Municipality migrated to the Centralised Supplier Database.

On 9 November 2017 advertisements were placed in various newspapers, informing existing service providers to update their database registration details and inviting new service providers to register on the Municipality's supplier database and National Treasury's Supplier database.

Bid Committees

The below mentioned committees are established and functioning in accordance with the SCM Policy:

- Bid Specification Committee (BSC)
- Bid Evaluation Committee (BEC)
- Bid Adjudication Committee (BAC)

The committees are responsible to ensure that the required procurement processes are followed in respect of formal tenders.

Bid Committee Meetings held during the 2017/18 financial year:

COMMITTEE	BSC	BEC	BAC
Chairperson	A. Perils	A. Koegelenberg	S. Thys
Number of meetings that took place.	24	22	14
Number of meetings cancelled	2	5	0
Provide reasons for all meetings not held as per scheduled dates.	No quorum	No quorum and item representatives not attending	

Training- Supply Chain/ Stores Section

Onsite Bid Committee training conducted in December 2017 by KPMG Services.

Appointment of Manager: Supply Chain Management

Since 1 March 2018, the vacant position of Manager: Supply Chain Management has been filled by Mr L. Landu.

Monthly and Quarterly reports

Monthly deviations reports are submitted in terms of the SCM policy for the procurement of goods and service (See paragraphs 8C and 8D below).

Monthly and quarterly reports are required to be submitted to Provincial and National Treasury in respect of the procurement of goods and services. These reports were submitted in accordance with paragraph 6 of the Supply Chain Management Policy.

Regular reports are submitted to the Finance Portfolio Committee meetings.

2.9 BY-LAWS & POLICIES

FINANCE

NO.	POLICY NAME	STATUS OF POLICY	NEW NO.
1.	Procurement Policy a) Supply Chain Management Policy b) Supply Chain Management Policy for Infrastructure Procurement and delivery Management- adopted	To be reviewed Adopted	F03
2.	Borrowing Policy	Adopted: 31 May 2016	F33
3.	Financial Code and By-laws	To be reviewed	F06
4.	Accounting Policy	To be reviewed	F07
5.	Tariff Policy	To be reviewed	F09
5.	Cash Management and Investment Policy	Adopted: 31 May 2016	F32
6.	Policy on Cheque Signing Authority	To be reviewed	F11
7.	Risk Management Policy	To be reviewed	F12
8.	Cost Control Functions for Votes	To be reviewed	F13
9.	Fleet and Asset Management Policy	Draft	F15
10	Funding & Reserves Policy	Adopted: 31 May 2016	F34

NO.	POLICY NAME	STATUS OF POLICY	NEW NO.
11.	Audit Committee Policy	Adopted: 29 May 2015	

SOCIAL SERVICES

NO.	POLICY NAME	STATUS OF POLICY	NEW NO.
1.	Disaster Management Plan	Adopted: 29 May 2015	SD01
2.	Coastal Management Plan	Adopted: 29 May 2015	
3.	Hunting on Commonages	Draft	SD2
4.	Spaza / House Shops	Adopted: 1 August 2017	
5.	Pauper and Social Burial Policy	Review Adopted: 29 June 2018	
6	Youth Policy	Adopted: 29 May 2015	
7.	CCTV Policy	Adopted: 31 May 2018	

TOURISM

NO.	POLICY NAME	STATUS OF POLICY	NEW NO.
1.	Events & Entertainment Policy	Adopted: 29 May 2015	T01

ADMINISTRATION

NO.	POLICY NAME	STATUS OF POLICY	NEW NO.
1.	Standing Rules of Order	Approved: 31 May 2018	A02
2.	Policy and Procedures for the Disposal of Immovable Capital Assets	Approved: 25 April 2018	A06
3.	Public Participation Policy	Approved: 1 August 2017	A07
4.	Anti-Corruption and Fraud Prevention Policy	Approved: 1 August 2017	A09
5.	Policy on Legal Representation	To be reviewed	A10
6.			A11
7.	Promotion to Access to Information Policy	To be reviewed	A13
8.	Records Management Policy	Adopted: 29 May 2015	A14
9.	Registry Manual	Draft	A16
10.	Policy on Municipal Honors	Approved: 1 August 2017	A17
11.	Policy on Ward Committees	Adopted: 29 May 2015	A18
12.	Policy of attendance of Workshops, Meetings and Conferences	To be reviewed	A19
13.	Catering Policy	To be reviewed	A20
14.	Communication Strategy	Draft	A21
15.	Language Policy	Draft	A22
16.	Service Delivery Standards Policy	Approved: 1 August 2017	

NO.	POLICY NAME	STATUS OF POLICY	NEW NO.
17.	Standard Operation on execution of Council resolutions	Approved: 1 August 2017	
18.	CCTV Policy	Approved: 31 May 2018	
19.	Environmental Health Bylaw	Approved: 1 August 2017	
20.	Occupational Health & Safety Policy	Approved: 1 August 2017	
21.	Policy on Spaza /House shops	Approved: 1 August 2017	
22.	Policy of Infrastructure, Procurement & Delivery Management	Approved: 1 August 2017	
23.	Events Bylaw	Approved: 1 August 2017	
24.	Grant in aid Policy	Approved: 31 May 2017	
25.	Policy in Regulations	Approved: 31 May 2018	
26.	Ward Development Fund Policy	Approved: 31 May 2018	
27.	Corporate Governance of ICT Charter	Approved: 29 March 2018	

NO.	POLICY NAME	STATUS OF POLICY	NEW NO.
28.	Customer Care, Credit Control & Debt Collection Bylaw	Approved: 29 March 2018	
29.	ICT Disaster Recovery Policy	Approved: 29 March 2018	
30.	ICT Risk Management Framework	Approved:29 March 2018	
31.	ICT Strategy	Approved:29 March 2018	
32	Indigent Support Policy	Approved: 29 March 2018	
33.	Supply Chain Management Policy	Approved: 29 March 2018	
34.	Electronic Mobile Devices Policy	Reviewed: Awaiting Council Approval	
35.	Tools of Trade Policy for Councillors	Approved	

2.10 WEBSITES

The municipal website, which can be found at www.kouga.gov.za is one of the most important communication tools available to the municipality. It is updated regularly and used to disseminate a wide variety of information to the public and other interested parties.

This information includes reports and documents which municipalities are legally required to make public such as the Integrated Development Plan (IDP) and the Medium-Term Revenue and Expenditure Framework (MTREF), as well as quarterly and monthly finance reports which are compiled and published in accordance with the Municipal Finance Management Act (MFMA) and Division of Revenue Act (DORA).

Tender advertisements, notices and vacancies are also published on the website so as to ensure as wide a reach as possible. Other information placed on the website includes municipal contact numbers and media releases. Application and registration forms can also be downloaded from the website.

The following documents must appear on the website after being approved:

- Annual Report
- Integrated Development Plan
- Service Delivery Budget Implementation Plan
- Performance Agreements of s57 and s56 managers
- List of disposed assets
- Supply Chain Contracts
- Long -term borrowing contracts
- Public Private Partnership Agreements
- Service Delivery Agreements
- Section 52 (d) reports for the 4th quarter

Some of these documents are reviewed annually and approved by Council, which means that on each occasion these documents are approved by Council, the updated document must be placed on the website.

As the municipality, we do comply with section 75 of MFMA, as our IDP, SDBIP, Annual Report and Supply Chain Management bid results are loaded in the website.

There is also a special section for ratepayers where they can register to view their accounts and property information online.

Municipal Website: Content and Currency of Material			
Documents published on the Municipal Website		**Yes/No**	**Publishing date**
1	Adjustment budget 2017/18	No	N/A
2	Mid-Year and Performance Report 2017/18	Yes	30 January 2018
3	Final IDP 2018/19	Yes	1 June 2018
4	All budget policies	Yes	N/A
5	All service delivery agreements	No	N/A
6	All long-term borrowing contracts	Yes	N/A
7	All SCM contracts above R100 000 per quarter	Yes	N/A
8	Public-private partnership agreements	N/A	N/A

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The 7th annual Customer Satisfaction Survey was conducted in the last quarter of the 2017/2018 financial year. The survey is viewed as a public participation tool which helps the municipality to get a sense of how the community measures the performance of the municipality in relation to its core mandate of service delivery.

The survey is a platform for residents to air their views without the pressures of time or audience. Participants are also not required to identify themselves and this allows those wishing to remain anonymous to be granted that status.

The survey was conducted in all three of Kouga's main spoken languages, ie, English, Afrikaans and IsiXhosa.

The study was conducted using survey forms distributed to the public for completion. The forms were divided into three categories with sub-sections and a scoring method provided on each form.

Examples

CATEGORY	SUB SECTION
SERVICE EXPERIENCE	Customer Care (Telephone skills, reception area, accessibility of offices, staff capacity to deal with challenges, cleanliness of our work environment/offices etc.)
SERVICE DELIVERY	• Water • Electricity • Sanitation • Roads and Storm water • Refuse Removal

	• Parks and Open Spaces • Halls and Sports Fields • Fire and Emergency Services • By-law enforcement and traffic • Rates and Accounts
GOOD GOVERNANCE	• Ward Committees • Access to Information • Council Meetings • Administration • IDP and Performance Management

The scoring method to express satisfaction was as follows:

1 = Extremely Poor;

2 = Poor;

3 = Satisfactory;

4 = Good;

5 = Excellent

Together with Humansdorp, the towns in the Gamtoos Valley showed poor returns, with numbers too low to consider. i.e none of the towns reached ten participants.

Together, the St Francis Bay and the Jeffreys Bay areas accounted for 72 participants and these were the ones that were considered for the survey. This shows a drop from last year's figure of 92.

The total averaged scores for this round of the survey are listed below, per category

Service Experience – 3.05

Service Delivery – 2.68

Good Governance – 2.34

Overall Average score – 2,67

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE

COMPONENT A: BASIC SERVICES

3(a) MUNICIPAL INFRASTRUCTURE GRANT IMPLEMENTATION

The operational outcomes of the PMU did:

- Acknowledge and adhere to all aspects including all principles, objectives, sector conditions and outcomes contained within the MIG Guideline Document and the MIG Policy Framework Document.
- Ensure adherence to the Labour Intensive objectives as detailed in the Expanded Public Works Framework Document and the Code of Good Practice for Special Public works.

Background

The programme is entering its thirteenth year of implementation this year. The MIG is the municipal funding arrangement which combined the existing capital grants for municipal infrastructure into a single consolidated grant.

Since the program is aimed at subsidizing capital costs to the poor, priority was given to meeting the basic infrastructure needs. The programme was also aligned to cater for bulk infrastructure for new housing developments.

	2017/2018	2018/2019	2019/2020
Approved Budget Amount	R 32 274 000.00	R 31 186 000.00	R 31 771 000.00
Adjusted Budget Amount	R 27 274 000.00	R 0.00	R 0.00
Spent Budget Amount	R 27 274 000.00	R 0.00	R 0.00
Difference	R 0.00	R 31 186 000.00	R 31 771 000.00

Part 1: Progress to date

All aspects contained within the business plan including all principles, objectives, sector conditions and outcomes contained within the MIG Guideline Document and the MIG Policy Framework Document were adhere to.

The PMU unit resort under the Directorate: Infrastructure and Engineering

The following positions as per the "Guide for the Establishment of a Project Management Unit (PMU) by municipalities" were filled to perform the different functions within the unit;

PMU Manager (Full-Time)

PMU Technician (Vacant)

PMU Administrator (Full-Time)

Account (Part-Time)

Secretary (Part-Time)

Data Capturer (Contract)

It should be noted that not all operational responsibilities/outputs as highlighted in the guide could be achieved.

The PMU is located in the same building as the Infrastructure Planning and Development Directorate which enable us good communication and therefore providing assistance in terms of identification, co-ordination, implementation and supervision of projects.

Staff where possible are regularly attending workshops , training to empower them in executing their roles and responsibilities.

There are recent communications between the PMU, Area Engineers and the Manager: Technical Services to discuss strategies on how to improve this unit to fasten service delivery.

Part 2: Monitoring

Monthly the PMU meet with the Area Engineers and Director to capture the statistics of services rendered in term of backlogs per area.

Data forms part of the KPI of the Directorate: Infrastructure Planning and Development in terms of targets for the directorate.

Monthly and Quarterly reports are given to council on statistics and performance

Part 3: What are the results and who benefited?

Project Description	Beneficiaries (h/h)	Job Creation	Informal Training	SMME's Utilized
* Kruisfontein Sewer Treatment Plant	5 892	12	12	4
*Upgrading of the St Francis Bay Wastewater Treatment Works	2 000	12	12	0
Upgrading/Improvement of Sport Facilities within Kouga region - Weston	22 500**	11	11	3
Construction of New Action Sports Parks in Jeffrey's Bay	22 500**	11	11	3

*Project under construction.

The above table illustrates the projects implemented and still under construction for the 2017/2018 financial year. The figures reflected above are at the time of the report and will increase as the project progress.

**Entire Kouga population has access to the facility

Objectives as set out in the business plans were mostly achieved when projects were implemented.

Conclusions

The MIG programme is aimed at the following:

- To provide a basic level of service to the people;
- To target the poor and alleviate poverty;

Implementation costs can be justified and many people benefited from the program and their living conditions were directly and indirectly improved by providing them sufficient bulk infrastructure to continuously assure them at least the basic level of service.

Every different department within the municipality are assisting when the project falls within their respective departments by helping with reporting, liaising with the communities, etc.

All activities of this programme should continue because it is assisting the municipality with huge bulk infrastructure challenges and provide basic service delivery to the community.

3(b) EXTENDED PUBLIC WORKS PROGRAMME

Kouga Municipality entered into an agreement with the Department of Roads and Public Works to spend the full integrated grant funding and creating the targeted FTE's. This effort is in compliance with clause 3.1.6 of the Protocol Agreement signed between the Minister responsible for Public Works, The MEC of Roads And Public Works, Eastern Cape, the Mayor of Kouga Local Municipality, to specify the institutional structures that will oversee, monitor and report on progress in implementing the EPWP and achieving the EPWP targets; and 3.1.7, to provide for mutual assistance and support in respect of the programmes and initiatives of the EPWP.

The total grant received by Kouga Local Municipality in the 2017/ 2018 financial year was R 1,000,000.00 which been spend on 8 Incentive Grant Projects, as submitted in the 2017/18 Business Plan.

1. NON FINANCIALS

In total, Kouga Local Municipality managed to create the following number of work opportunities in the 1st, 2nd, 3rd and 4th quarters of the 2017/2018 financial year.

Quarters	No of projects reported	FTE	No of work opportunities created
1 (July – September 2017)	5	6	22
2 (October – December 2017)	9	8	31

3 (January – March 2018)	9	27	119
4 (April – June 2018)	2	5	5

2. FINANCIALS

The total amount transferred to Kouga Municipality amounts to R 1,000,000.00, and was distributed in 3 tranches as follows:

- August – R 250 000.00
- December – R 450 000.00
- February – R 300 000.00

Spending Schedule:

The Expanded Public Works Programme Incentive Grant Funds received for the 2017/18 financial year were spent as follows:

MONTH	AMOUNT
July 2017	R 0.00
August 2017	R 10 140.75
September 2017	R 66 044.13
October 2017	R 103 408.31
November 2017	R 109 438.21
December 2017	R 249 661.89
January 2018	R 189 064.13
February 2018	R 17 051.85

March 2018	R 119 907.09
April 2018	R 114 055.47
May 2018	R 21 228.17
June 2018	R 0.00

Total Amount spend from integrated grant - R 1,000,000. The expenditure rate was 100%.

3. CHALLENGES

- Under and non-reporting by other internal departments.
- Submission of certified documents
- Training and reporting on the information system.

4. RECOMMENDATIONS

- Inclusion of performance targets of senior managers
- DPW to facilitate the enrolment of all EPWP champions as commissioners of Oaths.
- One on one training to be conducted on information system.

3(c) MUNICIPAL WORKSHOP

As a modern mechanical workshop, our focus is no longer just on repairing vehicles, but providing the Kouga Municipality with a wide range of expertise to ensure that the fleet is kept in a proper running condition so that the Municipality can deliver a proper service towards the community in the Kouga Municipal area. It is the Fleet Departments' responsibility to suitably enforce the Fleet Policy and to ensure that misuse and negligent behaviour from municipal workers towards the vehicles will not be tolerated.

Whether in the workshop, assessing a faulty vehicle in the field promoting safety among the Municipal drivers and proper handling and use of vehicles to ensure our fleet is well maintained and our workshop and offices are well designed and safe, reporting, administrating, implementing a new process or system to make sure the old one work over the last year, every driver at the Kouga Municipality has continue to play a vital role on the housekeeping of our vehicles in the municipality.

What we do

The eleven (11) employees strive to do their utmost best towards the service and upkeeping of Kouga Municipality's fleet and yellow plant. Our day to day service helps to keep the one hundred and ninety (190) vehicles in a proper running condition. With skeleton staff and only the bare necessary resources available to the fleet section, we strive to manage the fleet to the best of our ability.

Prevention

The Kouga fleet section aims to deliver or reduce incidents or severity of emergencies and accidents with Council vehicles to a minimum by proper maintenance, service and fault repairs on all vehicles.

Annual inspections are done by sending vehicles for Certificate of Fitness (COF) as well as ensuring the vehicles are serviced on regular intervals. According to SANS 10090: 2003

Preparedness

It is the Fleet Department's responsibility ensuring that all Kouga's vehicles including the yellow plant are always ready and properly maintained so that in the event of an emergency, there will always be enough vehicles in a proper roadworthy condition. This may include conducting risk assessments (likelihood and severity), planning for the continued availability of essential services and identifying ways to mitigate the potential impacts of an emergency.

Functional strategies:

- Improve personal safety of workshop staff
- Improve municipal drivers' knowledge regarding the Fleet Management Policy
- Improve OHS standards on the premises
- Improve training levels of workshop technicians

Key Challenges

- To fill vacant positions in the mechanical workshop and administration section as indicated on the Organogram.

- By upgrading the workshop to a higher level of proficiency.
- Insufficient vehicles and equipment to attend to onsite breakdowns.
- Travelling distances between towns in Kouga area hamper effective service delivery in the following aspects:

  - Insufficient vehicles and equipment.
  - Not enough staff to render a 24/7 service throughout Kouga to attend to emergency breakdowns.
  - All mechanical staff needs to be sent for a refresher course.

Recommended Solutions

- Adequate budget to be made available for the provision and upgrading of infrastructure in the workshop.
- New equipment and one vehicle need to be procured in the 2018/2019 financial year.

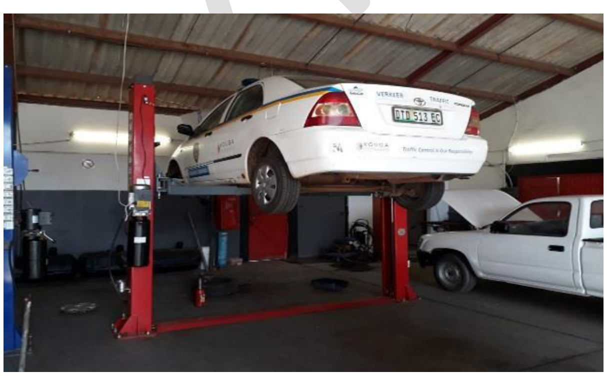
Legal requirements

In terms of Section 84(1)(j) of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), the Kouga Municipality is responsible for the functions mentioned below:

- Coordination of the standardisation of infrastructure, vehicles, equipment and Procedures;
- Training of mechanical technicians.

During 2017/2018 this service responded to a total of 2608 incidents (which includes servicing of vehicles, repairing COF faults and doing preventative maintenance)

Vehicles



Vehicles in the Fleet Department are old and are constantly breaking down. No provision was made on the 2017/18 budget for the replacement of vehicles for the Fleet Section

Type of vehicle	Registration number	Where operational	Model	Replacement
Toyota Condor	FJZ 694 EC	Entire Kouga area	2003	Yes
Nissan Sentra	BWJ 558 EC	Entire Kouga area	1998	Yes
Nissan Almega	CTC 613 EC	Entire Kouga area	2001	Yes (currently out of commission)
Ford Courier LDV	DJX 931 EC	Entire Kouga area	1996	Yes (currently out of commission)

This department could not procure new vehicles due to budget constraints, but it will be budgeted for in the 2018/2019 financial year.

TRAINING AND DEVELOPMENT

The Kouga Municipality, like all other local authorities, must submit a Workplace Skills Plan to LGSETA in terms of the Skills Development Act, (Act 97 of 1998) and related legislation.

No training is currently provided for mechanical technicians and this department relies on the Skills Development Department for training. All training must be funded by Kouga Municipality

Only one staff member from Fleet attended CPMD courses throughout this financial year.

Number of staff trained 2017/2018	Course	Where trained	Funded by who
One	CPMD	Jeffrey's Bay	Kouga Municipality

2017/2018 Departmental Achievements:

- Establishment of stores to reduce downtime of vehicles and stock with parts.
- Construct compressor room for the workshop.

- Installed a new two post vehicle lift.
- Procure new additional tools for mechanics.
- Upgraded of all mechanical equipment in workshop.
- Upgrading of infrastructure - Fleet offices. Erect of new boundary wall and entrance gate.
- Upgrading of infrastructure – workshop such painting of interior walls and exterior walls.
- Upgrading of ablution facility in the Municipal Yard ay St. Croix street.
- Upgrading of municipal stores, paint of outside walls.
- Upgrading of all facilities inside the municipal yard Jeffrey's bay, painting of all walls.
- Auction held November 2017 - all redundant vehicles and scrap sold for the value of R1.2 million.
- One (1) 4x4 Massey Ferguson tractor, refurbished.
- Repaint five (5) one-ton l.d.v vehicles.
- Procurement of two Mesh trucks.
- Procurement of two double diff refuse compactor trucks.
- Complete engine overhaul of two U.D trucks and one Isuzu truck

3.1. WATER PROVISION

The Constitution of South Africa assigns the responsibility of ensuring access to water services to Local Government. Furthermore, the Water Services Act entrusts the local municipality with provision of affordable, efficient, effective on-going water services which is sustainable. The Directorate Infrastructure, Planning and Development envisages an area that is supported by an efficient and well-maintained service infrastructure network, which allows all citizens and stakeholders access to a growing base of innovative, safe, reliable and affordable services. Service delivery requires the provision of new services as well as the maintenance of existing services.

The Present Consumer Water Quantities are:

Table 1:

TOWN	RESIDENTIAL ERVEN 2016/17	INSTITUTIONAL /COMMERCIAL/ INDUSTRIAL NUMBER OF ERVEN 2016/17	TOTAL No OF ERVEN 2016/17	RESIDENTIAL ERVEN 2017/18	INSTITUTIONAL /COMMERCIAL/ INDUSTRIAL NUMBER OF ERVEN 2017/18	TOTAL No OF ERVEN 2017/18
Humansdorp	6174	373	6547	6386	373	6759
Jeffreys bay (incl Aston Bay	11204	1419	12623	11204	1419	12623

TOWN	RESIDENTIAL ERVEN 2016/17	INSTITUTIONAL /COMMERCIAL/ INDUSTRIAL NUMBER OF ERVEN 2016/17	TOTAL No OF ERVEN 2016/17	RESIDENTIAL ERVEN 2017/18	INSTITUTIONAL /COMMERCIAL/ INDUSTRIAL NUMBER OF ERVEN 2017/18	TOTAL No OF ERVEN 2017/18
and Paradise Beach)						
ST. Francis Bay	3456	48	3504	3456	48	3504
CAPE ST FRANCIS	810	3	813	810	3	813
OYSTER BAY	555	13	568	555	13	568
HANKEY	2674	84	2758	2674	84	2758
PATENSIE	784	67	851	784	67	851
LOERIE	471	13	484	471	13	484
THORNHILL	491	13	504	491	13	504
TOTAL			28652			28864

Note: Source information: ACIP Water Conservation and Demand Management survey 2014/2015. Total erven are all registered cadastral erven, including audited vacant stands.

Key Stakeholders

The Towns of Hankey and Patensie obtain raw water from the Kouga Dam via the canal system which is operated by the Gamtoos Irrigation Board on behalf of the Department of Water and Sanitation. Raw water is treated at the Patensie and Hankey water treatment works to potable standard before distribution.

The towns of Loerie, Thornhill, Jeffreys Bay, Humansdorp and St Francis Bay obtain potable water from the Nelson Mandela Metro. The water supply of Jeffreys Bay and Humansdorp are augmented by underground water. The town of Oyster Bay is solely dependent on ground water obtained from boreholes and springs.

Level and Standard in Water Services

All the consumers within the Kouga Municipality receive water services at or above RDP standards (access to communal water standpipe in informal areas within 200m distance) Based on the Service Level Policy of Kouga to provide higher level of service, first order of assessment indicates that Kouga requires R77 million to service and provide house connections to all residents in informal settlements once formalized (excluding Bulk). Our Regional Bulk Infrastructure Program for water services requirement is estimated to be R 616 million.

Kouga Municipality is committed and endeavours to conform to the norms and standards of SANS 214 and Blue drop requirements with regards to water quality.

Due to the prolonged drought conditions and low rainfall, the major storage dams serving the area have reached critical levels. The current drought conditions have disastrous and far reaching negative implications for the region and the Kouga area.

Kouga Council initially declared a local state of disaster in the Kouga Municipal area due to the prevailing drought conditions on 31 May 2017 under item 17/5/IPD4. The declaration of a local state of disaster was published in the extraordinary Provincial Gazette No 3876, dated 12 June 2017.

Kouga Council, in terms of Section 55(1) of the Disaster Management Act No57 of 2002, renewed the declaration of a local state of disaster under Item 18/02/I&E1 at a Special Council meeting held on 1 February 2018.

The Minister of Cooperative Governance and Traditional Affairs declared a National State of Disaster which was published in Government Gazette no.41493 on 13 March 2018.

The Kouga Council re-prioritised both the Capital and Operating budgets and allocated funds to address the drought. A professional team consisting of Geo-Hydrologist, Professional engineering team, Geologists and a drilling contractor was appointed to investigate, identify and develop potential groundwater sources to augment water supply. The project was implemented in two phases during the 2017/2018 financial year.

- Phase 1. This phase consisted of all the actions required to site the boreholes and included a Hydro census of the areas, establishing ownership boundaries, Geological mapping, Geophysics, and borehole siting.
- Phase 2. This phase involved actual drilling and pump testing of borehole. Analyzing of water quality samples to determine the suitability of the water in relation to SANS 241 standard for drinking quality.

Under Phases 1 and 2 the following drill sites were identified and boreholes drilled during 2017/2018. Only the Oyster Bay boreholes were equipped and put into production.

Oyster Bay

Borehole number	Depth	Recommended Yield	Comments
GWA/OB1	139m	0	Not developed
GWA/OB2	219m	0,7 l/s @24hr/day	60 m3/day
GWA/OB3	157m	1,3 l/s @24hr/day	112 m3/day
Total volume of additional ground water			**172 m3/day**

Humansdorp

Borehole number	Depth	Recommended Yield	Comments
GWA/HD1	253m	6,0 l/s @24hr/day	518 m3/day
GWA/HD2A	130m	0	Probe hole
GWA/HD2B	103m	0	Probe hole
GWA/HD2C	151m	3,5 l/s @24hr/day	302 m3/day
Total volume of additional ground water			**820 m3/day**

Jeffreys Bay

Borehole number	Depth	Recommended Yield	Comments
JBM/BH10 (Rehab)	102m	7,0 l/s@24hr/day	604 m3/day
GWA/JB1	194m	4,5 l/s@24hr/day	390 m3/day
GWA/JB2	217m	5,0 l/s@24hr/day	430 m3/day
Total volume of additional ground water			**1 424 m3/day**

Hankey(Soetkloof site)

Borehole number	Depth	Recommended Yield	Comments
GWA/HAN1	225m		Hole abandoned drill bit stuck
GWA/HAN2	298m	0,7 l/s@24hr/day	60 m3/day
GWA/HAN3A	37m		Exploration hole
GWA/HAN3B	61m		Exploration Hole
GWA/HAN3C	301m	10,0 l/s@24hr/day	864m3/day
Total volume of additional ground water			**1 484 m3/day**

Patensie(Kouga Dam site)

Borehole number	Depth	Recommended Yield	Comments
GWA/KD1	300m	1,5 l/s@24hr/day	130 m3/day
GWA/KD2	269m	0,8 l/s@24hr/day	69 m3/day
GWA/KD3	361m	0,6 l/s@24hr/day	52 m3/day
GWA/KD4	301m	1,5 l/s@24hr/day	130 m3/day
Total volume of additional ground water			**381 m3/day**

Major Challenges in Water Services and Remedial Actions

The development of a long-term water provision master plan with reference to the upgrading and rehabilitation of Bulk Infrastructure is still outstanding. Funding for the appointment of a professional service provider to prepare such Master Plan is required.

The bulk water service level agreement with the Nelson Mandela Metro remains in draft form and this agreement needs to be finalised and concluded.

The high vacancy rate of personnel within the water section remains a concern. The appointment of suitably trained and qualified artisans, process controllers and plumbers are required.

Addressing and the curbing of water losses/unaccounted water, due to ageing infrastructure (pipe breaks and leaks) remains an on-going challenge.

The provision of adequate funding, for the upgrade and replacement of aging water infrastructure, especially pipe reticulation networks remains a challenge.

3.2 WASTE WATER (SANITATION) PROVISION

Sanitation Service Delivery Strategy and Main Role Players

The policy of Kouga LM, adopted during 2015, that the minimum acceptable standard for sanitation services will be a waterborne system in all areas.

Due to the limited own capital funding for projects, bulk infrastructure upgrading/ rehabilitation is mostly funded by grant funds.

The majority of MIG (Municipal Infrastructure Grant) funds were allocated to sewer related projects during the 2017/2018 year. These projects included the following:

- Upgrade of Kruisfontein Waste Water Treatment Works (2015-2017 project implementation life span). MIG allocation for 2016/2017 was R28,719,398.27. Work on this project is progressing well with most of the civil work component nearing completion, with only the mechanical and electrical work outstanding. This project is due for completion during the 2017/2018 financial year.

The backlog that presently exists at all Kouga Waste Water Treatment Plants in terms of over capacitation and ageing Infrastructure, is 10,5 Ml/day.

During 2016/2017 the services of a Professional Service Provider was procured for the development of a Sewer Master Plan for the Humansdorp area. This project was funded by the Department of Human Settlements and completed during 2016.

Levels and Standards in Sanitation Services

Four (4) levels of sanitation services are provided i.e. buckets only for the informal housing areas, 60% full waterborne, 37,1% with septic tanks/conservancy tanks and the next is digesters and/or VIP's (Ventilated Improved Pit).

The following table sets out the regarding sanitation within the Kouga Local Municipality

TOWN	TYPE							
	Bucket	Conservancy tank	Chemical toilets	Pit	Septic tank	Small bore	VIP	Water borne
Cape St Francis/ St Francis Bay/ Sea Vista	540	3532	18	-	-	-	-	785
Hankey	439	837	0	-	-	-	420	1 501
Humansdorp	1 568	939	36	-	-	-	-	5 608
Jeffrey's Bay	787	3 203	26	-	539	-	-	8 881

TOWN	TYPE							
Loerie	260	12	5	-		150	-	334
Oyster Bay	117	100	7	-	468	-	-	-
Patensie	470	229	29	-	49	-	-	573
Thornhill	160	0	8	-	-	-	-	504
Total	**4 341**	**8 852**	**129**	**-**	**1 056**	**150**	**420**	**18 186**

Note: Buckets and Chemical toilets serve informal settlements

Annual Performance as per Key Performance Indicators in Sanitation

The goal of the Municipality is to provide all consumer units with a full flush form of sanitation. As can be seen from the above table, 18 186 of the consumer units are already serviced with full waterborne/small bore sanitation, and 9 908 being served by septic/conservancy tanks.

As indicated earlier, all the projects being implemented and planned in the Municipality are geared to achieving the above goal.

Challenges

- Funding is required to provide households making use of conservancy tanks with full waterborne reticulation.
- Upgrade of sewer pump stations and rising mains to increase capacity.
- Provide standby generators at all sewer plants and pump stations.
- Replacement of aging vehicle fleet, especially suction tankers.
- The appointment of qualified process controllers and plumbers.
- Funding for the development of sewer master plans for each town in Kouga. Excluding Humansdorp

3.3 ELECTRICITY

Electricity Services Delivery Strategy and Main Role-Players

The Kouga Municipality is the registered Supply Authority for the towns of Humansdorp, Jeffrey's Bay, St Francis Bay, Cape St Francis and Oyster Bay, where at each town bulk supply is taken from the Eskom grid. Maintenance of the above networks is done by Kouga Municipality.

The Municipality's role is to construct, operate, and maintain the distribution network for electricity service delivery to residential, commercial and industrial consumers in each township, which includes street lighting and supplying pump stations, etc. Hankey, Patensie, Loerie and Thornhill also fall within the Kouga municipal boundary, but consumers in the first three (3) towns are serviced with electricity by Eskom, and Thornhill by the Nelson Mandela Municipality

THE PRESENT CONSUMER QUANTITIES FOR ELECTRICTY ARE:

Town	Consumers 2016/17	Institutional Commercial Industrial 2016/17	Total 2016/17	Consumers 2017/18	Institutional Commercial Industrial 2017/18	Total 2017/18
Humansdorp	6560	374	6934	6830	374	7204
Jeffreys Bay	9895	625	10520	9917	625	10542
St Francis Bay	2032	93	2125	2040	96	2136
Cape St Francis	507	7	514	513	7	520
Oyster Bay	406	10	416	410	10	420
Total	**19400**	**1109**	**20509**	**19710**	**1112**	**20822**

Note: Total excludes vacant erven.

The key factors in the service delivery strategies are to maintain a high standard of service and to ensure that electricity is available to all commercial properties, households (both formal and informal) and new development within acceptable norms. To reduce the financial burden on consumers, particularly in terms of the capital requirements for new distribution networks, applications were made to all relevant institutions for financial assistance in a well-planned manner.

Level and Standards in Electricity Services

The aim is for the levels and standards for the provision of the electricity services, to be compliant with the requirements of the National Electricity Regulator (NER) and the quality of service and supply standards of NRS 047 & 048. Annual reports in this regard were submitted to NER based on information obtained from data loggers installed at various locations in the network.
Electricity is made available to all potential consumers in the areas for which the Municipality has a supply license. The target is revised annually in accordance with the demand and the necessary steps are taken to timeously complete the work.

This includes applications to the Department of Energy (DoE) to obtain the necessary funding for both electricity and infrastructure upgrade. MIG funding is used for the provision of area / street lighting in low cost housing areas.

During 2017/2018 the Department of Energy allocated Kouga Municipality funding to the amount of R6m for the upgrade of bulk infrastructure and the electrification of houses in Donkerhoek and phase 2; 391 housing project (Kruisfontein) Humansdorp. A total of 270 erven were electrified during 2017/2018 in the following areas.

- Donkerhoek Humansdorp (Ward 4) = 116 erven
- Phase 2 391 Housing Kruisfontein(ward 5)= 154 erven

Annual Performance as per Key Performance Indicator in Electricity Services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Households with access to electricity services	**19710**	**270**	**270**	**270**	**100%**
2	Indigent households with access to basic electricity services	**5615**	**2139**	**270**	**270**	**100%**
3	Indigent households with access to free energy sources	**0**	**0**	**0**	**0**	**0%**

Major Challenges in Electricity Services and Remedial Actions

- The upgrade of infrastructure (primary network) to meet future demand and finding the necessary funds through grants etc.)
- Improve quality of supply and general service delivery.
- The prevention of tampering and illegal connection.
- Training and capacitation of staff.
- Appointment and retaining qualified employees
- Ageing vehicles and equipment

Remedial Actions

- Master planning and stringent programs to implement measures.
- Annual Review of augmentation levy (contribution by new developments and existing consumers requiring upgrading of their supplies to augment the primary

network) and consumption tariffs to meet capital program to upgrade infrastructure is undertaken.

- Appoint additional staff to monitor quality supply and level of services, and enforce methods to rectify any deficiencies in the electrical supply. Staff to attend more training courses, to improve in-house training, particularly on safety aspects.
- Provide incentives to maintain qualified staff.
- The appointment of a service provider to investigate and prevent tampering.

3.4 ENVIRONMENTAL MANAGEMENT: WASTE MANAGEMENT

Overview

The Department Environmental Management includes all activities relating to the management and control of landfill sites, illegal dumping and Environmental Management.

The function includes the following activities:

- Rehabilitation, Operation, Maintenance of Landfill Sites.
- Removal of illegal dumping
- Coastal Management
- Management of a Blue Flag Beach
- Environmental Controls

The strategic objective of this department is that all the communities of Kouga Municipality live in a clean environment that is maintained and managed in a sustainable manner.

Key issues for 2017/18

- Kouga Municipality was again awarded with full Blue Flag status for 2017/18 for Dolphin Beach.
- The Municipality was participating in the Coast Care Programme which is funded by the National Department of Environmental Affairs (November 2017 – April 2018), 68 EPWP's were appointed in all Coastal Wards which is ward 1, 12,14,15 and 7 and additional funding was made available from 01 March 2018 – 31 July 2018 for the Catchment to Sea project which was a pilot project, where additional 63 EPWPs were appointed.
- The Drop of Zones in Oyster bay and Jeffreys Bay have been completed.
- New improved equipment has been hired since October 2018 for the Waste Sites, to be in line with the Permit conditions

Challenges

Non-compliance of Landfill Sites

Illegal dumping

Solutions

Vacancies must be included in the review of the organogram.

Skip trucks for the control of illegal dumping has been purchased as well as 50 skip bins.

Refuse Collection

Overview

The planning, control and alignment of all refuse collection and transportation services that provides for specific waste management measures, will be aligned to the norms and standards in terms of the Waste Management Act and Integrated Waste Management Plan.

Strategic objectives

That communities enjoy a clean environment that is managed and maintained in a sustainable manner.

Description of activities

The refuse collection functions of the municipality are administered as follows:

- Waste Avoidance
- Waste Stream Composition

- Waste Characterisation Results
- Domestic Refuse Removal

The following areas are serviced regularly, at least once week, by the KLM:

- Jeffrey's Bay
- Aston Bay
- Pellsrus
- Paradise Beach
- St Francis Bay
- Cape St Francis
- Oyster Bay
- Umzamowethu
- Humansdorp
- Kwanomzamo
- Vaal dam
- Arcadia
- Gamtoos Valley
- Hankey
- Patensie
- Loerie
- Thornhill
- Pola Park
- Shukushukuma

Residential areas, both formal and informal in the larger towns (Humansdorp) are serviced twice weekly and the other towns (Jeffreys Bay, Hankey, Patensie, St Francis, Cape St Francis, Oyster Bay, Loerie, Thornhill) are serviced once a week. All Households in the Kouga region are receiving refuse collection service, including the informal areas.

Refuse Collection is done 3 times a week at all businesses and once a week for household refuse.

CONSUMERS SERVICED	**2016/17**	**2017/18**
Total Number of Businesses	1 106	1106
Total Number of formal households	22 130	29 641
Total Number of informal settlement households	3 990	7 939
Total Number of backyard dwellers	3 977	3 977
Total Number of Flats	223	223

AREA SERVICED	2017/18 EQUIPMENT
Jeffreys Bay	4 x Compactor Trucks (2 New) 1 x 3 Ton Truck 2 X Skip Trucks
Humansdorp	2 x Compactor Trucks 1 x Skip Truck Hired
G.V.	2 x Compactor Trucks
St Francis Bay	1 x Compactor Truck

Business and Industry and Other Waste Collection

Waste is collected from businesses weekly in all towns in KLM. Some of the main commercial centres in Humansdorp are serviced twice a week, because many of the businesses in these areas have limited space for waste storage.

Waste is removed from schools weekly and from the hospital in Humansdorp three times per week, excluding medical waste.

Complaints Management

In terms of the call centre all complaints are send to the 4 offices to which complaints are being submitted, either by telephone or in writing. Our turnaround time for refuse removal complaints, is that it must be resolved on the same day.

All complaints are recorded in a complaints book (duplicate) and given to the Superintendent and foremen for action. There is indeed an improvement in the complaints system and the turnaround time.

After the inception of the call centre there was an improvement in the management of the complaints system.

Challenges

Replacing old Refuse Collection vehicles.

There is no alignment between new development and the refuse collection.

Old outdated refuse collections routes.

Solutions:

2 new compactor trucks have been purchased.

That the refuse collection routes be reviewed on a continuous basis.

CLEANSING SERVICES

Overview

The provision of cleansing services in the overall maintenance and cleansing program within the Kouga area.

Strategic objective

Communities live in a clean environment that is maintained and managed in a sustainable manner.

Description of activities

Litter picking
Street sweeping
Cleansing of furrows
Mop-up operations

Cleansing and litter picking were done regularly in all areas – towns entrances, township entrance, flush points and all illegal dumping areas.

AREA SERVICED	2017/18 EQUIPMENT
Jeffreys Bay	1 x Mesch Truck 1 x 3 Ton Truck
Humansdorp	1 x Mesch Truck
G.V.	1 x Mesch Truck 1 x 3 Ton Truck
St Francis Bay	1 x Mesch Truck

Challenges

- Developing of new by-laws concerning littering and dumping that introduce harsh penalties to offenders.
- Continuous littering of waste by communities.

Solutions

- That the law-enforcement officials be equipped to ensure compliance with all waste related legislation and regulations.
- That 240L wheelie bins forms part of new housing development plans.
- Increasing of black bags to communities.

Achievements

Wheelie Bins were distributed to schools, all Council Offices, Libraries, Halls and Caravan Parks.
Keep Kouga Clean Campaign/Awareness project by Council and Businesses.
Adopt an Entrance Campaign.
Mayoral Cleaning Intervention Programs in all areas.

3.5 HOUSING

Housing Delivery Strategy and Main Role-Players

The Department of Human Settlements funded various bulk Water and Sanitation infrastructure projects with the aim of un-blocking housing projects in Patensie, Hankey and Jeffreys Bay.

The Department of Human Settlements appointed three (3) Contractors for the installation of services and the construction of the top-structures during the 2016-2017 financial year. The appointed contractors and projects are as follows:

Bendolite Consortuim *(Kruisfontein 391 Housing Project)*	**Ikahaya Construction *(Pellsrus 220 Housing Project***	**Norland Construction *(Ocean View 1500 Housing Projects)***
• Appointed for the installation of services as well as the construction of the top-structures. • Commenced with the installation of services on the 1st of July 2016. • The contract period is 29 months and the anticipated completion date for both the civil services and the top-structures is 30 November 2018. • Thirty-five (35) completed housing units was officially handed out to the approved beneficiaries by the Executive Mayor of the Kouga Local Municipality and the Department of Human Settlements. • During January 2018 and June 2018, a total number of 197 houses was handed over to the approved beneficiaries.	• Appointed on the 1st of July 2016 for the construction of the civil works as well as the construction of the 220 top-structures. • Problems were however experienced with the contract between the Provincial Department of Human Settlements and the Contractor. • The problems were however resolved, and the physical handover of the construction site was during March 2017. • The contractor is on-site and busy with the installation of internal services.	• Jade Africa was also appointed during July 2016, but due to contractual disputes between the Contractor and the Provincial Department of Human Settlements, their contract was terminated, and the Provincial Department of Human Settlements started with a new procurement process to appoint a suitable service provider for the installation of civil services. • After termination of contract with Jade Africa, the Department appointed Norland Construction in December 2017. • The inaugural meeting took place on the 16th of January 2018 and the physical site handover of the project was on the 22nd of May 2018. • The Contractor is only appointed for the installation of internal services.

Planned Projects:

Funding applications have already been submitted to the Provincial department of Human Settlements for the following projects and we are currently awaiting the outcome of the applications, namely:

- Arcadia 139 Housing Project
- Weston 196
- Hankey 728 (990)
- Patensie 278

Due to bulk infrastructure challenges the municipality cannot commence with the remainder of the projects namely:

- Kwanomzamo 400
- Weston 196
- Sea Vista 2000

The most important key factor in the human settlement delivery strategy is to provide an adequate and quality house that is linked to water, sewerage and electrical connection with proper access roads as defined in the National Housing Code of 2009.

Levels and Standards in Housing Services

The objective of the levels and standards for the provision of sustainable and integrated human settlements is to be fully in compliance with the minimum norms and standards as outlined in the provisions of the National Housing Code of 2009. It spells out the minimum standard that a municipality may use for the connection and installation of internal reticulated infrastructure for subsidised housing. Quality control is also monitored internally by the building control section as well as by the National Home Builders Regulatory Council (NHBRC).

Annual Performance as per Key Performance Indicators in Human Settlements Services

	Indicator name	Total number of household / customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the FY under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households living in informal settlements	**100%**	**13000**	**116**	**Application was submitted and waiting for funding approval**	**100%**
2	Percentage of informal settlements that have been provided with basic services	**100%**	**9779**	**363**	**363**	**100%**

	Indicator name	Total number of household / customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the FY under review	Number of HH/customer reached	Percentage of achievement during the year
3	Percentage of households in formal housing that conforms to the minimum building standards for residential houses	**100%**	**9779**	**2111** **(a)**	**0**	**0%**
4	Existence of an effective indigent policy	**In place adopted and approved 30/05/2014**				
5	Existence of an approved SDF	**The SDF was review and adopted by Council on 25 May 2015 under Resolution 15/5/IPD15**				
6	Existence of Land Use Management System (LUMS)	**Yes, draft by laws adopted 12/11/2015**				

NB 363 erven reflects formalization of erven in, Donkerhoek Informal Settlement.

The Human Settlements Department started with the formalization of the Donkerhoek informal settlement in Kruisfontein in July 2016 and the status of the projects is as follows:

- 363 beneficiaries who stayed on informal sites were moved to formal sites.
- All internal roads are completed.
- Communal taps are installed in the area.
- The electrical contractor has been appointed and all 363 informal dwellings are provided with an electrical connection and pre-paid electricity.

Currently there are three housing projects that are at the implementation phase by the namely Kruisfontein 391 (2500) Housing project (Contractor on-site), Pellsrus 220

Housing Project (Contractor on-site) and the Ocean View 1500 housing project (Contractor on-site).

Major Challenges in Human Settlements and Remedial Actions

- Internal shortcomings to achieve municipal housing accreditation
- Current and growing bulk limitations to promote and implement human settlements as well as the formalisation of informal settlements and the lack of a bulk master plan.
- Shortage of suitable land to establish new settlements for the growing backlogs. The municipality is in the process of addressing the shortcomings that were outlined in the recommendations of the Provincial Department.
- Policies, by-laws and the review of the Spatial Development Framework are in the process of being drafted.
- The municipality to undertake a comprehensive integrated master plan for bulk water supply, bulk sewerage, upgrading of treatment plants, storm water, access roads, electricity, waste disposal.

COMPONENT B: ROADS

3.6 ROADS

Roads Maintenance Service Delivery Strategy and Main Role Players

The road network within Kouga falls under the jurisdiction of the following authorities:

1) The South African National Roads Agency Limited (SANRAL), which is responsible for the National Route 2, which traverses the Kouga municipal area.
2) The Eastern Cape Department of Roads, which is responsible for provincial trunk, main and district roads within the municipal area.
3) The Kouga Municipality is responsible for all municipal roads.

Road network in Kouga Municipality

Road Authority	Length (km)
SANRAL (N2)	68,97 km
Eastern Cape Department of Roads	915,31 km

Road Authority	Length (km)
Kouga Municipality	402,5 km
Total	1 386,78 km

Levels and Standard in Roads Maintenance Services

The condition of roads in the Greater Kouga Municipal area has deteriorated rapidly over the past few years due to aging infrastructure, increase traffic volumes, lack of sufficient funding for maintenance and the impact of floods which have occurred over the past few years.

The standard of roads maintenance in all areas in the Kouga is the same whether its re-gravelling or resealing or pothole repair. Due to the lack of a pavement management system, visual inspection of tarred roads is performed to prioritize the reseal of tarred roads in all wards. Low level access to road maintenance services are done through a complaints register kept at each Administrative Unit. High level access is accommodated through community participation at budget meetings.

The various levels and standards of the road network under the jurisdiction of the Municipality are reflected in the table below.

Road network under jurisdiction of Kouga Municipality

Road Type	Length (km)
Tar	307,3 km
Concrete	0,2 km
Block paving	7,5 km
Gravel	87,50 km
Total	**402,5 km**

Annual Performance Service as per Key Performances Indicators regarding Roads

No	Indicator name	Total number of household/ customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (Actual numbers)	Number of HH/customer reached during the FY	% of achievement during the year
1	Percentage of households without access to gravel or graded roads	Nil	87, 5 km	Nil	Nil	Nil
2	Percentage of road infrastructure requiring upgrade	21,74%	87, 5 km	Nil	Nil	Nil
3	Percentage of planned new road infrastructure actually constructed	Nil	87, 5 km	Nil	Nil	Nil
4	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	Nil	R 380,0 m	Nil	Nil	Nil

Due to the reallocation of the 2017/2018budget towards drought mitigation, no tender was awarded for road resealing or maintenance.

In-house repairs of potholes were undertaken and an estimated 2 450m2 of potholes were repaired.

Major Challenges in Road Maintenance and Remedial Actions

Like the vast majority of local authorities throughout our country, road repair and maintenance remains a challenge due to budgetary constraints, terrain, aging road and storm water infrastructure, poor sub-surface conditions, and ever-increasing traffic volumes. The absence of a road pavement management system to assess and classify roads according to their remaining life span on a scientific basis, has not been concluded.

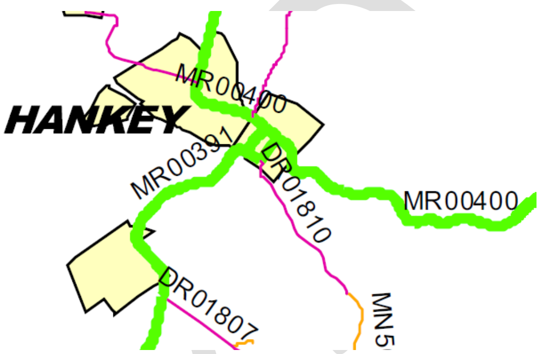
There is limited internal funding for routine road maintenance and rehabilitation, especially gravel roads. There is also no funding for the implementation of capital projects relating to surfacing of roads and installation of storm water infrastructure. The Kouga Municipality utilizes own funds for the maintenance and repair of Provincial roads located within our town boundaries. The following are Provincial roads located within town boundaries:

Provincial Road MR00381 runs between St Francis Bay and the St Francis Links Development to Cape St Francis where it runs the full length of St Francis Way into Seal Point Boulevard to the end of Seal Point Boulevard.

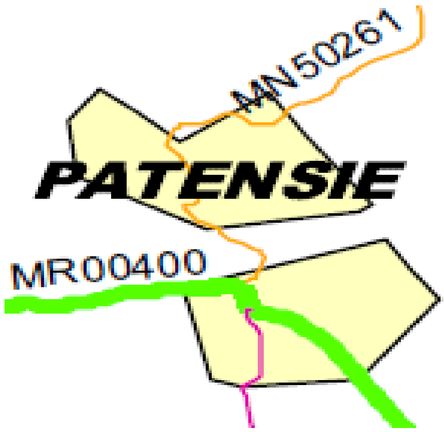
Provincial Road MR00389 runs the length of Da Gama Road up to Woltemade Street, then Woltemade Street up to St Francis Street and up the length of St Francis Street where it turns towards Humansdorp at the Fountains Mall.

Provincial Road DR 0177 links the Fountain Mall to Provincial Road MR00389 at Kabeljouws

Provincial Road MR00389 enters Humansdorp from the east and runs the length of Voortrekker Road where MR00389 ends at the intersection with Main Road. From the Main Road Voortrekker Road Intersection TR04403 continues in westerly direction as Voortrekker Road. MR00391 from Hankey enters Humansdorp and runs for the full length of Main Road up to Park Street intersection. MR 00381 from St Francis Bay enters Humansdorp and runs the full length of Park Street up to where it intersects with Voortrekker Road (TR0443).



Provincial Road MR00391 from Humansdorp enters Hankey and forms Main Street up to the intersection with Metlerkamp Street. MR0040 runs the full length of Metlerkamp Street.



Provincial Road MR0040 runs the full length of Fred Street. MN50261 runs from the Fred Street turn off to Cyril Ramaphosa as Tier Street to the point where it becomes Stuurman Street up to the intersection with Kloofnek Street.

Backlogs

The construction and surfacing of gravel roads (backlog) is approximately 87, 5 km. It is anticipated that an estimated amount of R 380million will be required for the elimination of this backlog. For the 2017/18 financial year, no capital funding was allocated for the construction of new roads or tarring of gravel roads or the upgrading and/or provision of storm water infrastructure.

Overall Service Delivery Backlogs (Formal housing not informal housing)

Basic service delivery area	30 June 2017			30 June 2018		
Water backlogs (6Kl/month)	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlogs to be eliminated (no. households not receiving the minimum standard service)	NIL	NIL	NIL	NIL	NIL	NIL
Backlogs to be eliminated (%: total household identified as backlog/total number of households in the municipality	NIL	NIL	NIL	NIL	NIL	NIL
Spending on new infra-structure to eliminate backlogs	R 47 604	R 13 902	R 13 902	R 50 460	NIL	NIL

Basic service delivery area	30 June 2017			30 June 2018		
Spending on renewal of existing infrastructure to eliminate backlog	R 151 638	R 2 750	R 2 750	R 160 736	NIL	NIL
Total spending to eliminate backlogs	R 190 659	R 22 416	R 22 416	R 202 098	NIL	NIL
Spending on maintenance to ensure no new backlogs	R 12 270	R 3 817	R 3 817	R 13 006	R 4 007	R 4007
Sanitation backlogs						
Backlogs to be eliminated (number of households not receiving the minimum standard service)	NIL	NIL	NIL	NIL	NIL	NIL
Backlogs to be eliminated (%: total households identified as backlog/total number of households in the municipality	NIL	NIL	NIL	NIL	NIL	NIL
Spending on new infrastructure to eliminate backlogs	R 239 445	R 35 809	R 35 809	R 253 812	R 23 778	R 23 778
Spending on renewal of existing infrastructure to eliminate backlog	R 133 562	R 6 400	R 6 400	R 141 576	NIL	NIL
Total spending to eliminate backlogs	R 373 007	R 42 209	R 42 209	R 395 387	R 23 778	R 23 778
Spending on maintenance to ensure no new backlogs	R 8 067	R 5 028	R 5 028	R 8 551	R 5 279	R 5 279

Basic service delivery area	30 June 2017			30 June 2018		
Road maintenance backlogs						
Backlogs to be eliminated number of households not receiving the minimum standard service)	NIL	NIL	NIL	NIL	NIL	NIL
Backlogs to be eliminated (%: total households identified as backlog/total number of households in the municipality	NIL	NIL	NIL	NIL	NIL	NIL
Spending on new infra-structure to eliminate backlogs	R 439 052	NIL	NIL	R 465 395	NIL	NIL
Spending on renewal of existing infrastructure to eliminate backlog	R 327 555	NIL	NIL	R 347 208	NIL	NIL
Total spending to eliminate backlogs	R 766 607	NIL	NIL	R 812 603	NIL	NIL
Spending on maintenance to ensure no new backlogs	R 14 145	R 4 760	R 4 760	R 14 994	R 4 950	R 4 950

COMPONENT C: PLANNING AND DEVELOPMENT

3.7 PLANNING

Spatial Planning

Preparation and Approval Process of Spatial Development Framework (SDF)

The Spatial Development Framework was approved by Council on 29 May 2015 Council resolution 15/5/IPD1

The municipality has a credible SDF that meets the required standards as set by the Eastern Cape Provincial Government through the implementation of the Comprehensive SDF Guidelines developed by Department of Rural Development & Land Reform in 2010.

Integrated Land Use Scheme (ILUS)

The Department of Rural Development and Land Reform appointed Urban Dynamics (Eastern Cape) to establish an Integrated Land Use Scheme (ILUS).

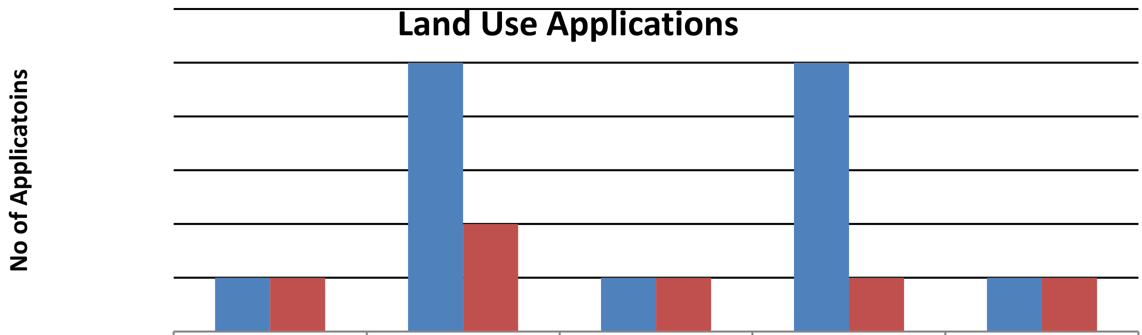
The main objective is to create an Integrated Land Use Scheme that will replace the various existing schemes and other applicable development plans. The ILUS should fit within the current legislative framework, in particular with the provisions of the Spatial Planning and Land Use Management Act, (Act 16 of 2013). It must also fit within the policy parameters established by the Provincial Government in the Eastern Cape, the Eastern Cape Spatial Development Plan and the Kouga Spatial Development Framework

Land Use Management

All Land Use Management is done in accordance with legislation requirements (e.g. Building Standard Act, Land Use Planning Ordinance, Zoning Scheme Regulations, Municipal By-laws and other applicable legislation).

The following activities was undertaken for the period 1 June – 30 June 2017

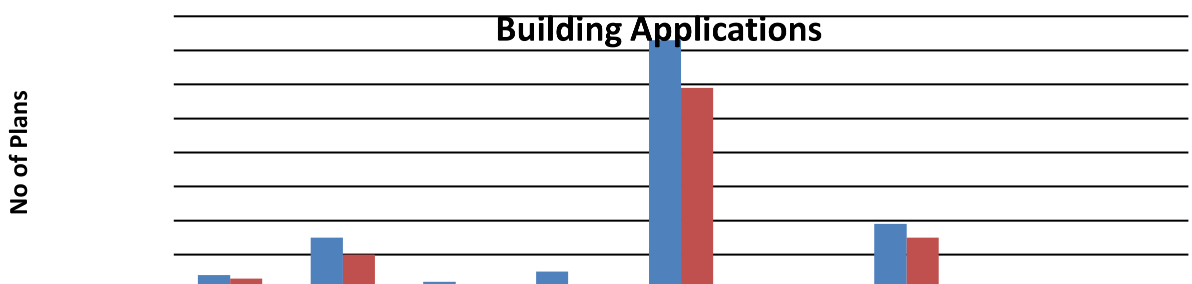
Land Use Management



	Rezoning	Subdivision	Consent Use	Departure Building Line	Removal of Conditions
Submission	1	5	1	5	1
Approved	1	2	1	1	1

- A Municipal Planning Tribunal Meeting (MPT) was held on 8 June 2017.
- A Special MPT Meeting was also held on 28 June 2017.
- The next MPT Meeting will be on 20 July 2017.

Building Control



	Minor Building Work	Fence	Swimming Pool	RDP Housing	General Building Work	Industrial/Rural/Church	Revised Plan/Alteration	Minor Internal Changes	Wind Turbine Additions
Submission	4	15	2	5	73	1	19	0	0
Approved	3	10	1	1	59	0	15	0	0

- 131 site inspections were carried out between 1 July 2017 and 30 June 2018.

3.8 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM, ARTS, SPORT DEVELOPMENT AND MUSEUMS)

Local Economic Development Service Delivery Strategy

Through the LED Office, Kouga Local Municipality has started a new process of reviewing and developing an inclusive LED strategy.

MAIN ROLE PLAYERS

Political Role Players

The Unit reports to the Planning, Development and Tourism Portfolio Committee which is chaired by the Portfolio Chairperson for Planning, Development and Tourism.

Staff role players

The staff component comprises of the current staff:

- Director Planning, Development and Tourism
- Manager LED
- PA to Director Planning, Development and Tourism
- LED Officer x 1
- LED Officer (Vacant)
- Proposed Tourism Agency

Other role players

As part of inter-governmental relations, the LED/Tourism department works in collaboration with many partners in order to facilitate the functioning of the department. These include amongst others: Dept. of Rural Development and Land Reform (DRDLR), Dept. of Rural Development and Agrarian Reform (DRDAR), Dept. of Economic Development, Environmental Affairs and Tourism (DEDEAT), Dept. of Trade and Industry (DTI), Dept. of Social Development, Coega Development Corporation (CDC), National Youth Development Agency(NYDA), Small Enterprise Development Agency(SEDA), Gamtoos Irrigation Board (GIB), Dept. Water and Sanitation, Fishing and Forestry (DAFF), Cooperative Governance and Traditional Affairs (COGTA), Sarah Baartman District Municipality (SBDM),Kouga Business Forum (KBF) and Wind Farms.

Community role players

These include the Kouga Business Chamber, Kouga Business and Rural Chamber, Kouga Emerging Farmers Forum, Kouga Cooperatives Forum, Kouga SMME Forum and members of the public who visit the LED offices on a daily basis. The LED department also collaborates with the Wind farms to bring about career opportunities for the youth as well as creating an ambling platform for job opportunities for SMME's.

Annual Performance as per Key Performance Indicators in Local Economic Development, including Tourism

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the 2016/17 year	Achievement percentage during the 2017/18 year
1	Existence of LED Unit	Fully functional LED unit	The unit has not been functional because of staff shortage and for this reason, 100% functionality could not be achieved.	Not measured	55%
2	Existence of LED Strategy	Completion of LED Strategy review	Situational analysis done, draft revised LED Strategy done, Draft Rural Strategy done. Outstanding is the Stakeholder Engagement session, public comment and council adoption. However, this process was withdrawn when it was taken to the Portfolio Committee meeting in October 2016, as the committee was not in favor of the work done so far. The recommendation was that other options should be explored.	80%	80% The LED Strategy is in the process of review

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the 2016/17 year	Achievement percentage during the 2017/18 year
3	Percentage of LED Budget spent on LED related Activities	90%	Full budget could not be spent due to staff shortage Also, tenders for repairs and maintenance to the Kouga Cultural Centre could not be awarded and completed in time before year end.	Not reported	60%
4	Number of LED Stakeholder Forum Meetings held	4	Regular engagements with the Kouga Business Forum were held, however we need to resuscitate other forums.	4	70%

5	Number of SMME's that have benefitted from an SMME Support Programme	550 SMME's	All the programmes have included SMME's registered on the Kouga LED database. –SMME's were trained on the following: Sewing – Garment & Pattern making = 23 Food Preserves and jam-making = 30 Food hygiene and food security: 60 SMME's Business Start-up (200) SMME) Co-operative development (Tools & Equipment and Material) = 3 SMME's taken to Grahamstown festival to market and sell their material =1 Brought material for co-operatives = 10 Business Start-up, All Wards = 120 How to manage your business (SEDA and KM)– All Wards = 55 Outreaches done to all wards =100	Not reported	736

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the 2016/17 year	Achievement percentage during the 2017/18 year
			Business Development Information Sharing including = 123 Transport for the GAC programme = 1 Transport and Events Company for the Woman's Day Programme = 10 Total: SMME's =736		

6	Number of job opportunities created through PPP: (This is for LED and Tourism.	100	Partnered with LED Stakeholders such as SEDA, NYDA, NHBRC, ECDC, SARS, Sarah Baartman District Municipality and the Humansdorp Museum to bring services to the Kouga communities so that they can become economically viable. Temporary jobs created through PPPS were mostly at events and festivals such as: Cleaning and Restoration of the Fisherman Graveyard = 22 Relocation of the Second Word War Soldiers from Suiderkruis Hall to the St Marks Anglican Church =4 Tourism Ambassadors =10 Repairs, Maintenance and Upgrades = 15 Citrus Expo = 20 Calamari Fest = 10 Winter Festival = 350 Total No. of temporary Jobs = 431	146 %	431

LED AND TOURISM

The priorities of this section are Local Economic Development, Tourism development, and museums development.

The Kouga tourism, Kouga Tourism Routes and Implementation Plans were compiled in 2010, and should be updated.

This section's annual implementation strategy was derived from the IDP and approved budget of the financial year. From the Service Delivery, Budget and Implementation Pan (SDBIP), work plans were created to determine the detailed implementation plans for the year. This was monitored continuously and reported to the Portfolio Committee at least once per quarter.

Due to the small component of staff and the vast jurisdiction and functions, this Section created Public Private Partnerships with community structures to serve as an implementation arm for the various priorities of the Section. The following partners (community umbrella bodies) were created: Kouga Local Tourism Organization and the Humansdorp Museum Association. The Kouga Heritage Council was disbanded after a few months due to poor public management and drive. The Humansdorp Museum Association then took over most of the latter's functions.

Each of these partners are constituted and registered Non-Government Organizations. A memorandum of agreement is in place with each of these private partners. Grant-in-aid, as well as funding for special projects are allocated to each for administrative purposes and furthering the development and marketing of tourism and museums in the Kouga Municipal area.

Tourism Development and Marketing

Tourism Development though participation with our private partner, Kouga Local Tourism Organization:

Background

The Kouga Tourism Organization consists of member representatives of our three geographic Tourism Information Centres in Jeffreys Bay, St Francis Bay and Gamtoos. Their grant-in-aid from the Kouga Municipality was **R1 320 000** for the 2017/18 financial year which included the support to the smaller tourism offices, general administration, brochures, active websites and marketing material. The Kouga Local Tourism Office then submits quarterly reports to Kouga Municipality throughout the year on performance and expenditure and regular meetings held for monitoring and evaluation purposes.

Festivals and Events

The Kouga Festivals/Events Committee approved 67 events/festivals to be staged in the Kouga Municipal Area in this financial year. These events were mainly private events and many made use of municipal land. Apart from the above, R910,000 was allocated for 10 Festivals held in partnership with the Kouga Municipality through financial support or other means.

National Trade Shows

R100,000 was allocated to attend tourism trade shows throughout South Africa to market the Kouga as a sought-after tourism destination to tourism booking *agents, travel agents, tour guides, other provinces and tourist destinations, tourists and visitors. Trade show attended were Indaba:*

* Durban: 15 – 18 May 2017: Travel Show; Getaway
* Cape Town, 31- 2 April March 2017, Consumer Show
* Getaway, Johannesburg: 23 – 25 Sept 2016: Consumer Show
* World Travel Market, 19 – 21 April, Travel and Tourisms Show
* Beeld, 24 – 26 February 2017

Other advertising ventures

R80,000 was allocated for advertising ventures. Radio Adverts: R21,000; Media Visits: R29,000; Tourism Month Advertising Campaign: R30,000. This amount was increased when the KLTO required more which they took from their general grant in aid for administration.

Branding, Signage and banners

R80,000 was allocated for branding, signage and banners. The Gamtoos Tourism installed directional-and information signs at the Phillips Tunnel and trail to Vensterhoek in Hankey. A tourism signboard was also erected to Backhouse Hoek, Milton, Rooivlakte and Vensterhoek beyond Patensie and to Baviaans Mega Reserve.

Illegal tourism signs were removed at St Francis Bay and a ''Welcome to St Francis'' banner was purchased for use during major events and during the season.

The bus shelters at St Francis Bay were repaired and rebranded with tourism branding.

Tourism asset improvement and beautification.

The monument at the light house in Cape St Francis was upgraded and improved with new signage and a map of South Africa included. The garden around the monument was also cleaned.

Phillips Tunnel at Hankey was cleaned and the walkway to Vensterhoek cleared.

A clean-up of the shoulders of the road of Hankey leading to Patensie, for visitors going to the Baviaans Mega Reserve was done. This is an ongoing project as littering is continuous in that area.

Tourism Trainings

Ballet Training for six primary school kids for first term (6)
Forecourt Attendant Training (12 Petrol Attendant Trained in Tourism)

Visual and Performing Arts

The last trench of money for the Kouga Municipality to host the ''Kouga's Got Talent'' was received from Sarah Baartman District Municipality. This brings the total amount to R250,000.

Museums

Background:

We have two museums in the Kouga Municipal area, namely the Humansdorp Museum Humansdorp and the Shell Museum in Jeffreys Bay. Both buildings housing the museums belong to the Kouga Municipality. The artefacts in the Humansdorp Museum belong to the Humansdorp Museum Association, whereas the artefacts in the Shell Museum belongs to the Kouga Municipality. Both Shell Museum and Humansdorp Museum are managed by the Humansdorp Museum Association, a private partner of the Kouga Municipality, registered as a non-profit organization. The municipality supports the museums through quarterly grants as agreed through a Memorandum of Agreement as well as a Service Level Agreement. The Kouga Municipality supports museums financially to achieve its municipal heritage priorities. The annual budget for the museums and heritage amounted to R112,000 for general administration, repairs and maintenance and events. The Museum Association submits quarterly reports on progress, and the Kouga Municipality has meetings and monitors and manages their performance. The Museum Association submitted 4 quarterly reports to indicate how they spent their grant-in-aid.

Museum priorities:

- To develop and promote heritage in the Kouga area.
- To build a positive image and manage museums as sought-after heritage and tourism destinations.
- Maintain museums and preserve heritage assets linked to the museums.

The Humansdorp Museum is open to visitors and tourists 5 days a week and the Shell Museum six days a week. The museums are manned with one full time staff each, and managed by the Museum Association, a voluntary Non-Profit-Organization.

Improvements, Repairs and maintenance to Heritage assets:

Shell Museum:
- Kids Chairs for Kids Corner
- Installation of wording
- Tiling
- Wall Painting
- Installation of metal spikes at the back of the premises
- Remove tree and rubble in front of the museum
- Replacement of light bulbs

Humansdorp Museum:
- Installation of TV
- Installation of Plate hangers

- Reorganizing of the Museum - Installation of garage lock - Installation of Brackets for artifacts - Painting of reworked cabinet - Cupboards redone - New battery for alarm - Painting of cabinet back ground

JOBS CREATED DURING YEAR BY LED INITIATIVES (Excluding EPWP Projects)				
Total Jobs created / Top 3 initiatives	**Jobs created through LED & Tourism No.**	**Jobs lost / displaced by other initiatives No.**	**Net total jobs created in year No.**	**Method of validating jobs created / lost**
Reporting Period	431	No info	No info	Through programmes of LED & Tourism

TRAINING

LOCAL ECONOMIC DEVELOPMENT POLICY OBJECTIVES TAKEN FROM IDP						
Service Objectives (i)	Outline Service Targets (ii)	Year		Year 2017/2018		
		Target	Actual	Target		Actual
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)
	People trained through LED & Tourism	No info	No info	550	347	347

EMPLOYEES: LOCAL ECONOMIC DEVELOPMENT SERVICES

Job Level	Employees No.	Posts No.	Employee No.	2016/17 Vacancies (full-time equivalents) No.	2016/17 Vacancies (as a % of total posts)	2017/18 Vacancies (full-time equivalents) No.	2017/18 Vacancies (as a % of total posts)
0 – 3	3	3	3	0	0		
4 – 6	4	5	4	1			
7 – 9							

	Adjustment Budget 2016/17	Actual Expenditure 2016/17	Variance 2016/17	Adjustment Budget 2017/18	Actual Expenditure 2017/18	Variance 2017/18
Total Operational Revenue	8,658,434	7,445,600	.86	445,000	0	445,000
Expenditure:						
Employment	4,654,538	4,121,766	.88	2,530,781	2,504,034	26,747
Repairs & Maintenance	50,000	46,212	.08	50,000		50,000
Other	3,953,896	3,277,622	.83	3,969,635	2,618,632	1,351,003
Total Operational Expenditure	8,658,434	7,429,398	.86	6,550,416	5,122,666	1,427,750

	Adjustment Budget 2016/17	Actual Expenditure 2016/17	Variance 2016/17	Adjustment Budget 2017/18	Actual Expenditure 2017/18	Variance 2017/18
Net Operation Expenditure						

Capital Expenditure Year 2017/18: Economic Development Services and Tourism					
Project	**Budget**	**Adjustment Budget**	**Actual expenditure**	**Variance from original budget**	**Total Project Value June 2017**
Total All					
Project A: Fencing KCC					
Project B: Infrastructure KCC					
Project C: Furniture & Equipment					
KCC Infrastructure rolled over to new financial year due to tender processes.					

RENEWABLE ENERGY SUPPORT (SOLAR LIGHTS ON THE BEACH)	R 50 000.00
AMAHLE WASTE RECYCLING	R 90 000.00
EZAMANTAMBO	R 55 000.00
CLAYTON DAMONS TRANSPORT	R 150 000.00
BUBELE SECURITY SERVICE	R 150 000.00

KOUGA CULTURAL CENTRE	R 331 420.00

COMMENT ON LOCAL ECONOMIC DEVELOPMENT CAPITAL PERFORMANCE OVERALL:

The infrastructure for the Kouga Cultural Centre, i.e. Windows and doors, thatch roof and general repairs has hardly been spent. Reason for this was that the budget was first on the operating budget, which was incorrect, and should have been part of the capital projects. This had to be corrected with the adjustment budget, (approved in March 2017). The fixing of windows and doors tender plus the repairs to the thatch went through the Bid Specification Committee and was approved, yet did not go through the Bid Evaluation and Bid Adjudication process due to the expiry of the financial year. A roll over was requested from finance which was granted.

The capital budget on the vote of the director was never spent.

FOOD PRESERVES AND JAM-MAKING TRAINING

Food Preserves and Jam Making Training was held on 24 to 28 July 2017 in the weston Community Hall.

A total of 20 community members were trained.

The objective of the training was to teach community members not only to grow vegetables, but also how to process fruit and vegetables into jam and how to preserve fruit and vegetables.

REFURBISHMENT OF THE FISHERMAN GRAVESITE IN PELLSRUS

According to Bert Behrens: "If it were not for the colored fishermen who, all those years ago, put the spotlight on, which later become Jeffrey's Bay, this fast growing town, the Jewel of the Eastern Cape, may not have been what it is today." (From: Old Jeffrey's Bay- Lest We Forget - P54).

A number of the very early fisherman and their family members are buried at the historic grave site which was sadly neglected and the headstones in a state of dilapidation. The Historic Fishermen Grave Site was recognized by Council as having significant historic value that needs to be restored and preserved for future generations.

In November 2005 a plague was unveiled in the grounds of the municipal offices and a tree planted in remembrance of fishermen that lost their lives.

In 2017 it was decided to honor not only the fishermen that drowned but also the fishermen and their families who suffered hardship to provide for their families. This project was initiated by LED and Humansdorp Museum Association and completed early 2018.

The Historic Fishermen Cemetery was properly cleaned, the fencing replaced and repaired and a wall of remembrance built with some of the names of people buried in the cemetery engraved on granite. Some graves were only marked with some rocks and hardly visible. The stones were painted to make the graves more visible.

BUSINESS INFORMATION SHARING SESSION

A business information sharing session was arranged on 29 May 2018 in the Humansdorp Civic Centre to expose Local SMME's to generic information to improve opportunities for the Local SMME's to secure contracts with Government Departments. This event was attended by 104 SMME's from the Kouga area.

INVESTOR CONFERENCE

Kouga participated in an Investor Conference over the period 27 to 28 June 2018. The intention of the conference was to expose investment opportunities in the State Coastal Maritime Infrastructure for the expansion of current businesses, creating new business opportunities and to create employment opportunities to stimulate economic growth and ensure economic transformation.

CANADIAN VISIT

The Federation of Canadian Municipalities (FCM), in partnership with the South African Local Government Association (SALGA) received a contribution from Global Affairs to implement "The Building Inclusive Green Municipalities (BIGM)" program for 51 months (4.3 years).

Kouga Municipality received the Canadian delegation on 18 June 2018.

The aims of the BIGM program are to improve the capacity of South African municipal governments to support effective service delivery, inclusive local green economic growth and enhanced climate change mitigation and adaptation measures.

The program will pilot local economic development initiatives to promote job creation, poverty reduction, and enhanced well-being, while empowering women, youth and vulnerable groups, and ensuring their inclusion as decision makers and beneficiaries. The BIGM program will also improve municipal-level plans and policies targeting climate change adaptation and mitigation, including asset management policies and practices.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.9 LIBRARIES, MUSEUMS, AND COMMUNITY FACILITIES

Library Service Delivery Strategy

- To ensure that the communities of Kouga have access to facilities and resources that libraries offer;
- To develop skills, preserve and conserve their culture and natural heritage
- Provision of a safe and free library service for reading and learning,
- Provision of a free and guided access to knowledge and information to support formal and informal education.

Levels and Standards of Library Services

The function of Library Services for the Municipality is as follows;

Kouga Municipality Libraries provide the community of Kouga with access to educational, informational and recreational material in general or for specific users regardless of race, gender, age, language, financial or educational status.

The function includes the following activities:

- Collection, development and management,
- Development, promotion and maintenance of a reading culture through delivering of programmes

- Ongoing research, planning, monitoring and evaluation to improve service delivery,

Annual performance as per key performance as per key indicators in Library services

Description of the Activity and Analysis of the Function	Libraries	No. of Facilities 2016/17	Actual 2016/17	No. of Facilities 2017/18	Actual 2017/18
Library Facilities and Infrastructure	Library facilities Renovations of Patensie Library Facility by Department of Sports Recreations Arts & Culture to the value of **R1,219m.** The building of Sea Vista Library is in progress through built through the Kouga Windfarm and the possible completion date will be August 2018. The plans for the renovation and extension of the Jeffreys Bay Library will commence In the 2018/19 financial year by the Department of Sports, Recreation, Arts & Culture to the value of **R11,2m**	13	13	13	13
Book Circulation	Lending out books, magazines, newspapers, Photocopy services, Free internet access, Outreach programmes.		151155 (No. of Books issued)		
Library Users	The number of people who used and visited the libraries		288 239		
Library Services	4 x Library assistants were appointed to combat the challenge of staff shortages 1x Senior Library assistant were appointed by Kouga		Tokyo Sexwale, Thornhill, Weston, Hankey,		

			Ukhanyis o		
Programmes & Activities	July School Holiday District Spelling Bee Event in August National Book week in November Christmas Holiday Program Library Week in March World Play Day June 2018.			All Libraries	All Libraries

KPI	CHALLENGE	POSSIBLE SOLUTION
Effective Library Services	Phillipsville & Ramaphosa Libraries still using pre – paid electricity	To facilitate the installation of conventional electricity by Infrastructure Dep (IPD)
	Internet Services for the public	Prioritizing the installation of internet lines to the Libraries

LIBRARY WEEK – 16-20 MARCH 2018

WORLD PLAY DAY, PATENSIE LIBRARY 06 JUNE 2018

PARKS AND OPEN SPACES

Overview

The establishment and maintenance of public open spaces within the Kouga area.

Strategic objective

- The Communities have access to Public Open Spaces and Gardens which are well managed and maintained.

Description of activities

- Mowing of Grass (Verges, Picnic Areas, Public Open Spaces
- Alien Vegetation/ Bush Clearing.
- Maintenance program for water plants, verges, open spaces, play parks.
- Removal of debris.
- Maintenance and beautification of open spaces, gardens and entrances.
- Maintenance of existing play parks.
- Development of new play parks.
- Procuring of equipment for play parks.
- Planting, Trimming and felling of trees.

Budget of R 800 000.00 was available for new equipment and tender was advertised, but bidders were non-responsive.

Key challenges

- Upgrading of existing play parks to set standards.
- Procuring of new playing equipment in the various play parks.
- Plant trees at the various play parks on sidewalks.
- The development of a sustainable Municipal open space plan and/ or the improvement thereof.
- All new developments must include facilities such as play parks.

Recommended Solutions:

- That existing play parks be upgraded and maintained in a sustainable manner.
- That a proper public participation program be developed to engage affected communities to create a sense of ownership.
- That Council ensures that all new developments cater for sufficient land provision through the Spatial Development Framework to accommodate these recreational facilities.

3.10 CEMETERIES AND CREMATORIUMS

CEMETERIES

Overview

The identification of land, planning and co-ordination of all cemetery management activities throughout the Kouga.

Strategic objective

Communities to have access to affordable and adequate cemetery and maintenance service.

REA	WARD	BURIALS PER YEAR 2016/17	BURIALS PER YEAR 2017/18	EXISTING SPACE	LIFE SPAN
Humansdorp					
Town	15	141	174	226 graves	18 months
Kwanomzamo	6	61	108	761 graves	5 years
Graslaagte	15	0	0	Full	None
Jeugkamp	4	0	0	Full	None
Jeffreys Bay					
C-Place	11	146	151	449 graves	2 years
Dr BB Keet	3	0	0	Full	None
Pellsrus Duine Weg	2	0	0	Full	None
Pellsrus Roman street	2	0	0	Full	None
Hankey					
Centerton	9	110	142	27 graves	4 months
Town	9	10	27	83 graves	4 years
Weston	13	10		50 sites	8 years
PATENSIE					
Ramaphosa	10	0	0	Full	0
Town	10	10	98	176	2 years
THORNHILL					
Private Land	7	21	34	76	None
LOERIE					
Loerieheuwel	7	19	48	61 graves	3 years

Description of activities

- Identification and application for new cemeteries
- Maintenance of existing cemeteries
- Maintain electronic burial register system
- Digging, trimming and closing of graves
- Access control of cemeteries
- Cleaning and beautification of cemeteries
- Cleansing of public amenities at cemeteries

- Administration and maintenance of; The Wall of Remembrance

Challenges

- Most cemeteries are full and near full.
- Not dedicated team to provide for the maintenance service at all the cemeteries.
- No proper fencing at cemeteries.

Solutions:

Implementation of Cemetery Management System.

Proper cleaning and maintenance program.

Tender for fencing of the existing cemeteries has been awarded.

Achievements

Fencing of C-Place cemetery.

Appointment of Service Provider for the EIA process

Extension of Thornhill Cemetery.

3.11 CHILDCARE; AGED CARE; SOCIAL PROGRAMMES

SPECIAL PROGRAMMES

Special Programmes Service Delivery Strategy and main role players

The function of Special Programmes and HIV & AIDS for the Municipality is as follows:

- The implementation of Special Programmes for youth, children, women, the elderly; and people living with disabilities; and mainstreaming HIV & AIDS programmes including mitigation measures in communities and the development of social cohesion.

This service delivery strategy includes the following activities:

- Establishment of Forums for Women, Youth and People with Disabilities Empowerment
- Policy development on Youth Development, empowerment of people with disabilities and women empowerment,
- Formation of partnership with other sector departments in implementing programmes and campaigns,
- Establishment of a Kouga Youth Council, Women's Caucus and Disability Council

Levels and Standards of the Special Programmes Unit

The unit provides necessary support to the Executive Mayor. It ensures that all needs of the vulnerable groups are met, with special emphasis on five groups: youth, women people with disabilities, children and the elderly. Coordinates the delivery of community services plans and programmes through the provision of guidance on applications and processes to promote and achieve the social responsibility objectives of the municipality, execution of procedural and administrative requirements, interacting with community based structures to facilitate alignment of needs and priorities, creating awareness and encouraging participation and, attending to arrangements in respect of specific events/ programmes in accordance with budgetary allocation in order to ensure social upliftment and development objectives are accomplished

HIV and AIDS

HIV & AIDS Service Delivery Strategy

- To provide the support the Executive Mayor.
- To ensure that all the needs of the community of Kouga are met with special emphasis on five focus groups: the youth, children, women, elderly people and people with disabilities and includes the HIV & AIDS aspects of the said groups.
- To improve the HIV /TB & AIDS status of the community of Kouga Municipality.

Levels and Standards of HIV & AIDS

The function of HIV & Aids Unit is as follows;

- The implementation of mainstreaming of HIV & Aids programmes including mitigation measure in communities and the development of social cohesion

These functions included the following activities:

- Effective functioning of LAC, e.g. meetings takes place quarterly
- Training of Local Aids Council members on roles and responsibilities
- Formation and strengthening of partnership with other sector departments in implementing programmes and campaigns.
- Formation of ward-based HIV & Aids Forums in all wards

Annual performance as per key performance indicators on HIV & Aids

KPI	2016/17 DATE	2017/18 DATE	DESCRIPTION OF 2017/18 ACTIVITY	OUTCOMES
Cancer Awareness Programs	24 – 26 October 2016	16 – 20 Oct 2017	Cancer awareness programme (Pink Drive) for Kouga Communities and Kouga Employees aimed at educating communities on their role in the battle of cancer, the myths and stigmas against cancer patients	Kouga Communities reached: 203 - Kwanomzamo 100 – Sea Vista 173 – Jeffreys Bay Kouga Employees: 78 – Jeffreys Bay Unit 76 – Humansdorp 77 - Patensie
Women's Month Programs	25 August 2016	25 August 2017	Young Women's programme was done in Jeffreys Bay Comprehensive School: Taking Charge of one's life: **You Only Leave Once** - was the theme	81 Female learners were reached
World AIDS Day	5 – 7 December 2016	4 – 8 December 2017	World Aids Day Event with door – to door campaign as build – up programme before to the main event at Kwanomzamo	100 Community members attended HIV Screening: 50

		14 December 2017	Main programme on the 8th December 2017 at KwaNomzamo Community Hall Taxi Drivers programme conducted in collabaration with Khethimpilo	Sugar Diabetes Testing: 36 Hypertension : 24 Referrals : None 20 Taxi Drivers reached: HIV Screening: 20 Sugar Diabetes Testing: 14 Hypertension : 14 Referrals : 3
Condom, Teenage Pregnancy & STI Week	19 October 2016	12 - 14 February 2018	Awareness campaign on teenage pregnancy was held at to emphasize effects of teenage pregnancy disadvantages, HIV, STI, s Condom usage teenage at Lungiso High School, Makukhanye Primary School and Masisebenze Primary School in Westorn	Learners reached 150 Leaners from all three schools showed knowledge of the topics.
TB Month Programs	15 – 18 May 2017	18 – 20 September 2017	End of Season TB campaign which was a follow up of TB campaign conducted in May 2017. Campaigns were conducted in the following areas: Westorn, Centerton/Phillipsvilleand Patensie from the 18 – 20th September 2017	Community members reached: 242 Services Rendered: Diabetes Screening: 242 HB Screening 198 Cervical Cancer 28

		13 – 27 March 2018	Workshops and dialogues were held with Community members in various areas of Kouga: Humansdorp, Sea Vista, Kruisfontein to get views on how to improve on health care services, what to be done to encourage the defaulters to take and adhere to their treatment.	HIV Screening 214 TB screening 240 Mental Disorder test: 146 Services Rendered on the 27th March 2018, Provincial TB Day: TB Screening: 111 TB Presumptive: 27 Sputum Sent: 26 HIV Positive Screened: 5 Diabetes Screened: 8 Positive Sputum: 0 HIV Testing& Couns: 54 Blood for CD4: 2 Diabetic Screening: 2 Diabetic Visit: 12 HB Screening: 115 HB Visit: 20 Dental services: 65 Family planning: 01
Candle Light Memorial	25 May 2017	24 May 2018	The event was held at Kwa – Nomzamo with door to door campaign conducted as build – up programme before the main event.	100 Community members reached: 81 Went for Services on wheels: TB Screening 28 TB Presumptive 28 Sputum Sent 05

				HIV Cons & Testing 20 New HIV positive 26 Diabetic Screening 10 HB Screening 40 Obese 01 Family planning 01
Local Aids Council	Quarterly	Quarterly 6 -7 June 2018	Local Aids Council active and meetings taking place quarterly. Training of Local Aids Council Health & Education Portfolio members	Local Aids Council Meeting held quarterly 18 Committee members were trained, certificates to be handed over to members on the next LAC meeting in September.

Annual HIV & AIDS Statistics

FACILITY	TOTAL ART 2015/16	TOTAL POSITVE 2015/16	TOTAL ART 2016/17	TOTAL TEST POSITIVE 2016/17	TOTAL ART 2017/18	TOTAL POSITVE 2017/18
ANDRIESKRAAL	68	10	66	17	61	1
HUMANSDORP CLINIC	1100	229	1110	130	1148	196
KRUISFONTEIN CLINIC	520	75	280	51	573	72
IMIZAMO YETHU	259	92	584	50	298	88
LOERIE CLINIC	166	23	173	13	169	32
LOERIE MOBILE	0		0	1	1	6

FACILITY	TOTAL ART 2015/16	TOTAL POSITVE 2015/16	TOTAL ART 2016/17	TOTAL TEST POSITIVE 2016/17	TOTAL ART 2017/18	TOTAL POSITVE 2017/18
MASAKHANE (HANKEY)	423	147	492	95	488	76
PATENSIE 1	0	25	0	2	3	11
PELLSRUS CLINIC	1086	230	1318	130	1113	153
ST FRANCIS BAY	428	53	429	72	386	50
SUURBRON	0	7	0	9	3	14
THORNHILL	161	27	177	12	177	8
WESTON	202	42	221	28	236	31
TOTAL	**4499**	**960**	**4850**	**605**	**4656**	**738**

Major Challenges and remedial action:

PROGRAMME	CHALLENGES	SOLUTION
Implementation of HIV & Aids workplace programmes	No policy in place to address HIV / AIDS workplace programmes	Development of HIV / AIDS workplace policy and programmes to ensure knowledgeable and educated workforce

PINK DRIVE- CANCER AWARENESS MONTH

MAKUKHANYE TEENAGE PREGNANCY WEEK 2018

WORLD AIDS DAY - 2017

SPECIAL PROGRAMMES

Special Programmes Service Delivery Strategy and main role players

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Annual performance as per key performance indicators on Special Programmes Unit

KPI	2016/17 DATE	2017/18 DATE	DESCRIPTION OF 2017/18 ACTIVITY	OUTCOMES
Mandela Day Program	18 July 2017	On 18 July 2017	The Kouga Municipality held its Mandela Day Programme at the Tokyo Sexwale creche in Jeffreys Bay. The focus of the Mandela Day focused on a face uplift of the Tokyo Sexwale crèche by painting, cleaning and fixing the toilets of the creche.	Programme was successful
		On 26 July 2017	The Kouga Local Drug Action Committee held a workshop in Humansdorp Country Club. The purpose of the workshop was to develop a programme of action for the KLDAC	- The Programme was a success

KPI	2016/17 DATE	2017/18 DATE	DESCRIPTION OF 2017/18 ACTIVITY	OUTCOMES
Kouga Mayors Cup		23 September 2017	Kouga Mayor's Cup: Rugby tournament took place at the Pellsrus Sport field	- Programme was a resounding success - Winners awarded with prizes
Women's Programs		the 02 August 2017	A Sanitary Dignity Programme was held on the 02 August 2017, at the Kouga Country Club in Humansdorp. Learners from Humansdorp Secondary School, Lungiso High School, Vulumzi High, Khanyisa and Rainbow Special Schools formed part of the programme on the day.	- Sanitary towels were handed to girls and hygiene packs to boys from the schools that were invited to be part of the programme.
		On the 25August 2017	A Girls Dialogue was held at the Jeffreys Bay Comprehensive school. female learners were targeted and 81 attended they were and were divided into 6 groups, each group given a topic to debate on.	- The Programme was successful as all 81 girls took part in the dialogue.

KPI	2016/17 DATE	2017/18 DATE	DESCRIPTION OF 2017/18 ACTIVITY	OUTCOMES
Youth Programs		On 21 September 2017	The Special Programmes Officer launched the Youth Forum of ward 4 and 5. These structures were not established during the May – June Road.	The forum is launched
		05 December 2017	The Provincial Human Settlement launched the Youth Brigade Programme in collaboration with the National Home Builder Registration Council (NHBRC), as well as Kouga Local Municipalities. The Programme entail training, mentoring and creating work opportunities for the youth	32 Young people from Ward 4, 5, 6 & 15 were recruited and are trained as artisans
		25 February 2018	Youth of Kouga that was successfully recruited to attend a 6 months training on Facilities Maintenance Programme in Grahamstown at the Department of Defence.	16 Youth from Kouga Municipality Area attended a 6 Months long programme in Grahamstown.

Disability Programs		31 July 2017	The Kouga Municipality in partnership with the Nelson Mandela APD (Association for Persons with Physical Disabilities) held a one-day workshop in Jeffreys Bay Pellsrus caravan Park.	- The workshop sensitised B&B staff about disability issues
		01 September 2017,	The Kouga Municipality held a Casual Day. It is a campaign of the National Council of and for Persons with Disabilities (NCPD). To earn the right to dress up this way at the workplace, participants make a donation of R10 for the official Casual Day sticker.	
16 Days of Activism		24 November 2017	The 16 Days of Activism for No	Stakeholders in Kouga and the

KPI	2016/17 DATE	2017/18 DATE	DESCRIPTION OF 2017/18 ACTIVITY	OUTCOMES
Campaign for No Violence Against Women & Children			Violence Against women and children was Launched in Lingelethu Community Hall in KwaNomzamo this programme was done in collaboration with Sarah Baartman District Municipality.	Community voiced out their concerns with regards to Gender Based violence and the key drivers of the gender-based violence
		11 December 2017	Kouga Municipality held an integrated Disability Awareness and 16 Days of Activism for no violence Against Women and Children.	The Programme targeted 200 persons with disabilities including women and elderly from various wards in Kouga.
Senior Citizens Programs		27 November 2017	The Wise People Elderly club was visited in Loerie by SPU office together with Masiphakameni.	Food hamper of the value of R1000 was donated the elderly to bring relief over the festive season.

KPI	2016/17 DATE	2017/18 DATE	DESCRIPTION OF 2017/18 ACTIVITY	OUTCOMES
Children		13 January 2018 30 May 2018	Back to School Campaign Child Protection week event in Ward 10 in	The Mayors well wish message was sent to all 30 Schools in Kouga. Toys were given out to children at the Kabouter & Hess Creche in Patensie.

BACK TO SCHOOL CAMPAIGN 2018

LAUNCH OF THE 16 DAYS OF ACTIVISM FOR NO VIOLENCE AGAINST WOMEN AND CHILDREN


EXIT
EXIT

Major Challenges in Special Programmes Unit and Remedial Action

PROGRAMME	CHALLENGES	SOLUTION
Local Drug Action Committee	The LDAC was established on November 2016, the Executive Mayor appointed the members to serve on the committee. Despite this the committee is struggling to operate and to be fully functional.	A constitution with clear terms of references should be established to address proper functioning of the Local Drug Action Committee

COMPONENT E: ENVIRONMENTAL PROTECTION

INTRODUCTION TO ENVIRONMENTAL PROTECTION

Environmental protection is a practice of protecting the natural environment on an individual, organization and government level, for the benefit of both the environment and humans. Due to the pressure of overconsumption, population and technology, the biophysical environment is being degraded, sometimes permanently. This has been recognised, and government has started placing restraints on activities that cause environmental degradation.

3.12 POLLUTION CONTROL

POLLUTION CONTROL

Pollution Control is the process of reducing or eliminating the release of pollutants (contaminates, usually human – made) into the environment. It is regulated by various environmental agencies that establish limits for the discharge of pollutants into the air, water, and land. A wide variety of devices and systems have been developed to control air and water pollution and solid waste.

Air pollution control can be divided into two categories: the control of particulate emissions and the control of gaseous emissions.

This KPA is still between Environmental Management and Health and Social Service due to the position of Environmental Control Officer being vacant. No cases of environmental pollution were handled between 2016/17 and matters if reported are forwarded to DEDEA. The only KPA that was done by this Section in terms of pollution control was the control of illegal dumping by conducting awareness education programs

3.13 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); & COASTAL PROTECTION

BIO-DIVERSITY, LANDSCAPE NAD COASTAL PROTECTION
This KPA resides with DEDEA as the municipality does not have capacity.

COMPONENT F: ENVIRONMENTAL HEALTH

Service Delivery Strategy

- To improve the health status of communities through the identification, evaluation and control of critical factors that affect the physical, social and mental well – being of communities.

- Environmental Health Services are mainly preventive health services, and are therefore largely protecting public health and preventing health hazards / risks and diseases

Functions of Environmental Health Services

- The functions of Environmental / Municipal Health Services for the Municipality is as follows:
  - Water Quality Monitoring,
  - Food Control,
  - Waste Management: illegal dumping,
  - Health Surveillance of premises,
  - Pauper Burials: attending to applications for exhumations and reburials,
  - Surveillance and Prevention of Communicable Diseases,
  - Vector Control,
  - Environmental Pollution Control, attending to complaints and health nuisances,
  - Evaluation of Cemeteries, Mortuaries, and funeral undertakers' premises,
  - Active Environmental Education Sessions and Awareness Campaigns / Programs,

- Business registration & hawker programs

The above functions as rendered by the Municipality excludes Port Health, Malaria Control and Hazardous Substances which are functions and competency of the Eastern Cape Department of Health.

Annual performance as per key performance indicators in Environmental Health Services

Description of the Activity and Analysis of the Function	Environmental Health	2016/17 No. of Facilities	2016/17 No. of Visits	2017/18 No. of Facilities	2017/18 No. of Visits
Surveillance of premises	Inspection and evaluation of food premises, milk farms and other facilities to ensure compliance to all Health Regulations and to ensure that products sold to the public is fit for consumption	**782**	**1872**	795	2288
Water Quality Monitoring	Water Quality Monitoring: Sampling of water for bacteriological and chemical analysis to ensure compliance with SANS 241 and to ensure that the water is fit for human consumption.	**33 Sampling Points** **12 x 33 Bacteriological** **4 x 33 Chemical** **30 x Failures**	**558**	33 Sampling Points 12 x 33 Bacteriological 4 x 33 Chemical 18 x Failures	546
Waste Management	Waste Management: identification of illegal dumping sites to	**93 Sites**	**3356**	54 Illegal dumping sites	216

	ensure a clean and healthy environment.				
Health Surveillance of Premises	Health Surveillance of Premises: Assessment of factors including ventilation, lighting, moisture and approval of building plans to ensure safety.	**36 Building Plans**	**36**	39 Building Plans	39
Surveillance & Prevention of communicable diseases	Surveillance & Prevention of communicable diseases: Health and hygiene promotion to prevent communicable diseases and disease outbreaks.		**Ongoing as per visit to facilities**	Ongoing as per visit to facilities	
Vector Control	Vector Control: Vector control of public health interest including the control of anthropoids, rodents and other alternative hosts of diseases.	**41**	**41**	8 Facilities (Municipal Buildings)	8
Environmental Pollution Control	Environmental Pollution Control: Identification of polluting agents and their sources to ensure hygienic working living and recreational environment, e.g.	**1087 Notices for Plot Clearing**	**Cleared by Council: 75** **Cleared by owners: 37**	1204 Notices for Plot Clearing	Cleared by Owners: 59

	management of overgrown plots.				
Disposal of the Dead	Disposal of the Dead: Manage, control and monitoring exhumations and reburial or disposal of human remains	**6 Applications**	**6 Approved**	17 Applications	17 Approved
Business Registration & Hawkers Programme	Business Registration & Hawkers Program: Registration of all new businesses in terms of the Business Act, including hawkers.	**196 Applications**	**186 Approved**	216 Applications	216 Approved

Key Issues for 2017 / 2018

Food Safety & Hygiene Program for Caterers:

A food safety and hygiene program for 30 caterers was hosted at the Humansdorp Country Club on the 28th September 2017.

Food safety and hygiene is a discipline describing handling, preparation and storage of food in ways that will prevent foodborne illnesses. This includes several routines that should be followed to avoid potential health hazards and prevent harm to the consumers.

The main objective of the programme was to create awareness on food safety and hygiene procedures to be adopted by food handlers to ensure that safe meals are always served during events and any other programme where catering services are to be used. This was also aimed at ensuring that food handlers and caterers adopt and promote food safety requirements in the production, handling, storage and transportation of food that will contribute towards safe food for the public or persons catered for.

The caterers and food handlers' were addressed on topics such as the following:

Five keys to safer food

- Personal Hygiene
- Kitchen Hygiene
- Good and Bad Sanitation Practices
- Acceptable condition of equipment, utensils, cutlery & crockery used for catering
- Safe Food Storage Temperatures
- Certificate of Acceptability
- Sanitizing of equipment and utensils: when to sanitize
- Food poisoning chain, high risk areas & foodborne illnesses.

Global Hand Wash Day Program:

A Global Hand Wash Day program was conducted for Day Care Centres within the Kouga Municipal Area. The program was conducted on the 30th October 2017 and the target group was the children as well as the care givers.

The aims of the Global Handwashing Day program were to:

- Foster and support a general culture of handwashing with water and soap from an early age for the prevention of disease spread through not practicing this important exercise
- Shine a spotlight on the state of handwashing in each community and age group
- Raise awareness about the benefits of handwashing with water and soap.

The Day Care Centers that were reached with the programme are:

1. Kabouter Hess & Free ECD Centre: Patensie
2. Masikhule Creche: Kwa – Nomzamo, Humansdorp
3. Madiba Bay Creche: Jeffreysbay

4. Haasbekkies Day Care Centre: Humansdorp

A total number of 134 children and 12 care givers were reached with the program.

Listeriosis, Food Safety & Hygiene Education & Awareness Program for School Feeding Schemes.

A Listeriosis, Food safety & Hygiene Education and Awareness program was conducted for schools with the Feeding Scheme program within the Kouga Area. The program was conducted from the 06th – 22nd February 2018.

Listeriosis, a serious bacterial infection caused by a bacterium known as Listeria Monocytogenes, is generally found in the environment e.g. water and soil. Animal products such as meat, dairy; seafood; fresh produce such as fruit and vegetables can be contaminated anytime and as a results human being can also be affected and get Listeriosis.

At the time of the program, the World Health Organisation had reported that the outbreak of Listeriosis in South Africa, which had nearly 750 confirmed cases, was believed to be the largest ever outbreak of this bacterial disease and 9 of these cases were reported in the Nelson Mandela Bay area.

The main objective of the programme was to create awareness on the bacteria, the infection caused, food safety and hygiene procedures to be adopted by food handlers to ensure that safe meals are always served at schools. The program also aimed at ensuring that food handlers promote food safety requirements in the production, handling, storage and transportation of food that will contribute towards safe food for the public or persons catered for.

The focus of this program was on food handlers involved in the school feeding schemes at schools around Kouga Municipality. The reason why schools were targeted was to ensure that the food handlers are vigilant and understand their role in food safety. Also, this was to ensure that a disaster of an outbreak at schools is prevented because if the bacteria was to be introduced anywhere in the food chain process at any school, this could result in that entire school being infected.

The food handlers were addressed on topics such as:

- Listeria & Listeriosis: Facts
- Five keys to safer food

- Personal Hygiene
- Kitchen Hygiene
- Compliance to R962

A total number of eighty-seven (87) food handlers were reached at the following schools:

1. Hankey Primary School	2. Vukani Combined School	3. Chigwell Primary School
4. Kruisfontein Primary School	5. Sandwater Primary School	6. Hankey Secondary School
7. Graslaagte Primary School	8. Kleinplaas Primary School	9. Loerie Heuwel Primary School
10. Humansdorp Secondary School	11. Seavista Primary School	12. Phumlile Primary School
13. Mondplaas Primary School	14. Mzingisi Primary School	15. Thornhill Combined School
16. Makukhanye Primary School	17. Weston Intermediate School	18. Bodker Public School
19. Patensie Primary School	20. Patensie High School	21. Masisebenze Primary School
22. De Mist Kraal	23. Quagga Primary School	24. Andrieskraal Primary School
25. Du Preez Primary School	26. Cockscomb Primary School	

Listeriosis Safety Recall for Enterprise Foods Program:

Following a press statement by the Minister of Health on the 04th March 2018, regarding the confirmation of the source of Listeria outbreak and the subsequent safety recall notices by the National Consumer Commission, the Environmental Health Section of the Kouga Municipality embarked on a program of ensuring that the recall products were removed from the shelves, not displayed for sale and were to be safely disposed at the cost of the producers and distributors.

The products that were up for recall were products from:

- Enterprise
- Mieliekip

- Bokkie
- Renown

Chilled foods including polonies, smoked Russians, frankfurters, pork bangers, Vienna's and spreads were recalled.

The program was conducted during March 2018 and all food premises stocking the safety recall products were visited. The visits not only focused on the recall but also on health education and awareness on listeriosis, food safety and hygiene.

A total number of one hundred and sixty-eight (168) shops were visited during the program.

An Educational Tour of Nelson Mandela University's (NMU) Environmental Health Third Year Students was conducted in May 2018 within the Kouga Municipal Area.

As part of their in-service training, the 3rd Year students of Nelson Mandela University visit Kouga Municipality on an annual basis for practical exposure in the field of Environmental Health. Thus, the Environmental Health Practitioners together with the lecturers from the university takes these students on day trips to different outlets / premises to introduce and give the students the necessary practical exposure in the field.

The educational tour for 2018 took place during the week of 15 - 18 May 2018, with a total of eleven (11) students and three (3) lecturers. The following premises were visited:

- Just Water Jeffrey's Bay - Bottled Water purification & packaging
- Pick 'n Pay Jeffrey's Bay - Food & Meat Safety
- Noah's Ark ECDC - Health Surveillance of Childhood Centres
- Balobi Processors St Francis Bay- Food Safety
- Humansdorp Water Works - Water treatment & purification
- Jeffreysbay Sewerage Works - Processing & treatment of raw sewerage
- Humansdorp Waste Site - Waste Management
- Woodlands Dairy Humansdorp - Production, packaging of milk & milk products
- Die Glen Milk Farm - Milk production

A presentation on Regulation 961 requirements for Milking Parlours and the transport of milk was offered by the Dairy Standards Agency.

Clean – Up and Awareness Campaign.

A clean – up, health education and awareness campaign was conducted in collaboration with the Cleansing & Parks and Law Enforcement at Hankey on the 15th, 28th and 31st May 2018.

The focus of the program was to clean up all illegal dumping sites in Hankey. Several shops, specifically the Spaza Shops were visited and issued with a notice on refuse collection schedules for their respective areas. The reason for the notice was that these shops were implicated in the illegal dumping of refuse especially the illegal dumping sites near their shops. All these shops have no facilities for refuse storage hence they are dumping illegally.

The shops were also visited to conduct health education and awareness on waste management, health and hygiene practices. A total number of thirty-seven (37) shops were reached during the program

Pest Control is an ongoing program rendered by Kouga Pest Control as the service provider.

Pest control is conducted at all Municipal buildings for the elimination, control & prevention of all types of pests. Municipal buildings are fumigated, and bait stations placed accordingly at strategic points.

Pest control was conducted at eight (8) municipal building during this reporting period.

Health Education & awareness as an ongoing program.

- Health education with shop owners and food / meat handlers, persons in charge is also conducted on an ongoing basis during visits and inspections at food premises, butcheries, general dealers, house shops and funeral parlous.

- Schools and day care centers are also visited regularly and health education on good hygiene and sanitation practices is conducted with learners, teachers and care givers with the aim of preventing ill – health and communicable diseases.

Major challenges in Environmental Health Services and remedial action

KPI	CHALLENGE	POSSIBLE SOLUTION
Environmental Pollution Control	Clearing of overgrown plots: Plot Clearing Team consist of only one foreman & 10 general workers with no machine operators; No policy that gives guidance to address overgrown plot issues	Additional manpower to be prioritized especially machine operators; Team be provided with enough resources; A policy that will assist & give guidance in addressing the issue of private overgrown plots has been developed & workshopped. The policy is however still a working document by different municipal sections / departments.
Hawker Registration	Influx and mushrooming of Hawkers in all areas of Kouga resulting in difficulty in managing and monitoring	Policy on Informal Trading developed and workshopped for comments and inputs. Documents still a working document by different departments.

COMPONENT G: SECURITY AND SAFETY

3.14 FIRE

Overview

As a modern fire service, our focus is no longer just on fighting fires, but providing

emergency response to a wide range of complex incidents, prevention and

preparedness, specialist operational support. Future it presents an opportunity for

Kouga fire services to deliver highly acceptable fire and emergency service, and every individual has an important role to play.

As an organisation, we can pride ourselves on the professionalism and influence over issues we demonstrate, such as the many inquiries, inquests, research, sector initiatives and projects in which we are involved. Often our influence, while not always visible, can have a broad, lasting safety benefit for our people and the community.

We continue to see improvements in the equipment we provide our firefighters. Enhancements to the Operational response, improved the safety of crews by providing incident controllers with an overview of the environment and essential situational awareness.

Whether on station, assessing a fire scene, promoting fire safety in the community, ensuring our fleet is well maintained and our fire stations and offices are well designed and safe, reporting, administering, implementing a new process or system or making sure the old one continues to work, over the last year every person at Kouga has continued to play a vital role in delivering our commitment to safer and more resilient communities.

What we do

Our forty-nine (49) employees help safeguard the Kouga residents, workers and visitors along with assets and infrastructure worth millions of rands. Our day-to-day service covers an area of over 2670 square kilometres. Our significant resources can also be called on to support emergency management anywhere in Kouga.

Fire kills. Preventing fires saves lives and reduces injuries.

The number of lost lives and injuries sustained as a result of fires are alarming. Statistics of Kouga in its analysis of the cause of death is mainly informal structure fires and motor vehicle accidents.

The fire problem is further compounded by the living conditions in informal settlements characterised by narrow streets which are inaccessible to fire service vehicles as well as the lack of street names which complicates endeavours to reach people in need.

These informal settlements comprise of shacks built with highly combustible materials (frequently wood and plastic) and positioned close to each other which increases the risk of fires spreading in these areas.

To keep up with the demand, fire stations are situated in Humansdorp (headquarters), and satellite fire stations in Jeffrey’s Bay, Hankey and St Francis Bay.

Satellite fire stations are intended to reduce the response time to incidents to render a more effective firefighting service.

Prevention

Kouga aims to eliminate or reduce the incidence or severity of emergencies. Activities can be physical or legal measures, such as compliance inspections, or requiring smoke alarms in premises. Kouga works with the community, other emergency management agencies, government and the private sector to ensure the knowledge, behaviours and regulatory and legislative frameworks exist to protect life and minimise injury and damage to assets.

Preparedness

Kouga advocates for safety in the built environment and the community, with the goal of reducing the occurrence, impact and severity of fires and other emergencies. Preparedness activities include ensuring response plans and arrangements are in place before emergencies occur. This may include conducting risk assessments (likelihood and severity), planning for the continued availability of essential services and identifying ways to mitigate the potential impacts of an emergency

Functional strategies:

- Improve fire-fighting and rescue capabilities
- Improve personal safety of fire-fighters

- Improve public knowledge of fire prevention
- Improve fire safety standards of premises with fire risks
- Maintain and update the Disaster Management Plan in conjunction with Sarah Baartman District Municipality
- Improve training levels

Challenges

The diverse topography and poor road infrastructure, long distances to remote communities and poor communications also hamper the effectiveness of the service.

The challenges need to be addressed by procuring rough terrain vehicles with large water carrying capacities.

Travelling distances between towns in Kouga area hamper effective service delivery in the following aspects:

- There are no satellite fire stations in Patensie, Loerie, Thornhill and Oyster Bay.
- Insufficient vehicles and equipment.
- Not enough staff to render a 24/7 service throughout Kouga.

Solutions

- Adequate budget to be made available for the provision and upgrading of infrastructure in Kouga.
- New equipment and vehicles were procured in the 2017/18 financial year.
- A full time professional fire service will provide support to nearby towns and areas in terms of experience, operational support, training, awareness programs, demonstration, fire prevention and law enforcement. The most important advantage of an integrated fire service is the rapid deployment of specialized vehicles, equipment and staff to all areas or towns throughout the district with less duplication and cost.

Legal requirements

In terms of Section 84(1)(j) of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), the District is responsible for the functions mentioned below:

- Planning, co-ordination and regulation of fire services;
- Specialised firefighting services such as mountain, veld and chemical fire services;
- Coordination of the standardisation of infrastructure, vehicles, equipment and procedures;

- Training of fire officers.

Kouga Municipality entered into a service level agreement with the Sarah Baartman District to perform the services on their behalf. The District contributes financially as per the formula in the service level agreement. The benefits of this arrangement need to be reviewed, with a view to protecting the interest of the Kouga Municipality.

During 2017/2018 this service responded to a total of 608 incidents.

Category	Total 2016/17	1st quarter	2nd quarter	3rd quarter	4th quarter	Total 2017/18
Buildings	**8**	6	2	1	7	**16**
Dwellings (formal brick)	**20**	10	5	2	9	**26**
Informal dwellings (shacks)	**65**	25	29	19	17	**90**
Electrical	**5**	5	3	3	1	**12**
Refuse/Waste	**36**	20	17	19	25	**81**
Vegetation	**372**	26	42	56	41	**165**
Transport	**17**	7	8	7	3	**25**
Other (not above)	**21**	6	6	11	6	**29**
Accidents	**144**	37	44	33	37	**151**
Rescues	**2**	1	0	0	1	**2**
Spillage (oil)	**3**	0	0	3	2	**5**
Miscellaneous	**2**	0	3	0	0	**3**
Other	**1**	0	1	1	1	**3**
TOTAL	**696**	**143**	**160**	**155**	**150**	**608**

Fire Safety (number of inspections conducted)	1st Quarter July-September 2017	2nd Quarter October – December 2017	3rd Quarter January-March 2017	4th April – May 2018	Grand Total 2017/2018
General inspections	36	40	39	35	**150**
Flammable liquid	5	2	3	2	**12**
Building plans	104	124	119	168	**515**
Fire Hydrants	28	24	30	92	**174**
Burning permits	6	9	12	18	**45**

A contractor was appointed to mark and take GPS coordinates in Paradise beach and Aston Bay, which will be updated on the OVVIO(GIS) system for quick identification of fire hydrants during fire activities.

Vehicles

Vehicles in the Fire Department are old and constantly break down during firefighting activities. The fact that we don't have a proper replacement policy to replace old and depleted fleet, also contributes to the aging vehicles still being in use.

Type of vehicle	Where operational	Model	Replacement
Dennis	Jeffrey's Bay	1993	Yes (currently out of commission)
Dennis	St Francis bay	1994	Yes (currently out of commission)
Toyota Tanker	St Francis Bay	1990	Yes
Nissan Tanker	Humansdorp	1991	Yes
Toyota Hino	Humansdorp	2006	No
Toyota Land Cruiser	Hankey	2009	No
Toyota Land Cruiser	Humansdorp	2009	No

Type of vehicle	Where operational	Model	Replacement
Nissan Patrol	Jeffrey's Bay	2006	No
GMC	Humansdorp	1987	Yes (currently out of commission)
Ford Ranger	Humansdorp	2006	Yes
Ford LDV	Humansdorp	2002	Yes

This department procured an all-terrain fire fighting vehicle to be utilised for structural fire fighting throughout the Kouga. A similar type of vehicle is expected for delivery during September 2018.

Training and Development

The Kouga Municipality, like all other local authorities, must submit a Workplace Skills Plan to LGSETA in terms of the Skills Development Act, (Act 97 of 1998) and related legislation.

No training is currently provided to fire fighters and this department relies on the Sarah Baartman District Municipality for training. All the training is funded by the District. The following schedule reflects staff training for the Fire and Rescue Section for the 2017/18 year:

Number of staff trained 2017/2018	Course	Where trained	Funded by who
One	CPMD	Jeffrey's Bay	Kouga Municipality
Number of staff trained 2017/2018	**Course**	**Where trained**	**Funded by who**
Twelve (12)	Fire Fighter 1&2, Hazmat Awareness, Operational and level 3 First Aid	Rural Metro	Sarah Baartman District Municipality

Staff completed fire fighter one and hazmat awareness	Staff completed fire fighter two and hazmat operational	Staff completed Basic Ambulance Assistant Course	Staff completed Level 3 First Aid Course	Staff completed Higher Certificate, Diploma & Higher Diploma
41	38	8	0	4

Staff completed fire fighter one and hazmat awareness	Staff completed fire fighter two and hazmat operational	Staff completed Basic Ambulance Assistant Course	Staff completed Level 3 First Aid Course	Staff completed Higher Certificate, Diploma & Higher Diploma
38	31	15	39	3

The following schedule reflects the current qualificartion status of operational fire fighting staff (Note that office bound staff in the fire section is not included):

Total number of staff including all officers excluding control room, admin and disaster staff	Qualification/Course	Number of staff competent/completed course/qualification successfully	Number of staff to complete course/qualification
43	Fire Fighter I	38	5
	Hazmat Awareness	38	5
	Fire Fighter II	31	12
	Hazmat Operational	31	12
	Basic Ambulance Course	15	28
	Level III First Aid	39	4

Public awareness training

AWARENESS AND TRAINING 2017/2018	1st Quarter July - September 2017	2nd Quarter October - December 2017	3rd Quarter January - March 2018	4th Quarter April - June 2018	Grand Total 2017/2018
Number of civilians made aware		154	41	137	**332**
Specify the type of institutions visited (e.g. Old age home/Hospital / Clinic / Factory / Govt. buildings / Library etc.)	Dep of Justice	Kouga Municipality Ward 1	Kouga Municipality	Municipal building; SAPS; NSRI	
Number of children and teachers made aware	1437	120	653	113	**2323**
Number of schools covered	5		4	3	**12**
TOTAL	**1442**	**274**	**698**	**253**	**2667**

Pre-primary school children visiting the Fire Station for exposure to fire safety

Capital projects for 2017/2018

Department	Description	Amount allocated	Comments
Fire	Procurement of fire fighting vehicle	R 164 896.15	Internal funding
	Fencing Hankey satellite fire station	R200 000	Internal funding

A fire-fighting trailer is operational and in use to assist the Paradise beach Community during fires.

2017/2018 Departmental Achievements

- Procurement of all-terrain fire fighting vehicle.
- Upgrading of one hundred and eighty (180) fire hydrants.
- Procurement of personal protective equipment
- Public training and awareness in all wards.
- 24/7 operation of satellite fire station in St. Francis Bay
- Appointment of one (1) station commander for Humansdorp and Gamtoos-area
- Appointment of seven additional fire fighters.
- Procurement of firefighting trailer for use of residents of Paradise beach
- Veldfire statistics for 2017/2018 show that in spite of the drought veldfires were significantly reduced and no run -away fires were encountered.

DISASTER MANAGEMENT

Overview

The objectives of the Disaster Management Division are to promote a culture of risk reduction, disaster prevention and mitigation within Kouga Municipality as well as the District Municipality. It also acts as a repository and conduit of disaster management related information and aims to capacitate communities. Furthermore, it promotes a rapid, co-ordinated and effective response to disastrous events by all role-players.

The Disaster Management Act

The Disaster Management Amendment Act No16 of 2015, provides for an integrated and co-ordinated disaster management policy that focuses on preventing or reducing the risk of disaster, mitigating the severity of disaster, emergency preparedness, rapid and effective response to disaster and post –disaster recovery and rehabilitation, the establishment and functioning of national, provincial, and municipal disaster management centres, disaster management volunteers and matters incidental thereto.

The implementation of the Principle Disaster Management Act, beginning 2003 has posed significant challenges particularly at the level of local municipalities. The purpose of the review of the act was to tackle identified challenges by maximizing the effect of disaster legislation to communities, especially those at risk.

The Municipal Disaster Risk Management Plan (DRM) is designed to establish the framework for implementation of the provisions of the Disaster Management Act, 57 of 2002, as well as the related provisions of the Municipal Systems Act, 32 of 2000.

The purpose of the Municipal DRM Plan is to outline policy and procedures for both the pro-active disaster prevention and the reactive disaster response and mitigation phases of Disaster Risk Management.

It is intended to facilitate multi-agency and multi-jurisdictional co-ordination in both pro-active and re-active related programs.

The Kouga Municipal Disaster Management Advisory Forum (KMDMAF) must establish and implement a policy framework for Disaster Risk Management in the municipality aimed at ensuring an integrated and common approach to Disaster Risk Management entities in its area.

The Kouga Municipal Disaster Risk Management Policy Framework will be –

(a) consistent with the provisions of the Disaster Management Act;

(b) consistent with the District Disaster Risk Management Framework; and

(c) consistent with the Disaster Risk Management Policy Framework of the Provincial Government: Eastern Cape.

The Disaster Risk Management Centre (DRMC) will be the custodian of the Municipal (or Kouga -wide) Disaster Risk Management Plan.

Individual Services / Directorates, Departments and other role-players/entities will be responsible for the compilation and maintenance of their own Services/Entities Disaster Risk Management plans. Along with the various specific Hazard DRM Plans, the Service / Entity DRM Plans will be considered an integral part of the Municipal Disaster Risk Management Plan.

Vehicle Component

This Department operates with only one vehicle.

Internship

Kouga Municipality currently host their first student(internship) in Disaster Management in collaboration between SBDM and Stenden University. The duration of the internship is eight months.

Awareness training for learner's project

The Disaster Management Division conducted multiple training sessions at primary schools. The purpose was to make juveniles aware of hazards and risk factors in their environment and to inform communities of what they had learnt.

The main aim is to make the community as well as the private sector aware of the following key aspects:

Prevention

- Kouga Municipality aims to eliminate or reduce the number of incidents or severity of emergencies.

Preparedness

- Kouga Municipality works to ensure that individuals and communities are able to prevent and respond effectively to emergencies. This includes: conducting assessments of the likelihood and severity of risks and identifying ways to mitigate the potential impacts of an emergency.

Response

- On being dispatched to an incident the Kouga Municipality minimises the impact of the incident and provides affected individuals and communities with immediate relief and support. The municipality responds to approximately 600 calls a year covering fires, hazardous incidents, automatic alarms, road accidents, medical emergencies, urban search and rescue and marine incidents.

Recovery

Kouga Municipality supports emergency-affected individuals and communities and aims to restore emotional, social, economic and physical wellbeing. The municipality works with partners to ensure that the community and its resources are protected and maintained, following an incident.

The Event Management Act 2010 forms part of the disaster management function as it is a legislative requirement.

- Deals with the compliance of all event risks.
- On-site inspections of all areas where tents are erected.

Challenges

- Disaster management plan needs to be revised on an annual basis.
- Ward based risk assessment plans needs to be incorporated into the disaster management plan. Sarah BDM appointed a service provider to compile a ward-based risk assessment plan for Kouga. Final draft to be adopted by SBDM Council.
- Sub Committees to keep information updated to keep disaster plan updated.
- Upgrading of the disaster management centre.
- Staff shortage

Solutions

- Keep disaster risk management plan updated as developments increase in Kouga area.
- Review of the Disaster Management Advisory Forums
- Functioning of the Disaster Advice Committee meetings
- Appointment of additional staff
- Establish a mini well-control disaster center by June 2019.

Event management

The Event Management Act 2010 forms part of the disaster management function as it is a legislative requirement.

- Deals with the compliance of all event risks.
- On-site inspections of all areas where tents are erected.

Achievements

- Two senior lifeguards were appointed in the 2017/2018 financial year.

Risk in different areas in Kouga

AREA	HIGH	LOW	Challenges
Humansdorp	Floods Domestic Fire		Storm Water System Maintenance. Informal Settlement Areas. Social factors
St Francis Bay	Domestic Fire Structure Fire Flooding	Sea level	Domestic fires are high in the formal and informal areas due to Social challenges. Structure fires are a high-risk due to electrical and Social factors. Sea Risen due to Climate Change and Global Warming factors. Formal and informal areas get flooded due to lack of storm water system and maintenance
Oyster Bay	Flooding Domestic Fire	Sea level	Formal and informal areas get flooded due to lack of storm water system and maintenance. Domestic fires are high in the formal and informal areas due to Social challenges Sea Risen due to Climate Change and Global Warming factors
Jeffreys Bay	Domestic Fire Flooding	Sea level	Domestic fires are high in the formal and informal areas due to Social challenges Formal and informal areas get flooded due to lack of storm water system and maintenance. Sea risen due to Climate Change and Global Warming factors.
Thornhill	Flooding Domestic Fire	Veld Fire (Bush Plant)	Formal and informal areas get flooded due to lack of storm water system and maintenance Domestic fires are high in the formal and informal areas due to Social challenges. Bush fires and Plantation forestry

AREA	HIGH	LOW	Challenges
Hankey	Domestic Fire Flooding		Domestic fires are high in the formal and informal areas due to Social challenges. Informal Settlements
Patensie	Domestic Fire Flooding		Domestic fires are high in the formal and informal areas due to Social challenges. Flooding is more in the low line farm areas

Traffic Law Enforcement

Overview: Road accidents claim thousands of lives on South African roads and it is essential to have a well-equipped road traffic enforcement agency, to influence driver behaviour. Law enforcement is guided by the National Road Traffic Act 93/1996 and supported by the Criminal Procedure Act 51/1977.

Functions:

- Road Traffic Safety is the mandate of the department of Transport. This mandate is delegated to provincial and local authorities.
- High visible traffic policing is essential on a continuous basis to ensure a safe road environment. The Traffic Law Enforcement section works closely with other relevant law enforcement stakeholders for example the South African Police Service (SAPS) and the Department of Justice.
- Patrols are performed on various national, provincial and local roads in the Kouga area. Roadblocks are held to check driver and vehicle fitness. Speed checking by camera and manual operation is conducted on daily basis. Taxi related traffic violations increased, due to another association uNcedo trying to establish themselves in Kouga area.

Scholar patrol training given by the Department of Transport. Schools participating in the scholar patrol regularly receive training and are supplied with the equipment.

2016/ 17			2017/18		
Description	**Total**	**Value**	**Description**	**Total**	**Value**
Handwritten fines	**4 817**	R3 234 000	Handwritten fines	**4238**	R2 954 000
Speed Camera fines	**31680**	R9 736 800	Speed Camera fines	**97 272**	R14 500 000
Paid fines	**5 377**	R1 531 230	Paid fines	**26000**	R 3 500 000
Payment rate	**16%**	---	Payment rate	**25%**	---
			Warrants Arrest	**1202**	R456 450
			Disable Parking discs	**160**	R17 760

Challenges

- All eight patrol vehicles in operation have reached the end of useful life and are constantly out of commission. This places an enormous strain on traffic related service delivery.

Solutions

- Provision for the procurement of patrol vehicles has been made in the 2018/19 financial year.

- The acquisition of firearms and bullet proof jackets to be finalised within the 2018/19 financial year.

Municipal By-Law Enforcement

Description	2016/17 Total	2017/18 Total	Value
Impoundment of animals		149- cattle 35- goats=184	
Complaints investigated		380	
Arrests		2	
V51 Summonses		321	**R 328 000**

- 2 additional positions were filled and **(9)** law enforcement officers were employed to execute the municipal by-laws.
- Daily duties entail patrol duties on the main beaches, CBD areas and other high priority areas. High visibility in residential areas is important. Operations in co-operation with other law enforcement agencies are done on a regular basis.

Twenty-five **(25)** neighbourhood watch members of Paradise beach / Aston bay was appointed as peace officers to assist the municipality in combating crime along our beaches and residential areas. The car guard program has been rolled out and is welcomed by the business forum.

- Complaints are prioritised and attended too immediately.

"Operation Fiela" a national program from the office of the Minster of Police is being conducted in Kouga and law enforcement officers assisted as per request and invitation. Arrests were made involving illegal firearms and drugs.

Challenges

- There is a shortage of patrol vehicles as only one patrol vehicle is available and additional vehicles needed to be hired to address the need.
- A proper animal pound is needed to impound stray animals.
- Not enough vehicles are available to effectively perform duties.
- No commonage land for emerging farmers to use as grazing land for their stock.
- Stray animals remain a concern as municipal boundaries are not properly fenced.

Solutions

- To have a fully operational municipal pound by 2019/20 financial year.
- To engage in a collective intervention with all relevant stakeholders to address commonage.
- To request the Department of Roads and Transport to avail funds to address the fences problems.

Registration and Licensing

- **Function:** Municipalities act as agents for the Department of Transport to register and licence vehicles. The municipality receives 19% agency fee for rendering this service.
- Registration/deregistration and Licensing of vehicles
- Capturing of data onto the e-Natis system.
- To forward vehicle related transactions to the helpdesk to be processed as well as requests and complaints.

Description	2016/17 Total	2017/18 Total	Value
Duplicate Certificates		**399**	R244 311
Special Permits		**44**	R3 564
Temporary Permits		**117**	R12 285
Roadworthy		**227**	**R57 429**

Driver’s License testing centre and Roadworthy testing centre

Functions: The Humansdorp drivers licence testing centre makes provision to test light and heavy motor vehicles, as well as renewal of driver licences and professional driving permits. Humansdorp operates from Monday to Saturday.

Hankey driving licence testing centre is operational and only performs learners licence tests on Monday to Friday. Saturday’s testing was stopped due to low volumes and not being cost effective.

These centres serve the whole of the Kouga area and receives a lot of applicants from all surrounding Municipal areas.

The Vehicle testing station in Humansdorp is operational and tests are performed daily. Free tests were done during festive season to make the public aware of road safety. Free tests were also conducted on scholar transport as a provincial program by the Department of Transport. In total 197 tests were conducted during the financial year to the value of **R56 113.92**

Driving License testing centre (DLTC) statistics both Humansdorp and Hankey

Description	**2016/17 Total**	**2016/17 Value**	**2017/18 Total**	**2017/18 Value**
Learners License Applications	3511	R747 843	3815	R812 595
Applicants passed	2044	R141 036	2354 (65%)	R162 526
Driving License Renewals	5943	R814 191	5357	R733 909
Driving License tests light m/v	1633	R480 102	1631	R479 514

Driving License tests heavy m/v	2831	R976 695	3140	R1 083 300
Applicants passed	2210	R302 770	2625 (79%)	R359 625
Roadworthy tests conducted	57	R7098.93	197	R56 113.92

Challenges

- The training of more cashiers and customer care for all staff.
- Centralisation of the function for efficient monitoring, control and supervision.
- Replacement of old and redundant equipment by the Department of Transport.
- Office space not conducive for the services rendered.

Solutions

- Staff training
- Filing space needs to be identified.
- Relocation of the renewal of drivers and learners licences to the old boardroom at the Traffic Department.

Security

Functions: Performing access control, monitoring and visible patrolling on a 24/7 basis. Municipal key points e.g. water treatments plants, sewerage & plants need to be guarded 24/7. A staff compliment of 19 guards are currently employed. During the festive season, this section employed contractual guards for a period of six months.

This section strives to ensure that municipal assets/property is protected against theft and burglary. Its mandate is also to ensure the human capital is safeguarded when on duty.

Breaking inns and theft occurred where there were no guards placed.

Incidents of arson happened at the Humansdorp Country Club building and Ben Marais caravan park.

Temporarily guards are contracted as and when needed. Private security is being procured to guard high risk areas, e.g. water treatment plants etc.

Challenges

- Staff compliment is not enough to deal with the challenges
- CCTV cameras are still not installed at all building.

Solutions

- More security officers need to be employed or privatization must be considered.
- Shift to digital security equipment
- Installation of CCTV security cameras

COMPONENT H: SPORT AND RECREATION

3.16 SPORTS AND RECREATION

Overview

This Section is responsible for the maintenance and upkeep of sport and recreational facilities

CARAVAN PARK AND CAMPING

Strategic objective

The Communities have access to caravan parks and resorts which are well managed and maintained

Description of activities

- The maintenance of all council caravan parks and resorts
- To identify needs and respond to customer complaints to ensure customer satisfaction.
- Reconciliations of bookings and invofices.
- Reservations and bookings

Income generated

PARK	INCOME 2016/17	INCOME 2017/18
Jeffreys Bay Caravan Park	R 2 323 925.83	R 2 326 722.86
Pellsrus Caravan Park and chalets	R 48 261.84	R 38 708.28
Humansdorp Caravan Park and chalets	R 64 007.07	R 44 986.50
Gamtoos Mouth Park	R 59 839.00	R 253 755.00
Loerie Nature Reserve	R 0	R 0
Yellow Woods	R 0	R 0

REGISTERS

	Hdp Camp	Hdp Chal	Pel Chal	Jbay	gamtoos	Pellsrus	TOTAL
July	360.00	2,945.00		91,885.35	180,647.00	478.80	276,316.15
Aug	395.00	4,875.00	675.00	139,292.50	1,309.00	529.20	147,075.70
Sep	100.00	3,220.00		406,043.29	2,100.00	327.60	411,790.89
Oct	260.00	1,875.00		190,701.40	1,612.00	176.40	194,624.80
Nov	230.00	3,075.00	1,025.00	113,800.07	976.00	387.80	119,493.87
Dec	1,585.00	3,612.00	1,150.00	651,627.25	40,891.00	25,180.20	724,045.45
Jan	2,650.00	250.00	1,600.00	277,125.75	12,429.00	1,204.00	295,258.75
Feb	20.00	3,037.50	975.00	123,017.75	1,834.00	1,423.20	130,307.45
Mar	60.00	3,115.00	1,025.00	95,207.50	7,549.00	277.20	107,233.70
Apr	150.00	5,250.00		127,922.00	2,910.00	736.26	136,968.26
May	180.00	3,686.00		71,772.76	767.00	279.62	76,685.38
Jun	160.00	3,896.00	908.00	38,327.25	731.00	350.00	44,372.25
	6,150.00	**38,836.50**	**7,358.00**	**2,326,722.86**	**253,755.00**	**31,350.28**	**2,664,172.64**

Challenges

The maintenance of these resorts is not up to standard due to the lack of resources.

No marketing plan for the parks.

Continuous vandalism at the Humansdorp Park

The ownership of the Gamtoos Resort is also a question that needs to be addressed, because it is registered in the name of Sarah Baartman District Municipality.

The lack of a maintenance programme.

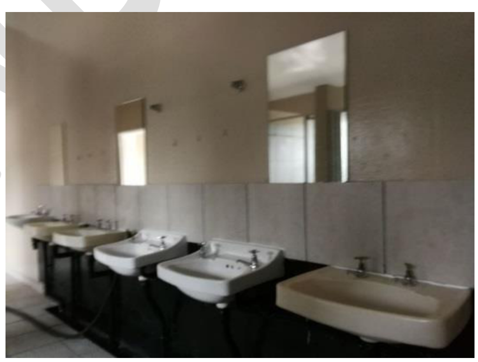
Non-provision of security at the resorts.

Solutions:

That Council investigate the viability of this program in relation to core functional priorities.

Achievements

Repairs at parks through Service Providers



SPORT FACILITIES

Strategic Objective

Communities have access to affordable sporting facilities that are well maintained and managed.

Description of the Activity:

The provision of various community and social services within the municipality is administered as follows and includes:

- Control of all existing sport facilities
- Control of all existing community recreation facilities
- Maintenance programs for both sport & recreation facilities
- Marking of pitches
- Preparation for special events at all facilities.
- Identification and application for new facilities as the need arises
- Handling of reservations
- Reconciliations
- Procurement of required amenity equipment.

Challenges

- Vandalism of existing infrastructure e.g. Kwanomzamo and Country Club.
- Vacant caretaker position.
- The planning of new low-income development does not provide sufficient suitable land for the development of recreational facilities.
- Insufficient budget for establishment of new sports fields and maintenance.

Solutions:

- Council considers custodianship for sport clubs for the upkeep and maintenance of the existing sport facilities.
- Adequate provision be made in the Spatial Development Framework for the land acquisition process to accommodate recreational facilities in new developments.
- Filling of vacant caretaker positions.

Achievements

- Weston Sport field was upgraded.

BEACHES AND ABLUTION FACILITIES

Strategic Objective

Communities have access to clean beaches with clean facilities that are well maintained.

Description of the Activity:

The provision of various beach ablution facilities within the municipality is administered as follows and includes, cleaning ablution facilities and the beach areas.

Challenges

Maintenance of facilities and vandalism.

Solutions:

Maintenance team

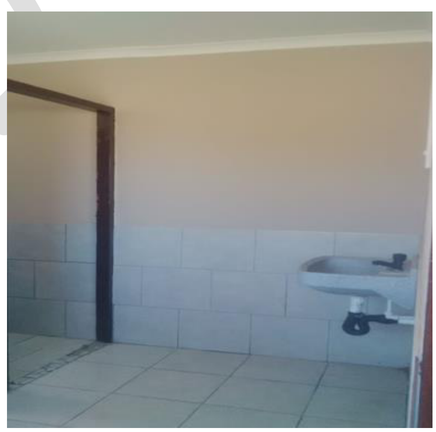
Achievements: Major repairs were effected to public facilties.

Before

After

Before

After



Before **After**

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

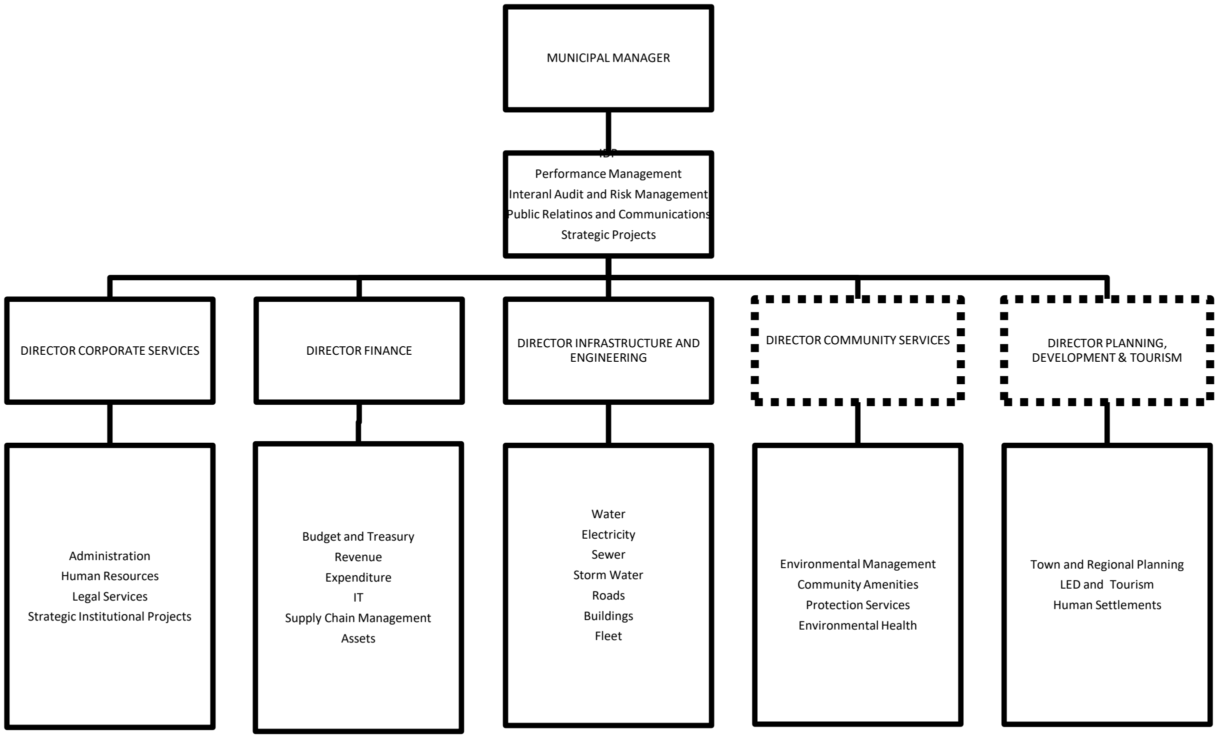
3.17 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

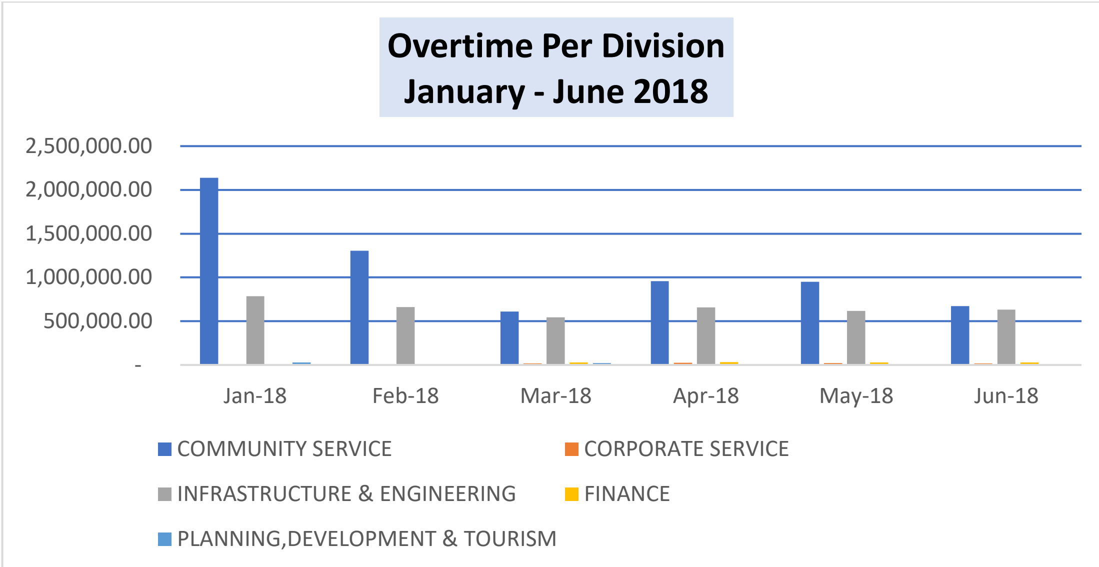
The Human Resource Section has as its primary objective the recruitment, selection and appointment of suitable staff to enable the institution to attain the objectives as detailed in the Integrated Development Plan. Further to the primary objective, the Human Resource section provides administrative personnel support services on matters such as employee benefits, Labour Relations, Employment Equity Occupational Health Services and Skills Development.

2017/2018 was an extremely eventful and productive year for the Human Resource section and the following were some of the key achievements for the year:

1. The Municipality reviewed its Organogram on November 2017, and the Council adopted a new Organogram on the 8th of December 2017. The Municipality created a new Directorate of Planning, Development and Tourism.



2. A long outstanding settlement agreement on acting appointments was finally resolved, and as at the end of June 2018, the Municipality only had 15 employees appointed in acting positions, which is significantly down from a total of 75 acting appointees in the 2016/2017 financial year.
3. For the 1st time since amalgamation the municipality has an up to date master database listing all the permanent employees' and their critical institutional information such as task grade, department, section and sub-section. This makes it possible to trace and manage the workforce effectively and efficiently.
4. The Human Resource section has introduced a comprehensive HR report which contains information such as workforce stats, employment equity stats, wage bill and overtime figures, training spend and beneficiaries etc. With information of this nature, the municipality can track month to month progress on HR activity and Council can exercise oversight;
5. The Human Resources Section introduced a comprehensive recruitment report, which enables Management to track month to month progress with all recruitment and turnover activity;
6. A new Overtime Claim form was created to reduce and manage overtime more efficiently and effectively.



Graph 1

The above graph is an illustration that the overtime cost steadily and significantly declined since January 2018, and the Municipality will endeavour to reduce overtime more significantly.

7. The HR section has also implemented the following:
    - Probation System
    - HR Road Shows – Disciplinary Code and Code of Conduct
    - Written 269 job descriptions
    - Resolved several long outstanding labour matters which could have had adverse financial implications for the Municipality

In October 2017 a full time HR Manager was appointed, after the municipality functioned without an appointed Human Resources Manager for several years.

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

Comparative Staff numbers as at 30 June is as follows:

	30 June 2017	30 June 2018
Permanent staff	824	867
Section 56/57	6	6
Contractual Employees	195	21
EPWP	33	28

Total	**1 052**	**922**

Comparative Pension/Provident fund membership as at 30 June is as follows:

	30 June 2017	30 June 2018
Consolidated retirement fund	389	413
Consolidated Retirement Fund (No CC)	0	4
National Fund for Municipal Workers	6	6
SA Local Authorities Pension Fund	13	8
Municipal Workers Retirement Fund	209	195
Momentum Provident Fund	3	205
Municipal Councillors Pension Fund	4	3
Consolidated Retirement Fund Cllrs	0	6
LA retirement fund	2	2
Total	**626**	**842**

(It must be noted that Contractual Employees and EPWP workers are not required to join a pension/provident fund and Councillor statistics are not included in the total employee numbers above)

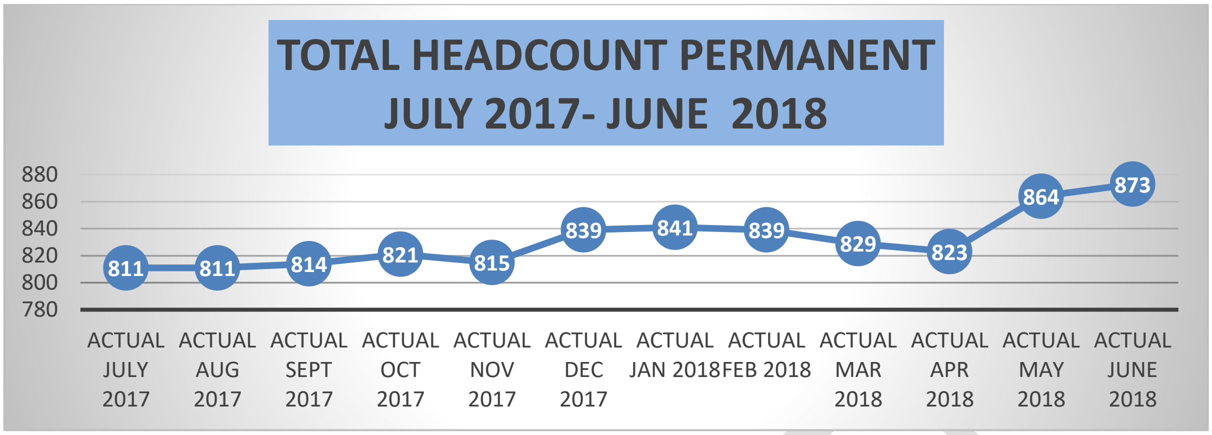
Comparative Medical Aid membership as at 30 June is as follows:

	30 June 2017	30 June 2018
Bonitas	149	165
Key Health	20	19
Hosmed	67	79
LA Health	147	154
SAMWU Med	73	68
Total	**456**	**485**

It must be noted that participation in a medical aid scheme is not compulsory.

Comparative Trade Union membership as at 30 June is as follows:

	30 June 2017	30 June 2018
SAMWU	567	501
IMATU	235	315
Agency Shop	16	27



Graph 2

The above-mentioned graph indicates the total headcount of permanent staff. There was a major increase in permanent staff in Kouga for the Financial year, but temporary staff decreased drastically from 195 to 21 temporary employees.

Employment Equity

Table 1 below shows Kouga's current demographics against the Provicial EAP demographics. The percentage is for both permanent and temporary staff.

It is important to note the underepresentation of African males & females. Much attention needs to be given to increase the number of African males & females. There is a considerable overrepresentation of Coloured males & females and slight underrepresentation of Indian males & females and white females.

The municipality was placed under Director General review in terms of section 43 of the Employment Equity Act.

The following action plan was implemented to rectify discrepancies raised in the Director General review;

Action	Timeframe
1. Appoint a designated EE manager in terms of section 24	Completed- Director K. Moodley appointed
2. Reconstitute the EE committee in terms of section 16 of the Act	Completed- Nominations done

	Actual July 2017	Actual Aug 2017	Actual Sept 2017	Actual Oct 2017	Actual Nov 2017	Actual Dec 2017	Actual Jan 2018	Actual Feb 2018	Actual March 2018	Actual April 2018	Actual May 2018	Actual June 2018
HEADCOUNT												
MM	**4**	**4**	**3**	**3**	**3**	**6**	**6**	**6**	**6**	**6**	**6**	6
Infrastructure & Engineering	238	238	229	238	235	233	231	222	225	222	246	247
Corporate Services	49	49	55	59	60	58	60	63	63	64	78	80
Community Services	434	434	438	430	426	432	432	427	417	412	414	419
Planning, Dev, & Tourism	6	6	6	6	5	22	25	28	28	26	27	27
Finance	80	80	83	85	86	88	87	93	90	93	93	94
TOTAL	**811**	**811**	**814**	**821**	**815**	**839**	**841**	**839**	**829**	**823**	**864**	**873**
% Permanent Staff growth	**0,00%**	**0,00%**	**0,37%**	**0,86%**	**-0,73%**	**2,94%**	**0,24%**	**-0,24%**	**-1,19%**	**-0,72%**	**4,98%**	**1,04%**
% Total Staff Growth	**0%**	**0,12%**	**0,60%**	**2,27%**	**0,47%**	**16,53%**	**0,20%**	**-6,88%**	**-0,96%**	**-0,76%**	**-3,38%**	1%

3. Analysis in terms of section 19	Completed
4. Development of a new EE plan in terms of section 20	Completed
5. Consultations with Labour at the Employment Equity forum and the Local Labour forum in terms of section 17	Completed-End of May 2018 (3 May 2018, 4 June 2018 and 20 June 2018)
6. Approval by Council	Completed- End of June 2018

EQUITY REPORTING -	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
African Male	262	262	262	263	261	262	262	269	265	264	285	289
African Male(Temporary)							66	37	37	37	4	6
%	31,57%	31,53%	31,34%	30,76%	30,38%	26,17%	32,70%	32,76%	32,65%	32,79%	32,58%	33,00%
African Female	128	127	127	129	127	128	129	124	124	125	138	138
African Female(Temporary)							39	22	22	22	6	7
%	15,42%	15,28%	15,19%	15,09%	14,78%	12,79%	16,75%	15,63%	15,78%	16,01%	16,23%	16,22%
Coloured Male	279	279	281	280	279	288	287	282	276	272	274	276
Coloured Male(Temporary)							41	26	26	26	8	4
%	33,61%	33,57%	33,61%	32,75%	32,48%	28,77%	32,70%	32,98%	32,65%	32,46%	31,79%	31,32%
Coloured Female	104	104	104	107	108	112	112	108	108	106	110	112
Coloured Female(Temporary)							14	9	9	9	4	2
%	12,53%	12,52%	12,44%	12,51%	12,57%	11,19%	12,56%	12,53%	12,65%	12,53%	12,85%	12,75%
Indian male	0	0	0	0	0	0	0	0	0	0	0	0
%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
Indian Female	0	0	1	1	1	1	1	1	1	1	1	1
%	0,00%	0,00%	0,12%	0,12%	0,12%	0,10%	0,10%	0,11%	0,11%	0,11%	0,11%	0,11%
White Male	18	19	19	20	20	25	27	33	33	33	34	35
White Male(Temporary)							1	1	1	1	1	1
%	2,17%	2,29%	2,27%	2,34%	2,33%	2,50%	2,79%	3,64%	3,68%	3,81%	4,06%	4,03%
White Female	20	20	20	21	19	23	23	22	22	22	22	22
White Female(Temporary)							1	0	0	0	0	1
%	2,41%	2,41%	2,39%	2,46%	2,21%	2,30%	2,39%	2,36%	2,38%	2,40%	2,48%	2,57%
TOTAL PERMANENT	**811**	**811**	**814**	**821**	**815**	**839**	**841**	**839**	**829**	**823**	**864**	**873**
Number of Temporary Employees	19	20	22	34	44	162	162	95	96	95	23	21
TOTAL PERMANENT, CONTRACT & TEMPORARY	**830**	**831**	**836**	**855**	**859**	**1001**	**1003**	**934**	**925**	**918**	**887**	**894**

Table 1

<u>Staff with disabilities</u>

In the 2016/2017, no staff with disabilities were listed in Kouga. However, since February 2018, the Municipality made a concerted effort to enhance Employment Equity in the Municipality resulting in the identification of 8 staff with disabilities.

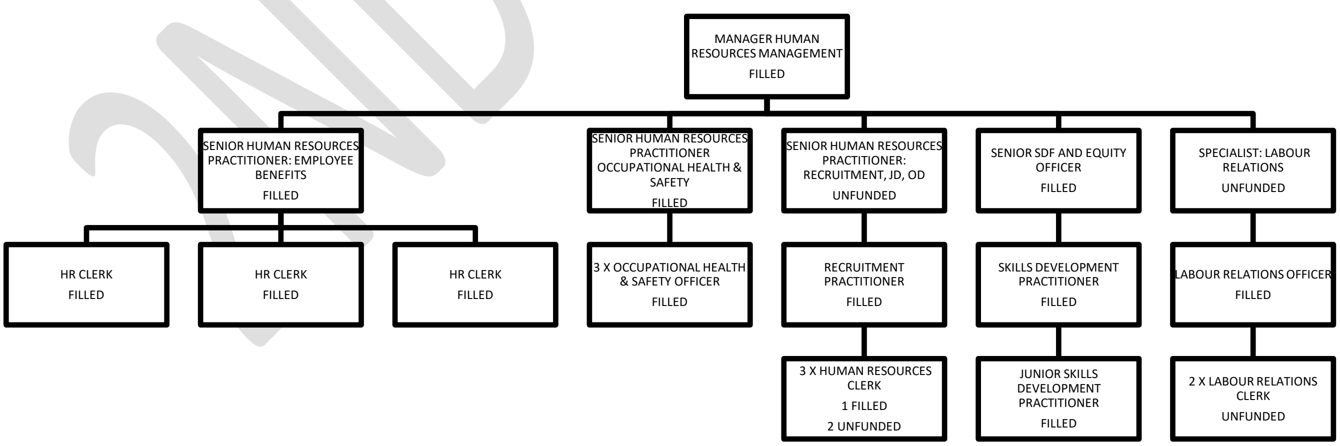
Human Resource Section Vacancy rate

Job Grade	Employees	Posts	Vacancies as % of total posts	Vacancies Full Time Equivalent
0-3	0	0	0%	0
4-6	0	0	0%	0
7-9	5	5	0%	0
10-12	9	9	0%	0
13-15	1	1	0%	0
16-18	0	0	0%	0
19-20	0	0	0%	0
Total	**15**	**15**	**0%**	**0**

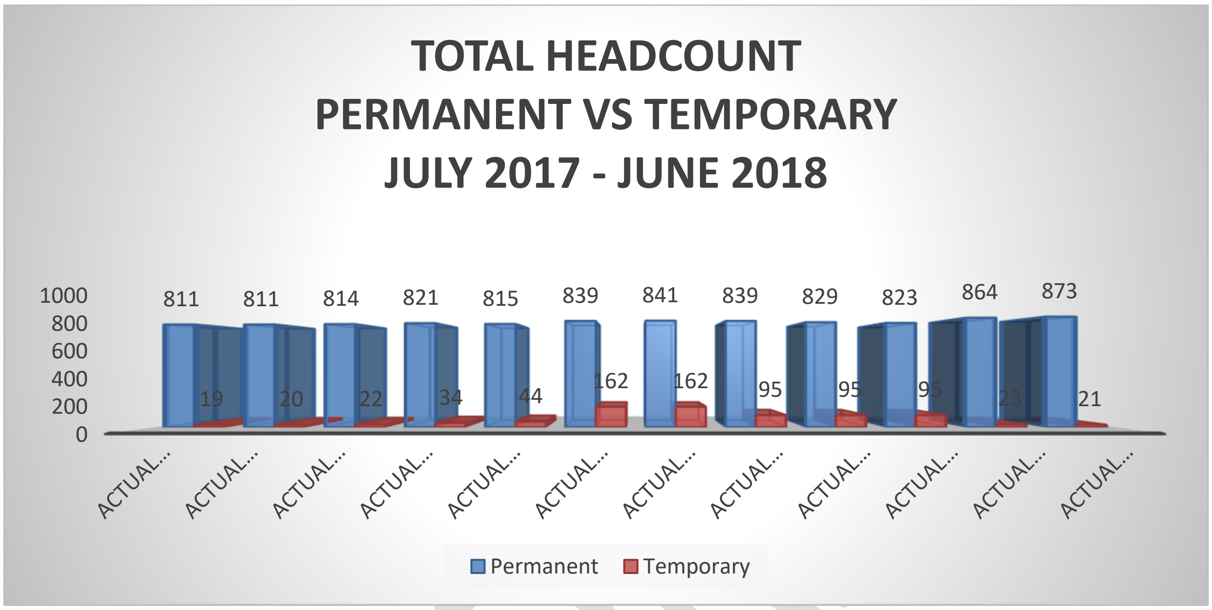
COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICE OVERALL:

The Human Resource section was severely understaffed at the beginning of 2017/18, but this has changed drastically due to re-alignment of the HR function, and recruitment of skilled staff.

As can be seen underneath, the HR function has been correctly aligned to ensure more effective and efficient support services. The Health and Safety function has been placed under HR, and Skills Development and Employment Equity has been segregated.

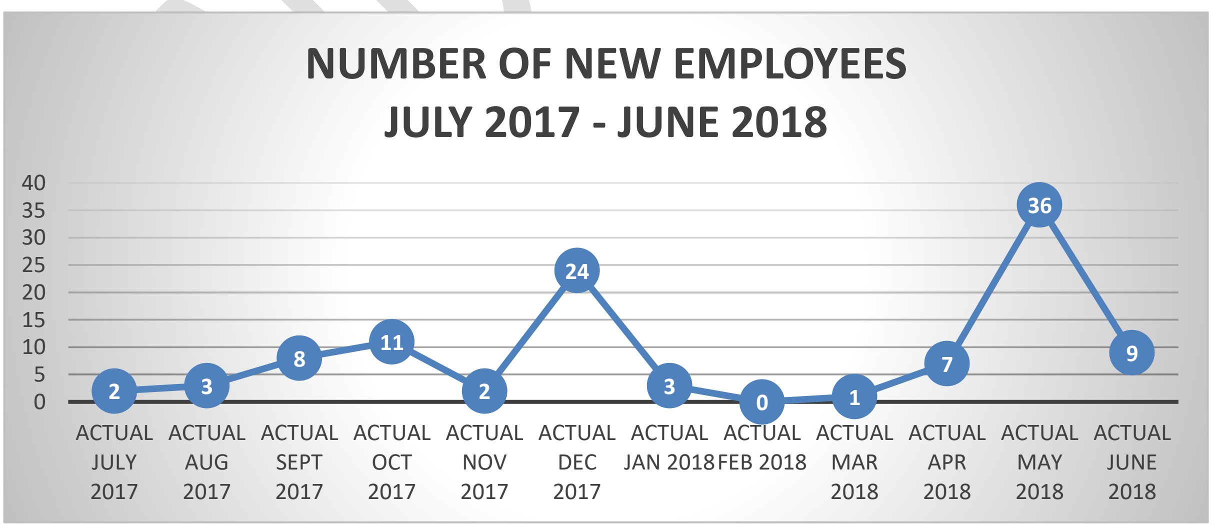


The relocation and expansion of the HR Offices has become urgent to allow HR to function optimally.



Graph 4

For the reporting year –1 July 2017 to 30 June 2018, there was an overall staff increase of 11.43% i.e. 830 to 925.



Graph 6

There has been a downward trend in staff levels over the past 8 years as is evident from the below, however an increase in the wage bill linked to inflation:

Year	**Staff numbers**	**Payroll**
2009/2010	1 181	R158 678 047
2010/11	1 089	R182 860 683
2011/12	960	R182 822 233
2012/13	922	R193 299 330
2013/14	878	R209 085 170
2014/15	822	R212 826 380
2015/16	860	R228 746 553
2016/17	824	R228 043 152
2017/18	873	R243 418 034

A moratorium was placed on staff appointments during the 2012 to 2015 years in an attempt to contain staff costs. While this achieved the desired effect it impacted negatively on service delivery and relied on a large number of staff acting in higher positions and high levels of temporary staff appointed in lower level positions. With the implementation of amended labour legislation, the roll over of temporary staff appointments posed a significant risk for Kouga Municipality and temporary appointments were done away with to a large extent. Temporary staff are only appointed to assist with increased workloads over peak holiday periods and where the need dictates contractual periods of employment.

The 2017/18 review of the Organogram dictated that certain positions critical for service delivery had to be filled which resulted in an increase of staff numbers to the current level.

3.18 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

ICT GOVERNANCE

The Accounting Officer is ultimately responsible for the Information Technology Governance and Security functions. The responsibility for implementation and monitoring of technology governance and security related frameworks is delegated to the Information Communication Section within the Finance Department (FIN: ICT) which ensures adequate management and reviews of the ICT Governance Charter & ICT Strategic Plan.

ICT Corporate Governance framework

The ICT governance framework and policies were developed in October 2016, and served at the following Committees:

Committee		Date
1	Audit Committee	23 May 2017
2	Finance Portfolio Committee	03 October 2017
3	Ordinary Council Meeting	27 October 2017

Key IT Governance policies / documents:

- Corporate Governance of ICT Policy
- ICT Charter
- ICT Strategy
- ICT Risk Management Framework / ICT Risk Register
- ICT Policy Framework
- ICT Disaster Recovery Policy / Plan
- ICT Governance Implementation Roadmap

The ICT Steering Committee

The ICT Steering Committee (ICTSC) is a mechanism that assists those responsible for IT, to ensure that ongoing IT operations and systems are aligned with the strategic plan and ultimately the IDP. In addition, IT related risks, projects, audit issues and required systems changes are managed. The (ICTSC) is chaired by the municipal manager and assisted by the IT Manager and directors of other departments. The ICTSC's main function is to propose and approve strategic initiatives that are envisaged to enhance and improve IT systems and facilitate the organisation to become more effective.

IT Related Projects

The mSCOA project was a major shift in financial reporting and the ICT Department played a magnificent role with the upgrading of the Server Infrastructure to ensure that the organisation is ready to transact on the new financial platform as prescribed by national treasury.

3.19 LEGAL SERVICES

Legal Services

The role of the legal services function is to render continuous effective and efficient legal and compliance services to Council, directorates and municipal staff. In addition to this, it is the role of the legal service function to co-ordinate the review of by-laws and Council policies. The aim of the legal services function is to decrease the legal risk to which the municipality may be exposed to in its decision-making processes, and which decision making processes ultimately promotes effective and efficient service delivery.

Highlights:

Highlight	Description
Establishment of the legal function	A Manager Legal Service was appointed during December 2017, in response to an urgent need identified for the provision of legal services internally. This need was further flamed by the exorbitant expenditure on legal fees paid to external service providers.
	The municipality managed to centralize the legal services function, which expedited the turnaround times to attend to legal matters as well as the

Highlight	Description
	payment of professional legal service providers.
	There were no successful appeals against the municipality regarding the award of tenders and quotations.
	The municipality managed to settle a number of civil matters during this financial year. Thanks to a strong HR component, a number of Labour matters were finalized.
	The municipality experienced an increase in the provision of legal updates, legal advice and general legal assistance to Council and the respective user departments.
	The municipality, for the first time, and being the first municipality in the Sarah Baartman District, approved the establishment of a Special Ratings Area. This followed the amendment and approval of the Kouga Municipal's Rates By-law and Kouga Municipality Property Rates Policy.
	The review of the System of Delegations was successfully attended to.
	The Legal Services functions now provides Council with a detailed Report on Legal Matters, allowing Council to effectively implement its oversight function.

Highlight	Description
	A Master Policy Register has been created in order to keep track on all approved Council Policies and assist is the implementation of such policies.

Challenges:

Challenges identified	Required action
Ensuring that the Legal Services function of the municipality maintains its existing standard of objectivity and its focus on corporate governance, notwithstanding continuous external and internal pressure.	The Legal Services function must provide legal advice and assistance substantiated by the applicable legislation, relevant case law and common law principles. Reposition the legal service function to the office of the Municipal Manager.
Identity and correctly define each legal matter in order to understand the implications of any failure to resolve the problem expediently.	Draft Standard Operating Procedures for legal services, providing for the correct administrative and operational procedure when dealing with a legal matter. The aim is to mitigate the risk resulting from any legal matter.

Absence of a Panel of Legal Service Providers.	Establish a panel of legal service providers in order to prevent irregular expenditure.
Staff Compliment – the legal services function currently comprises of the Manager Legal Services with no administrative support. This hampers the provision of an optimum and efficient service by this function.	Appoint support staff.

Register of Legal Service Providers:

REGISTER OF LEGAL SERVICE PROVIDERS - 2017/18 FINANCIAL YEAR

LEGAL SERVICE PROVIDER	LEGAL DISCIPLINE	CONTACT PERSON	CONTACT NUMBER	EMAIL ADDRESS	POSTAL ADDRESS and/or PHYSICAL ADDRESS
Billet Gouws Attorneys	Eviction Application Rectification Transfer	John Billet	042 2930191 / 081 049 5198 / 082 874 0096	john@billettgouws.co.za	P O Box 440, Jeffreys Bay, 6330
C W Malan Jeffreys Bay Inc.	Civil and Commercial Litigation, Provision of legal opinions, General Legal Advise, Property Law, Town Planning & Building Control, Conveyancing, Contract law, Litigation Local Government Affairs, Debt Collection	BJG De Swardt (Rencke) Boshoff	042 293 1053	ciske@comalan.co.za comalan@intekom.co.za	P O Box 273, Jeffreys Bay, 6330 15 Oosterland Street, Jeffreys Bay 6330
Heystek Attorneys	Eviction Application	Fanis Heystek	042 293 2558 / 0824428489	scheystek@lantic.net	102 Da Gama Road, Jeffreys Bay, 6330, P O Box 308,
Labuschagne van der Walt Inc.	Civil and Commercial Litigation, Provision of Legal Opinions and Legal Advise, Labour Matters	Tewis Labuschagne	041 582 2069 / 041 582 2172 / 082 829 1386	tewis@lvdw.co.za	P O Box 70541, The Bridge, Port Elizabeth, 6032, 6 Cuyler Street, Central, Port Elizabeth,
McWilliams & Elliot Inc.	Legislative Drafting	Ed Murray	041 582 1250 / 082 550 1044	ed@mcwilliams.co.za	P O Box 45, Port Elizabeth, 6000, 152 Cape Road, Mill Park, Port Elizabeth, 6001
Pumeza Bono Attorneys	Labour Matters		041 582 3823	pumeza@pumezabonoattorneys.co.za	15 Annerley Terrace, Newton Park, Port Elizabeth, 6045
White & Williams Inc. t/a Lexicon Attorneys	Conveyancing	Mfundo Madikizela	041 373 7434 / 072 658 7103	mfundo@lex-icon.co.za	P O 23358, Port Elizabeth, 6000, 19 Raleigh Street, Central, Port Elizabeth, 6000

COMPONENT J: ORGANISATIONAL PERFOMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the 2017/18 year.

INSTITUTIONAL SDBIP IMPLEMENTATION SCORECARD: 2017/18

INFRASTRUCTURE AND BASIC SERVICES				
Water and sanitation				
ANNUAL TARGETS	**Key Performance Indicators**	**Reported Achievements**	**Responsible Directorate**	**Corrective Actions**
100% of formal households with access to basic levels of water, sanitation, electricity and solid waste removal	% of formal households with access to basic levels of water, sanitation, electricity and solid waste removal	100% of formal households have access to basic levels of service such as water, sanitation, electricity and solid waste removal. Services are also provided in informal areas by the provision of water stand pipes, refuse removal and sanitation by means of communal facilities. Electricity have been provided to an additional 270 households and an additional 210 households have been connected to the sewer system. 220 erven in Pellsrus have been provided with water, sewer and electricity 10 Additional boreholes were drilled to supplement water supply and 1 borehole was refurbished.	Director I&E Director Community Services	None required target achieved

		80 Jojo water tanks were supplied and installed to supplement water supply in the Gamtoos Valley Waste water treatment capacity has been increased to 4Ml per day at the Kruisfontein Treatment Works		
100% of formal households provided with free access to basic services based on the indigent register	100% of formal households provided with free access to basic services based on the indigent register	100% of the residents registered on the Indigent Register is being provided with access to free basic services. 12kl free water and 50kwh free electricity.	Chief Financial Officer	
Reduce water losses to 36.4% and report quarterly on compliance with the water losses reduction action plan.	% water losses calculated against water purchased/produced against water sold/accounted for and number of reports submitted on compliance with the action plan	No funding was provided on the 2017/18 budget to replace old and broken water meters which impacted negatively on the ability to reduce water losses. A number of measures to restrict water usage such as push taps at beaches, the closure of beach showers and water flow restrictors have been applied to limit water usage and wastage.	Director I&E	

Roads and Storm water

ANNUAL TARGETS	Key Performance Indicators	Reported Achievements	Responsible Directorate	Corrective Actions
Repair Johan Muller Boulevard	Repairs effected to Johan Muller Boulevard	Johan Muller Boulevard has been repaired. Flame Cresent was resealed. Call Centre complaints relative to road related matters was also attended to.	Director I&E	None required target achieved

INFRASTRUCTURE AND BASIC SERVICES				
Land Use Management				
ANNUAL TARGETS	**Key Performance Indicators**	**Reported Achievements**	**Responsible Directorate**	**Corrective Action**
Land use applications, inclusive of rezoning's, consent use, departures, removal of restrictive conditions, consolidations, subdivisions and boundary adjustments are finalised within 90 days of application	Number of days from date of submission for the finalization of applications for rezoning, consent use, departures, removal of restrictive conditions, consolidations, subdivisions and boundary adjustments.	The Directorate Planning, Development and Tourism was only established as from 1 January 2018. The directorate previously resorted under the Infrastructure Directorate and was housed in a residential building in Humansdorp which severely impacted on the ability to deliver services. The delays in the appointment of the SPLUMA Committee severely impacted on the ability to attend to land use applications in good time. The target of 90 days to finalize compliant land use applications is not achievable given the 50% reduction in staff over the past 3 years. Legally SPLUMA allows 18 months for the finalization of land use application. The Town Planning Section complies with the SPLUMA time frames for the finalization of land use related applications.	Director Planning	Target should be reduced to be in line with the SPLUMA time-frames for the finalization of land use applications.
Building plans approved/rejected within 30 days from date of submission	Number of days for the approval/rejection of building plans from date of submission	Building plans which complies with the minimum submission requirements are being finalized within 30 days of application. It must be noted that legislation provides that building plans for structures smaller than 500m2 to be finalized within 30 days and structures in excess of 500m2 to be finalized within 60 days.	Director Planning	Target should be refined to allow for longer time-frames for building plans for structures in excess of 500m2

INFRASTRUCTURE AND BASIC SERVICES				
Health and social services				
ANNUAL TARGETS	**Key Performance Indicators**	**Reported Achievements**	**Responsible Directorate**	**Corrective Action**
Submit 528 water samples for bacteriologic and chemical analysis	Number of water samples for bacteriological and chemical analysis	100% of the target was achieved 528 water samples was submitted for bacteriological and chemical analysis. Additional water samples were taken at rivers and beaches.	Director Community Services	None required target achieved
200 school children reached through HIV/AIDS and health related outreaches and support programmes in partnership/coordinating with the Department of Health	Number of school children reached through HIV/AIDS health related outreaches and support programmes in partnership/cooperation with the Department of Health	Programmes have been rolled out to schools and more than the intended number of school children have been reached.	Director Community Services	None required target achieved.

INFRASTRUCTURE AND BASIC SERVICES

Environmental Health services

ANNUAL TARGETS	Key Performance Indicators	Reported Achievements	Responsible Directorate	
Conduct 737 environmental health inspections	Number of environmental health inspections and investigations reached	The target number of environmental health inspections have been achieved. 737 inspections conducted	Director Community Services	None required target achieved

INFRASTRUCTURE AND BASIC SERVICES

DISASTER MANAGEMENT

ANNUAL TARGETS	Key Performance Indicators	Reported Achievements	Responsible Directorate	Corrective Action
Conduct a risk Disaster assessment and submit a report to the Municipal Manager within 7 days of a disaster/incident	Due date compliance with risk assessments following disasters/incidents	No disaster occurred during the reporting period and as such was it not necessary to conduct and submit a disaster risk assessment report.	Director Community Services	None required

INFRASTRUCTURE AND BASIC SERVICES				
Solid waste, refuse and cleaning				
ANNUAL TARGETS	**Key Performance Indicators**	**Reported Achievements**	**Responsible Directorate**	**Corrective Action**
Provide 100% of formal households with weekly refuse removal services	% of formal households with weekly refuse removal services	100% of formal households is being provided with a weekly refuse removal service. At the onset of the financial year the section only had access to 4 refuse removal trucks. 2 additional refuse trucks were procured and 2 trucks were repaired to a serviceable condition. All trucks have been equipped with tracking equipment to improve oversight and control.	Director Social Services	None required, target achieved
Provide 100% of commercial enterprises with refuse removal services 3 times per week	% of commercial enterprises with refuse removal services 3 times per week	100% of commercial enterprises are serviced with refuse removal services 3 times per week with increased refuse removal over peak holiday periods.	Director Social Services	None required, target achieved

INFRASTRUCTURE AND BASIC SERVICES				
Coastal and Estuary Management				
ANNUAL TARGETS	**Key Performance Indicators**	**Reported Achievements**	**Responsible Directorate**	**Corrective Action**
1 Beach with Blue Flag Status	Number of beaches with Blue Flag Status	1 Beach was awarded Blue Flag status. The Blue Flag Beach season ended April 2018. 2 Senior Life Guards have been appointed on a permanent basis and joint operational committee meetings with the SAPS, NSRI and stakeholders was implemented to improve safety.	Directorate Social Services	None required, target achieved

INFRASTRUCTURE AND BASIC SERVICES				
Sport and Recreation				
ANNUAL TARGETS	**Key Performance Indicators**	**Reported Achievements**	**Responsible Directorate**	**Corrective Action**
265 000 people/visits making use of library facilities	Number of people making use of library facilities	Target of visitors have been met. 5 Additional Library Assistants have been appointed and the Pellsrus Library shall become operational as from 1 September 2018.	Director Community Services	None required, target achieved

LOCAL ECONOMIC DEVELOPMENT				
JOB CREATION				
ANNUAL TARGETS	**Key Performance Indicators**	**Reported Achievements**	**Responsible Directorate**	**Corrective Action**
600 Jobs created through LED initiatives and capital projects	Number of Job Created through LED initiatives and capital projects	As a result of the fact that the contract of employment of the Director LED, Tourism and Creative Industries terminated with effect 31 July 2017, no reporting on the job creation initiatives was reported on.	Director Planning Director I&E	Records of all jobs created through LED initiatives, Capital projects and other must be kept and reported on.

MUNICPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT				
ANNUAL TARGETS	**Key Performance Indicators**	**Reported Achievements**	**Responsible Directorate**	**Corrective Actions**
Conduct 1 Customer satisfaction survey	Number of community satisfaction surveys conducted	Customer satisfaction survey not finalized for the year under review.	Office of the Municipal Manager	Customer Satisfaction survey must be conducted at least once per year and reported to Council.

MUNICPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT				
LEGAL SERVICES				
ANNUAL TARGETS	**Key Performance Indicators**	**Reported Achievements**	**Responsible Directorate**	**Corrective Action**
Prepare and compile a register of legal service providers	Number of register prepared	The Legal Section was unstaffed for a significant period of time and a Manager Legal Services was appointed at the end of 2017. The Legal Service Provider Register has been compiled and reports on legal related matters is being submitted on a regular basis to meetings of the Portfolio Committee. It must be noted that the legal section was non-functional for a considerable period of time and a significant turnaround has been achieved in that all cases against Council is recorded, tracked and reported on.	Director Corporate Services	None required, target achieved

MUNICPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT				
ASSET MANAGEMENT				
ANNUAL TARGETS	**Key Performance Indicators**	**Reported Achievements**	**Responsible Directorate**	**Corrective Action**
Reduce the number of exceptions raised on the asset register from 27 to 14	Number of exceptions raised by the Auditor-General on asset register	The Audit finding is only due towards the end of November 2018 and as such can achievement on this target not be reported on.	Chief Financial Officer	To be determined if corrective action is required once AG report is issued.
Zero exceptions raised by the Auditor -General on contract management	Number of exceptions raised by the Auditor-General on contract management	The Audit finding is only due towards the end of November 2018 and as such can achievement on this target not be reported on.	Chief Financial Officer	To be determined if corrective action is required once AG report is issued.
OFFICE ACCOMMODATION				
ANNUAL TARGETS	**Key Performance Indicators**	**Reported Achievements**	**Responsible Directorate**	**Corrective Action**
Establish new consolidated office for Engineering and Town Planning Sections by 1 April 2018	Due date compliance with the establishment of consolidated office for Engineering and Town Planning	The Infrastructure and Engineering and Planning, Development and Tourism Directorate have been accommodated in new offices as from 1 April 2018. New furniture has also been procured.	Director Corporate Services	None required, target achieved. Securing additional office accommodation must be investigated.

MUNICPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT				
STAFF ESTABLISHMENT				
ANNUAL TARGETS	**Key Performance Indicators**	**Reported Achievements**	**Responsible Directorate**	**Corrective Action**
100% Compliance with the Employment Equity Plan targets in respect of the 3 highest categories of employment (Target employee 2 African Females)	% Compliance with the Employment Equity Plan targets in respect of the 3 highest categories of employment (Target 2 African Females)	2 African Females were appointed during the year under review and the Employment Equity targets were met. The Employment Equity Plan was found not to be compliant with legislative provisions and the Equity Plan was reviewed in its totality aligned to Provincial Equity Targets. An Employment Equity Committee was also elected and an Employment Equity Manager was appointed in compliance with legislation in this regard.	Director Corporate Services	None required, target achieved.
3.2% Vacancy rate for all approved budgeted posts	% Vacancy rate for all approved budgeted posts	A vacancy rate of less than 2.13% was achieved. 106 new appointments have been made since 1 July 2017 to 30 June 2018 and a substantial improvement in appointment turnaround times have been achieved. All appointments are aligned to the approved Organogram.	Director Corporate Services	Performance claim must be subjected to Audit scrutiny

MUNICPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT				
SKILLS DEVELOPMENT				
ANNUAL TARGETS	**Key Performance Indicators**	**Reported Achievements**	**Responsible Directorate**	**Corrective Action**
100% of skills development budget spent on skills development	% of budget spent on skills development	With the adjustments budget the funding provided for Skills Development was re-allocated which resulted in over expenditure of the skills development budget. Training programs for staff at no cost to Council was presented and in-house computer training for Councillors was presented.	Director Corporate Services	Skills funding must not be re-allocated.

MUNICPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT				
PERFORMANCE MANAGEMENT				
ANNUAL TARGETS	**Key Performance Indicators**	**Reported Achievements**	**Responsible Directorate**	**Corrective Actions**
4 Performance Audit Committee meetings	Number of performance audit committee meetings held	The Audit Committee previously performed the functions of the Performance Audit Committee. A Performance Audit Committee was established, and the Committee had 3 meetings during the reporting period.	Office of the Municipal Manager	The Performance Audit Committee must meet Quarterly.

2 Institutional Performance Reports submitted to Council	Number of Institutional Performance Reports submitted to Council	Annual Performance Report submitted with the Annual Report in August 2017 and the Mid-Year performance report was submitted in January 2018.	Office of the Municipal Manager	None required, target achieved
Departmental SDBIP completed by 31 August 2017	Due date compliance for completion of Departmental SDBIP	The Departmental SDBIP was included in the SDBIP approved by the Mayor on 20 June 2017.	All Directors	Departmental SDBIP must be developed separately but in support of Institutional Targets to allow for the cascading of performance management to lower levels.

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT				
ANNUAL TARGETS	**Key Performance Indicator**	**Reported Achievements**	**Responsible Directorate**	**Corrective Actions**
95% of FMG budget appropriately spent	% of FMG budget appropriately spent	As at 30 June 2018 expenditure on the FMG grant funding was 100%	Chief Financial Officer	None required, target achieved.

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT				
FINANCIAL MANAGEMENT CAPACITY				
ANNUAL TARGETS	**Key Performance Indicator**	**Reported Achievements**	**Responsible Directorate**	**Corrective Actions**
Present 1 CPMD course to no less than 10 officials	Number of CPMD training initiatives presented and number of staff trained in CPMD	The target was exceeded and Councillors were also afforded the opportunity to participate in CPMD programs.	Director Corporate Services	None required, target achieved.
REVENUE GENERATION AND FINANCIAL MANAGEMENT				
ANNUAL TARGETS	**Key Performance Indicator**	**Reported Achievement**	**Responsible Directorate**	**Corrective Actions**
94% revenue collected against revenue raised	% of revenue collected against revenue raised	The average revenue collection rate as at 30 June 2018 was 90.73%. It must be noted that with the adjustments budget the revenue collection target was reduced to 90% and as such the target as per the adjustments budget was achieved.	Chief Financial Officer	Target as per adjustments budget achieved. Attempts must be made to increase revenue collection to previous high levels and to maintain such levels of revenue collection.

90% of creditors paid within 30 days from date of invoice	% creditors paid within 30 days from date of invoice	As at 30 June 2018 the creditors payment period was 45 days which is equivalent to 67% of creditors being paid within 30 days of invoice. The 2016 Metro water account of R46 million influenced the payment period and if the Metro water bill is excluded from calculation the payment period for creditors is 21 days.	Chief Financial Officer	The matter of the validity of the Metro Water account must be finalized
External interest not exceeding 5% of operating expenditure	% external interest against operating expenditure	0.58% of the operating expenditure as at 30 June 2018 was paid on external interest. Target was significantly exceeded.	Chief Financial Officer	None required, target exceeded
5.24% of total operating budget allocated to repairs and maintenance	% of total operating budget allocated to repairs and maintenance	With the adoption of the 2017/18 budget, the budget allocation for repairs and maintenance was 5.24% of the operating budget.	Chief Financial Officer	Budgetary provisions for repairs and maintenance must be increased to 8%
Cost coverage equivalent to one month	Cost coverage ratio	The cost coverage as at 30 June 2018 was 1.87 months	Chief Financial Officer	None required, target exceeded
CLEAN AUDIT BY 2019				
ANNUAL TARGETS	**Key Performance Indicator**	**Reported Achievement**	**Responsible Directorate**	**Corrective Actions**
90% compliance with the Audit Corrective Action Plan towards a Clean Audit	Percentage compliance with the targets as per the Implementation report on the Audit Corrective Action Plan	Compliance with the Audit Corrective Action Plan can only be assessed on receipt of the Audit Outcomes for the 2017/18 year.	All Directors	To be determined if corrective action is required once AG report is issued.

Unqualified Audit	Audit Outcome	The Audit results shall only become available with the release of the Audit Report by the Auditor General towards the end of November 2018. An unqualified Audit was achieved for the 2016/17 year.	All Directors	To be determined if corrective action is required once AG report is issued.
STAFF EXPENDITURE				
ANNUAL TARGETS	**Key Performance Indicator**	**Reported Achievement**	**Responsible Directorate**	**Corrective Actions**
35% of operating expenditure spent on staff expenditure (budget 34.6%)	% of operating budget spent on staff expenditure	The reported achievement on staff expenditure is subject to scrutiny by the Auditor General. With the adjustments budget staff expenditure was set at 34.6% of the total operating budget.	Director Corporate Services	None required, target achieved.
CAPTIAL BUDGET EXPENDITURE				
ANNUAL TARGETS	**Key Performance Indicator**	**Reported Achievements**	**Responsible Directorate**	**Corrective Actions**
95% of capital budget spent on intended purposes	% of capital budget spent in intended purposes	Actual capital budget expenditure is subject to scrutiny by the Auditor General and such information shall only become available with the release of the Audit Report towards the end of November 2018. Signification improvements have been made in the bid adjudication process to speed-up the award of tenders and thus capital expenditure, the full impact of which shall only be known during the 2018/19 financial year.	All Directors	To be determined if corrective action is required once AG report is issued. Targets and due dates as per the Departmental Procurement Plans

				must be complied with.
95% of MIG budget appropriately spent	% of MIG budget appropriately spent	MIG expenditure for the 2017/18 year amounted to R27 584 121.85 which equates to 101.14% of the total MIG allocation. The VAT increase to 15% resulted in expenditure in excess of 100%	Director I&E	None required, target achieved.
95% of Department Energy Budget appropriately spent	% of Department Energy funding appropriately spent	The R4 200 000.00 Department of Energy funding for the 2017/18 year was spent in full. 270 additional households were connected to the electrical grid and electricity was made available to 220 erven in Pellsrus.	Director I&E	None required, target achieved

GOOD GOVERNANCE AND PUBLIC PARTICIPATION				
WARD COMMITTEES				
ANNUAL TARGETS	**Key Performance Indicator**		**Responsible Directorate**	**Corrective Actions**
15 ward committees with 1 meeting per quarter	Number of ward committees 1 meeting per quarter	This target was exceeded, Ward Committees on average meets once per month. All 15 Ward Committees exceeded the target of 1 meeting per quarter.	Director Corporate Services	None required, target exceeded

GOOD GOVERNANCE AND PUBLIC PARTICIPATION				
STAKEHOLDERS RELATIONS				
ANNUAL TARGETS	**Key Performance Indicator**	**Reported Achievements**	**Responsible Directorate**	**Corrective Actions**
15 wards reached through public participation programmes	Number of wards reached through public participation meetings	Public Participation meetings were held on at least two occasions in all 15 Wards for purposes of inviting community input on the budget and Integrated Development Plan.	Office of the Municipal Manager	None required, target achieved
4 Inter-Governmental Relations Meetings	Number of Inter-Governmental Relations Meetings	Inter-Governmental meetings held on 27 March 2017, and 29 September 2017 followed by an Integrated Disaster Management Meeting.	Office of the Municipal Manager	Inter-Governmental meetings must be attended

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

INTRODUCTION

The Performance Management Section currently administers Institutional Performance and Individual Performance to the level of the Municipal Manager and Directors reporting directly to the Municipal Manager.

The purpose of the performance management section is to allow Councilors and Top Management the opportunity of oversight and timeous corrective action where it is evident that set institutional targets may not be achieved.

In compliance with the legislative provisions does the Integrated Development Plan for the year under review form the basis of the Institutional Service Delivery and Budget Implementation Plan.

The Institutional Service Delivery and Budget Implementation plan forms the basis for the individual performance agreements of the Municipal Manager and Directors.

Performance agreements are concluded annually before 31 July with the Municipal Manager and Directors and performance reviews must be conducted on a quarterly basis with the annual performance review conducted by an Evaluation Panel appointed in terms of the Performance Management Regulations.

Performance reporting for the 2017/18 year improved substantially from the previous year where performance reporting and performance reviews were conducted out of time.

Performance bonusses are only paid after evaluation and only on approval of the evaluation results by Council and the adoption of the annual report for the period under review.

The roll out of performance plans to employees below the level of Top Management remains slow and is dependent on the development of Departmental Service Delivery and Budget Implementation Plans which was not attended to in time to ensure the effective roll out of the performance management system to lower level employees.

COMPONENT A: INTRODUCTION TO MUNICIPAL PERSONNEL

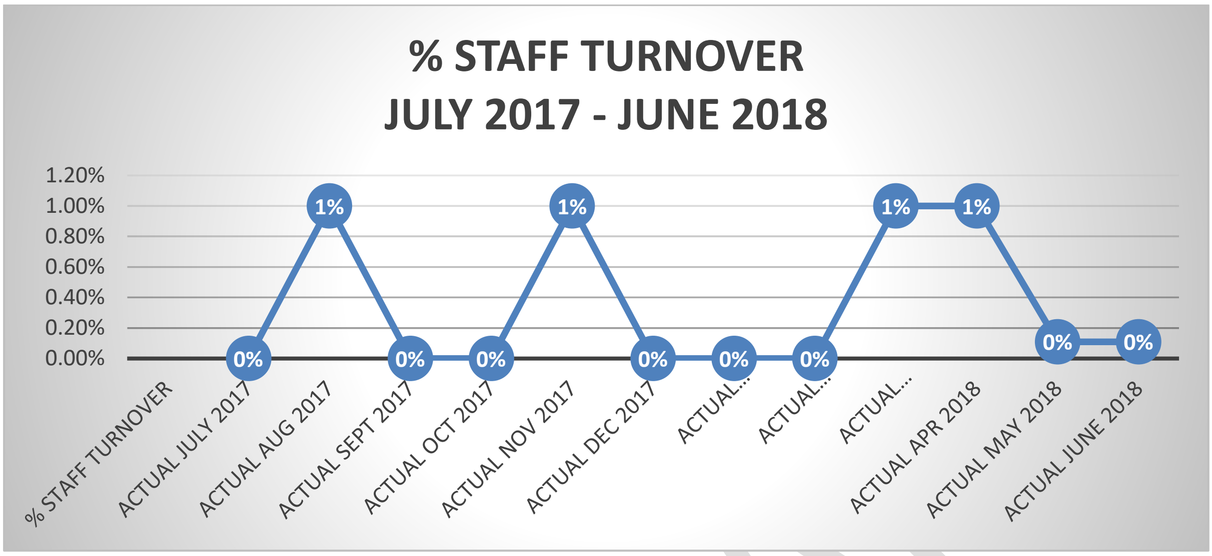
4.1 HUMAN RESOURCES

Human Resource Section: Staff turnover and vacancy rate

Job Grade	Employees	Posts	Vacancies as % of total posts	Vacancies Full Time Equivalent
0-3	0	0	0%	0
4-6	0	0	0%	0
7-9	5	5	0%	0
10-12	9	9	0%	0
13-15	1	1	0%	0
16-18	0	0	0%	0
19-20	0	0	0%	0
Total	**15**	**15**	**0%**	**0**

VACANCY RATE			
DESIGNATIONS	**TOTAL APPROVED POSTS**	**VACANCIES (Total time that vacancies exist using fulltime equivalents) No.**	**VACANCIES (As a proportion of total posts in each category) %.**
Municipal Manager	1	0	0%
CFO	1	0	0%
Other Section 56 Managers (excluding finance posts)	4	0	0%
Other Section 57 Managers (Finance posts)	0	0	0%
Law enforcement Officers	44	0	0%
Fire Fighters	46	0	0%
Senior Management Levels 14-17(excluding finance posts)	20	1	4.7%
Senior Management Levels 14-17 (Finance posts)	6	0	0%
Highly skilled supervision: levels 9-13 (excluding finance posts)	182	2	1%
Highly skilled supervision: Levels 9-13 (Finance posts	33	0	0%

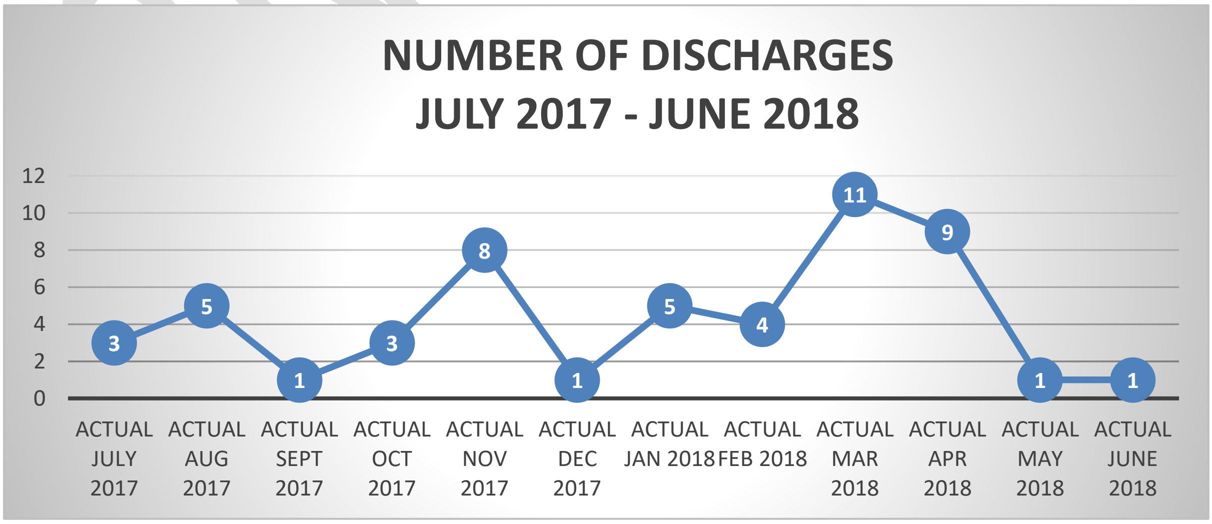
TURNOVER RATE		
Total Appointments as at 1 July 2018	**Total Terminations for the year ending 30 June 2018**	**Turnover Rate %**
873	52	5.95%



Graph 3

COMMENT ON VACANCIES AND TURNOVER:

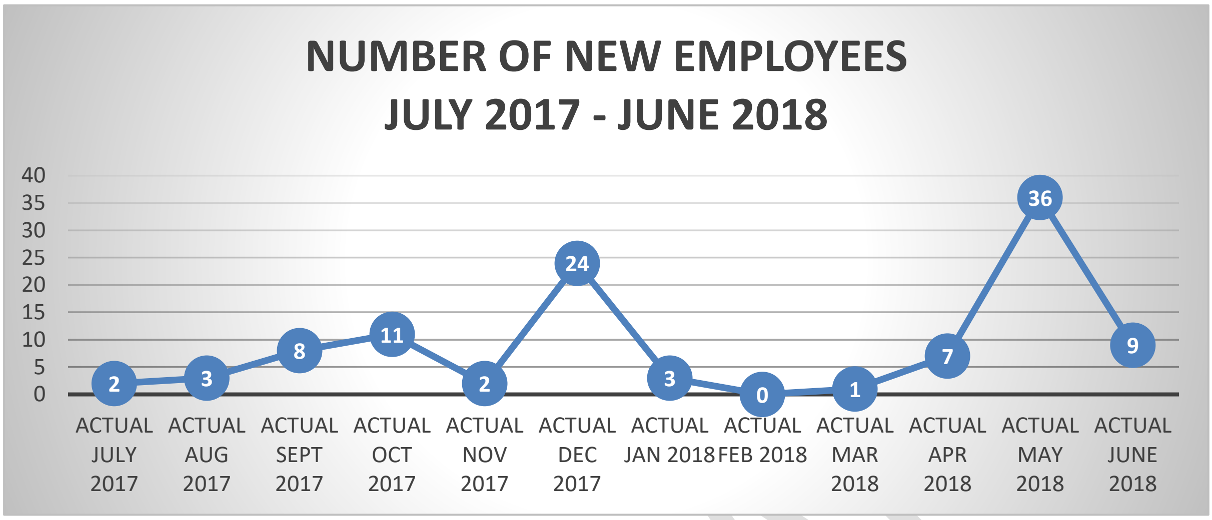
The headcount of the Municipality is an indication of a fluctuating workforce, due to factors such as new appointments, resignations, retirements, and dismissals. There was a major spike of 4.98% in permanent employees in the month of May, with an increase in the number from 823 in April to 864 in May, and to 873 in June. The number of temporary employees declined from 162 in January to only 21 in June.



Graph 5

The above graph shows the number of the terminations for the year under review.

For the reporting year –1 July 2017 to 30 June 2018, there was an overall staff increase of 11.43% i.e. 830 to 925.



Graph 6

COMPONENT B: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

Kouga Municipality established an Employment Equity and Skills Development Section that amongst others addresses the skills development needs of the Institution.

Skills Development needs are assessed annually and is based on the results of an employee skills audit. Training needs per position/incumbent are aligned to the audits and requirements as assessed by the various Directorates. The information must be compiled in the form of an annual Work Place Skills Plan which guides and directs the implementation of skills development initiatives.

The Municipality appointed a Junior Skills Development Practitioner, and a Senior Skills Development Practitioner. The unit has been marred by underperformance and poor decision making. Not all training planned was successfully implemented. The unit has the potential to run progressive programmes that will positively contribute to changing of the organisational culture.

The following schedule reflects the skills development programmes for the 2017/18 year:

TRAINING COSTS	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
Training Cost	0	0	0	0	0	0	126 656,82	86 234,16	13 442,88	126 540	0	0
Associated costs	0	0	0	0	0	0	0	0	0	0	0	0
Number of beneficiaries	110	0	0	0		0	115	80	211	40	45	69
Catergories of Benficiaries												
Legislators	0	0	0	0	0	0	26	0	26	29	11	1
Managers	0	0	0	0	0	0	0	0	1	0	7	6
Professionals	0	0	0	0	0	0	14	2	92	11	15	4
Technicians and Associate Professionals	0	0	0	0	0	0	0	1	5	0	7	7
Clerical Support Workers	0	0	0	0	0	0	0	2	7	0	5	6
Service & Sales Workers	0	0	0	0	0	0	0	1	6	0	0	30
Skilled Agricultural, Fishery and Related Trade Workers	0	0	0	0	0	0	0	0	0	0	0	0
Plant & Machine Operators and Assemblers	0	0	0	0	0	0	0	4	4	0	0	0
Elementary Occupations	110	0	0	0	0	0	75	70	70	0	0	15

Table 3

Exciting changes are foreseen in the skills development unit. The WSP was submitted on the 25th of April 2018. A Skills Audit was conducted and 281 employees responded to the skills audit.

Employees attending a skills workshop

Employees enjoying the positive emotional intelligence training

The first democratically nominated leadership of Kouga's first training committee

COMPONENT C: MANAGING THE MUNICIPAL WORKFORCE

4.3 POLICIES

The following schedule reflects the status of HR policies for the 2017/18 year:

	Policy Name	Responsible Department	KLM Unit	Status
1	Policy on the payment of Acting Allowances	Corporate Services	Human Resource	Active
2	Chronic Illness Policy	Corporate Services	Human Resource	Draft
3	Progression Policy for fire fighters	Corporate Services	Human Resource	Draft
4	EAP	Corporate Services	Human Resource	Draft
5	Gift and Reward Policy	Corporate Services	Human Resource	Draft

	Policy Name	Responsible Department	KLM Unit	Status
6	Health and Safety Policy	Corporate Services	Human Resource	Active
7	Internet and E-mails Policy	Corporate Services	Human Resource	Draft
8	Medical Aid Policy	Corporate Services	Human Resource	Draft
9	Mentoring	Corporate Services	Human Resource	Draft
10	Overtime Policy	Corporate Services	Human Resource	Active
11	Recruitment and Selection Policy	Corporate Services	Human Resource	Draft
12	Ethics Policy	Corporate Services	Human Resource	Draft
13	Fraud and Anti-Corruption Policy	Corporate Services	Human Resource	Draft
14	Fraud Prevention Policy	Corporate Services	Human Resource	Draft
15	Whistle Blowing Policy	Corporate Services	Human Resource	Draft
16	Payroll Policy	Corporate Services	Human Resource	Draft
17	PMS Policy	Corporate Services	Human Resource	Draft
18	Leave Policy (Leave Management Policy)	Corporate Services	Human Resource	Active
19	Absenteeism and Reporting Absence from work Policy	Corporate Services	Human Resource	Draft
20	Exit Management Policy	Corporate Services	Human Resource	Draft
21	Sexual Harassment Policy	Corporate Services	Human Resource	Active
22	Retention Policy	Corporate Services	Human Resource	Draft
23	Scarce Skills	Corporate Services	Human Resource	Draft
24	Smoking Policy	Corporate Services	Human Resource	Draft

	Policy Name	Responsible Department	KLM Unit	Status
25	Student Assistance	Corporate Services	Human Resource	Draft
26	Succession and Career Pathing	Corporate Services	Human Resource	Active
27	Temporary Staff	Corporate Services	Human Resource	Draft
28	Subsistence and Travelling Policy	Corporate Services	Human Resource	Active
29	Transport Policy	Corporate Services	Human Resource	Active
30	Vehicle allowance policy	Corporate Services	Human Resource	Draft
31	Essential User Car Scheme Policy	Corporate Services	Human Resource	Active
32	Code of Conduct	Corporate Services	Human Resource	Active
33	Consequence Management Policy	Corporate Services	Human Resource	Draft
34	Scarce Skills Policy	Corporate Services	Human Resource	Draft
35	Demotion, Promotion and Transfer Policy	Corporate Services	Human Resource	Active
36	Policy on the maintenance of Certificates of Fitness and competence and other related post requirements	Corporate Services	Human Resource	Active
37	Policy on acceptance and performance of private work	Corporate Services	Human Resource	Active

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

34 HR policies were drafted and reviewed in the year under review. Council and organised labour have been workshopped on 11 HR policies, which will go to council for adoption in the 2018/19 financial year. The adoption of these policies will ensure the Municipality adheres to the legislated prescripts as set down in collective agreements and other national acts. It will also formalise a standard set of rules and guidelines for all staff.

4.4 INJURIES & SICKNESS

COMMENT ON INJURY AND SICK LEAVE:

The Health and Safety section which resorted under Community Services, was moved to the HR section from the 1st of January 2018. This was to ensure correct alignment of the function and that health and safety becomes fully functional. Below are some of the key achievements for the financial year:

1. Established the Health and Safety Committee
2. Trained 41 first aiders as legislated
3. Trained 8 operators as legislated
4. Issued First Aid kits to First Aiders
5. Fitted vehicles with fire extinguisher
6. Purchased First Aid kits for drivers
7. Monthly meetings of Safety Reps
8. MOU signed with Isisivana Hospital to assist with IOD's

The major achievement of the Health and Safety section was to ensure that every employee is covered for Injuries on duty.

For more than 10 years the Municipality had not paid ROE's resulting in employees not being covered by the Labour Department in terms of COIDA. At the end of October 2017, the Municipality re-commenced paying ROE's after concluding an amicable arrangement with the Labour Department, subsequently receiving a LETTER OF GOOD STANDING for the first time in more than 10 years. This has been a significant achievement for Kouga and its employees. This means all the workers are covered for Injury on Duty related issues.

At the end March 2018, all outstanding debt owed to department of Labour was paid in full. On 12 April 2018 Kouga submitted its ROE for the year and the Municipality received a letter of good standing. All Kouga employees will be covered for the entire year until April 2019.

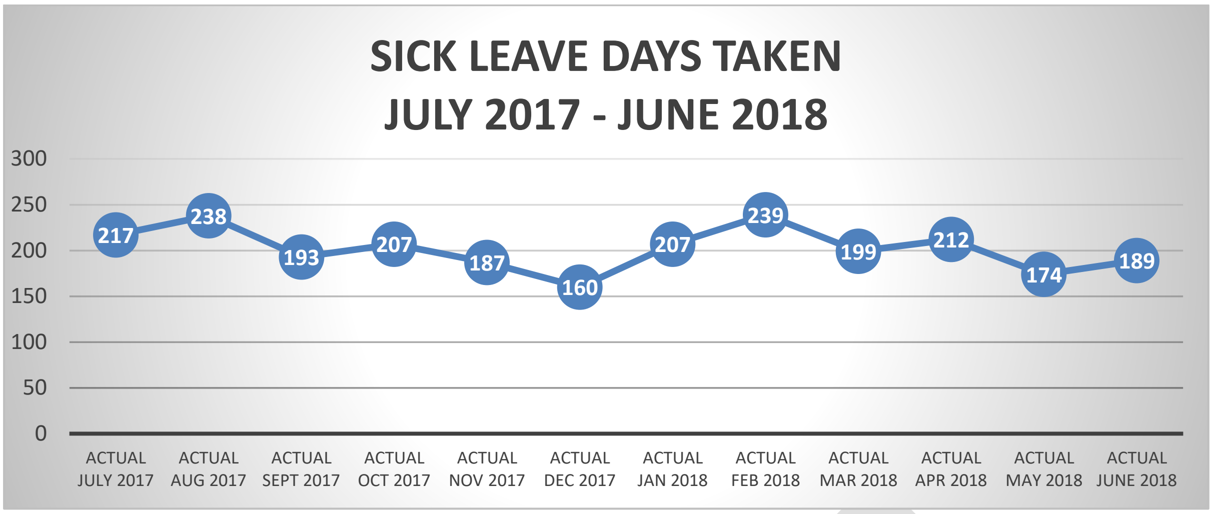
Table 3 is the injury on duty statistics for the period October 2017 to June 2018. It must be noted that no statistics were available prior to the said reporting period.

INJURY ON DUTY STATISTICS FOR PERIOD OCTOBER 2017 – JUNE 2018

Table 3

MONTH	HUMANSDORP	JEFFREYS BAY	GAMTOOS	TOTAL
OCTOBER	1	3	2	6
NOVEMBER	5	1	0	6
DECEMBER	6	2	3	11
JANUARY	0	0	3	3
FEBRUARY	5	3	1	9
MARCH	6	10	1	17
APRIL	2	4	0	6
MAY	2	6	1	9
JUNE	7	3	4	14

Graph 4



Graph 5

Graph 4 and 5 above is an indication of the amount of annual and sick leave taken throughout the financial year. Sick leave has shown a steady down-word curve, as well as annual leave. This has in turn led to a more productive workforce.

4.5 LABOUR RELATIONS

COMMENT ON LABOUR RELATIONS

The following schedule reflects labour related matters dealt with at the level of the South African Local Government Bargaining Council, the Commission for Conciliation Mediation and Arbitration, disciplinary hearings, Labour Court matters and grievances.

Matters for arbitration has decreased significantly due to all outstanding matters being swiftly dealt with. Grievances have also decreased significantly with only 3 formal grievances submitted since December 2017 as can be seen in table 5 below.

DISCIPLINARY MATTERS	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
Number of disciplinary matters	3	4	1	3	3	6	3	7	9	7	8	5
Number of Matters at arbitration	3	2	1	7	3	1	1	4	3	3	2	5
Number of Matter in the Labour Court	0	1	1	0	0	0	0	0	0	0	0	0
Number of Matters Finalise	0	1	2	6	4	1	4	2	5	5	5	3

Number of Grievances	0	0	0	17	10	0	0	0	2	0	0	1
Number of Grievances finalised	0	0	0	4	15	1	1	5	3	2	1	0
TOTAL	6	8	5	37	35	9	9	18	22	17	16	14

Table 5

The following schedule reflects labour related matters dealt with at the level of the South African Local Government Bargaining Council, the Commission for Conciliation Mediation and Arbitration, disciplinary hearings, Labour Court matters and grievances.

Matters for arbitration has decreased significantly due to all outstanding matters being swiftly dealt with. Grievances have also decreased significantly with only 3 formal grievances submitted since December 2017 as can be seen in table 5 underneath.

4.6 PERFORMANCE REWARDS

No performance rewards were considered for non-section 56/57 employees.

COMMENT ON PERFORMANCE REWARDS:

Despite the adoption of Policy on the participation of non-section 56/57 employees in the performance management system and the provision for performance rewards for such employees, no performance rewards were considered for such employees for reason that participation in the performance management system were not cascaded down to lower level employees.

The cascading of the performance management system is dependent on the development of Departmental Service Delivery and Budget Implementation Plans which should ensure that the performance of lower levels contributes towards the achievement of institutional objectives and further limits the "silo" effect by aligning departmental activities towards a common goal.

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.7 EMPLOYEE EXPENDITURE

The following schedule reflects trends in workforce expenditure over the past 8 years:

SALARY EXPENDITURE

Years	Total number of staff	Actual Operational Expenditure	Personnel expenditure (salary and salary related	Percentage of expenditure
2010/2011	1089	R447,523,000	R182,860,683	41%
2011/ 2012	960	R553,676,22	R182,822,233	33.02%
2012/2013	922	R545,906,310	R193,299,330	35.41%
2013/2014	878	R589,244,141	R208,085,170	35.32%
2014/2015	822	R578,855,272	R212,826,380	36.77%
2015/2016	860	R619,357,681	R228,746,553	36,93%
2016/17	824	R672,685,052	R228,043,152	33.90%
2017/18	873	R653,334,034	R243,418,034,26	37.2%

Councillor Allowances

Designation	2013/14	2014/15	2015/16	2016/17	2017/18
Executive Mayor	677,826.00	718,495.00	758,012,00	819 461	826,414
Speaker	542,261.00	574,795.00	606,410.00	662 047	661,129
Mayoral Committee (Total)	2, 694, 360	3,233,232.00	3,411,060.00	3,700, 176	
Mayoral Committee (Individual)	449 060	538 872.00	568 510.00	616 696.00	619,811
MPAC Chairperson	-	-	-	343 032.00	601,628
Part-Time Councillors (Total)	4,351,641.00	4,526,508.00	4, 798 101	5, 151 225	5,492 109
Part-Time Councilors (Per Councilor)	189 201.00	196 804.00	208 613.00	223, 966.00	261,529

Senior Managers

Position/Benefit	2013/14	2014/15	2015/16	2016/17	2017/18
Municipal Manager					
Annual Remuneration	1 005 022	1 073 263	1 148 392	1 217 295	1,395,280
Performance Bonus	0	75 128.41	0	(Not eligible, did not complete performance report)	
Chief Financial Officer					
Annual Remuneration	891 957	476 260	641 667	1 100 000	R 1,317,437
Performance Bonus	60 563.88	0	33 366.68	To be considered	
Director Social Services					
Annual Remuneration	891 957	952 521	1 019 198	1 080 349	R 1,145,598
Performance Bonus	0	0	0	(Not eligible, did not complete performance report)	
Director: LED, Tourism and Creative Industries					
Annual Remuneration	891 957	952 521	1 019 198	1 080 349	R 1,145,598
Performance Bonus	60 563.88	0	69 305.46	(Not eligible, did not complete performance report)	
Director: Infrastructure, Planning and Development					
Annual Remuneration	891 957	952 521	1 019 198	1 080 349	R 1,145,598
Performance Bonus	0	0	0	To be considered	
Director: Administration, Monitoring and Evaluation					
Annual Remuneration	891 957	952 521	1 019 198	1 080 349	R 1,145,598
Performance Bonus	60 563.88	66 676.47	50 959.89	To be considered	

It must be noted that the payment of performance bonuses can only be considered on approval of the Annual Report for the performance year under review and only after Council approval for the payment of the performance bonuses. Performance bonuses are paid in the ensuing year but reflected in respect of the year the performance bonus was earned.

COMMENT ON WORKFORCE EXPENDITURE:

As per the directives of the Political Leadership, Administration made substantial attempts to reduce workforce expenditure which is evident from the current staff salary percentage as compared to the total operating expenditure.

There has been a drastic decline in the wage bill since January 2018, with the gross wage bill for June 2018 being almost R 6 000 000 (28%) less than January 2018. This is due predominantly to savings from non-filling/delays in filling of attrition positions and reduction in the number of temporary employees.
There was a 15.35% reduction in the gross wage bill between the month of July 2017 (R19 646 008.89) and June 2018 (R16 629 244.10).

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

The Municipality moved from the Old Van der Merwe job grading system to the Task grading system in 2016, with the effect being that a substantial number of employees were earning more than the evaluated job grading. Due to this fact numerous employees are on contractual to holder positions, although they will still fall in the task grade ranges.

CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT

5.1. FINANCIAL HEALTH OVERVIEW

In order to provide an overview of the financial outcomes for the 2017/18 financial year, it is necessary to compare the 2017/18 Adjustments Budget, the actual financial results, the actual cash inflows and outflows, and the actual expenditure and revenue trends for the period, 1 July 2017 to 30 June 2018.

The financial performance highlights, based on the audited results, are as follows:

5.1.1. Statement of Financial Performance

Actual operating revenue (excluding capital grants) amounted to R 707,548 million, whilst actual operating expenditure amounted to R 745,019 million, resulting in an actual operating deficit of R 37,471 million. The 2017/18 Adjustments Budget for operating revenue (excluding capital grants) amounted to R 689,026 million, whilst operating expenditure amounted to R 755,421 million, resulting in a budgeted deficit of R 66,395 million.

It should be noted that the 2017/18 actual operating revenue of R 743,041 million, includes an amount of R 35,493 million, which relates to capital grants.

The following, however, needs to be noted:

The total operating revenue for Property Rates and Service Charges was lower than anticipated in the 2017/18 Adjustments Budget.

Property Rates

The actual property rates revenue raised amounted to R 160,671 million (100.07%), compared to the Adjustments budgeted amount of R 160,565 million.

Service charges – Electricity Revenue

The actual electricity revenue raised, amounted to R 216,316 million (93.88%), compared to the Adjustments budgeted amount of R 230,405 million.

Service charges – Water Revenue

The actual water revenue raised, amounted to R 65,282 million (110.89%), compared to the Adjustments budgeted amount of R 58,871 million.

Service charges – Sanitation Revenue

The actual sanitation revenue raised, amounted to R 38,377 million (94.47%), compared to the Adjustments budgeted amount of R 40,622 million.

Service charges – Refuse Revenue

The actual refuse revenue raised, amounted to R 27,016 million (112.76%), compared to the Adjustments budgeted amount of R 23,959 million.

Service charges – Environmental Management Fee

The revenue raised from the Environmental Management Fee, amounted to R 16,358 million (100.75%), compared to the Adjustments Budgeted amount of R 16,236 million.

Property Rates and Services Revenue:

Description	2017/18 Financial Year		
	Adjusted Budget (Including Indigent Subsidies)	Actuals as at 30 June 2018 (Including Indigent Subsidies)	Variance
R thousands			
Revenue By Source			
Property rates	**160 565**	**160 671**	**(106)**
Service charges revenue	**370 093**	**363 348**	6 745
Service charges - electricity revenue	230 405	216 316	14 090
Service charges - water revenue	58 871	65 282	(6 410)
Service charges - sanitation revenue	40 622	38 377	2 245
Service charges - refuse revenue	40 195	43 373	(3 179)
Total	**530 658**	**524 019**	**6 639**

Fines, Penalties and Forfeits:

The actual revenue amounted to R 34,832 million, compared to the adjustments budgeted amount of R 3,962 million. The previous year's actual amounted to R 10,600 million.

The Fines Revenue raised was approximately R 30,870 million more than budgeted. This is attributed to traffic fines issued, being higher than anticipated. The actual amount for 2017/18 includes fines paid, as well as fines issued.

Rental from Fixed Assets:

The actual revenue amounted to R 0,614 million, compared to the adjustments budgeted amount of R 1,774 million. The previous year's actual amounted to R 1,506 million.

The income derived from this revenue source, should be further enhanced by charging market related rentals relating to all Council's properties.

Transfers and Subsidies:

The actual revenue amounted to R 108,897 million (95.81%), compared to the Adjustments budget amount of R 113,664 million. The actual revenue is slightly lower than anticipated.

Licences and Permits:

The actual licences and permits revenue amounted to R 13,547 million (110.35%), compared to the adjustments budgeted amount of R 12,276 million.

The Licences and Permits Revenue raised was approximately R 1,271 million more than budgeted. This is attributed to motor vehicle registrations being higher than anticipated.

Interest Earned – External Investments:

The actual interest earned – external investments amounted to R 8,752 million, compared to the adjustments budgeted amount of R 7,405 million. This was mainly due to additional investments being made during the 2017/18 financial year, including slightly higher interest rates being available for investment purposes.

Interest Earned – Outstanding Debtors:

The actual interest earned – outstanding debtors amounted to R 6,784 million, compared to the adjustments budgeted amount of R 8,939 million.

Interest is also influenced by the extent of outstanding debtors. The interest raised on outstanding debtors may not necessarily result in a cash inflow for the Municipality.

Sales of Goods and Rendering of Services:

The actual sales of goods and rendering of services revenue amounted to R 8,834 million (103.42%), compared to the Adjustments budgeted amount of R 8,542 million.

Operational Revenue:

The actual operational revenue amounted to R 1,267 (70.21%) million, compared to the Adjustments budgeted amount of R 1,805 million.

The Operating Expenditure was lower than anticipated in the 2017/18 Adjustments Budget.

Employee Related Costs:

Employee related costs amounted to R 245,777 million (98.69%), compared to the adjustments budgeted amount of R 249,044 million.

Employee related costs were approximately R 3,267 million less than the adjustments budgeted amount.

Remuneration of Councillors:

The remuneration of councilors amounted to R 12,066 million (99.63%), compared to the adjustments budgeted amount of R 12,111 million.

Remuneration of councillors was approximately R 0,45 million less than the adjustments budgeted amount.

Depreciation and Amortisation:

The Depreciation and Amortisation amounted to R 73,527 million, compared to the adjustments budgeted amount of R 83,730 million.

The Depreciation and Amortisation expenditure was approximately R 10,203 million less than the adjustments budgeted amount. The variance is mainly due to under-spending of the Capital Budget.

Impairment losses:

Bad debts are written off upon Council's approval. Debt impairment amounted to R 61,479 million, compared to the adjustments budgeted amount of R 49,997 million. Debt impairment was consequently R 11,482 million more than anticipated in the 2017/18 Adjustments Budget.

This is due to the impairment of traffic fines, being higher than anticipated.

Bulk Purchases - Electricity:

The Bulk purchases electricity amounted to R 184,881 million (98.74%), compared to the Adjustments budgeted amount of R 187,239 million.

The Bulk purchases electricity expenditure was approximately R 2,358 million less than budgeted.

Bulk Purchases - Water:

The Bulk purchases water amounted to R 32,708 million (85.21%), compared to the Adjustments budgeted amount of R 38,384 million.

The Bulk purchases water expenditure was approximately R 5,676 million less than budgeted.

Repairs and Maintenance:

The repairs and maintenance amounted to R 28,239 million (88.82%), compared to the Adjustments budgeted amount of R 31,796 million.

The repairs and maintenance expenditure was approximately R 3,557 million less than budgeted.

Interest:

The interest costs amounted to R 14,324 million, compared to the Adjustments budgeted amount of R 3,768 million.

The interest costs were approximately R 10,556 million more than budgeted. This is mainly due to interest raised on overdue creditors, not initially budgeted for.

Contracted Services:

The contracted services amounted to R 35,492 million, compared to the Adjustments budgeted amount of R 42,971 million.

The contracted services expenditure was approximately R 7,479 million less than budgeted.

Item Description	Adjustments Budget 2017/18	Actuals as at 30 June 2018	Variance
Consultants and Professional Services	10 101 052	5 597 851	4 503 201
Laboratory Services: Water Testing	562 960	542 330	20 630
Legal Costs	2 908 000	4 177 701	-1 269 701
Maintenance of Municipal Buildings and Facilities	2 201 023	1 973 118	227 905
Maintenance of Machinery and Equipment	694 306	221 063	473 243
Maintenance of Unspecified Assets: Vehicles and Infrastructure Assets	16 249 238	15 893 662	355 576
Valuer: Property Evaluation Roll	2 425 000	2 443 257	-18 257
Catering Services	646 576	416 016	230 560
Drivers Licence Cards	700 001	323 257	376 744
Internal Auditors	1 800 000	787 827	1 012 173
Litter Picking and Street Cleaning	83 000	40 591	42 409
Medical Services [Medical Surveillance)	371 700	400 959	-29 259
Security Services	754 496	591 860	162 636
Traffic Fines Management	1 450 000	1 427 767	22 233
Transport Services	398 820	108 047	290 773
Other Contracted Services	1 625 021	547 149	1 077 872
	42 971 193	**35 492 455**	**7 478 738**

Operating Leases:

The operating leases amounted to R 2,726 million (77.17%), compared to the Adjustments budgeted amount of R 3,532 million.

The operating leases expenditure was approximately R 0,806 million less than budgeted.

Operational Costs:

The over-spending on Operational Costs, in the amount of R 2,284 million, is attributable to the higher than anticipated spending on various expenditure, items. The following table reflects the items in question:

Item Description	Approved 2017/18 Adjustments Budget	Actuals as at 30 June 2018	Under/(Over) Spending
Achievements and Awards	215 000	1 608 413	-1 393 413
Advertising, Publicity and Marketing	920 518	811 909	108 609
Bank Charges, Facility and Card Fees:Bank Accounts	603 901	588 874	15 027
Bargaining Council	2 567 400	2 661 654	-94 254
Commission	612 201	697 557	-85 356
Communication	4 569 781	4 246 632	323 149
Contribution to Provisions	214 000	500 000	-286 000
Courier and Delivery Services	7 032	33	6 999
Deeds	23 000	(56 050)	79 050
External Audit Fees	4 000 000	4 786 064	-786 064
External Computer Service	5 517 831	3 889 707	1 628 124
Hire Charges	19 082 734	17 059 990	2 022 744
Insurance Underwriting	2 384 702	2 164 842	219 860
Licences	969 347	3 340 716	-2 371 369
Management Fee	4 394 844	3 368 870	1 025 974
Municipal Services	-	4 880 801	-4 880 801
Printing, Publications and Books	1 132 075	1 371 851	-239 776
Professional Bodies, Membership and Subscription	11 300	11 911	-611
Registration Fees	1 701 852	670 592	1 031 260
Remuneration to Ward Committee Members	1 364 500	1 133 615	230 885
Repayment of Forfeited Deposits	-	308 761	-308 761
Resettlement Cost	200 000	61 729	138 271
Search Fees	90 000	90 072	-72
Signage	15 000	9 122	5 878
Skills Development Fund Levy	2 456 815	1 425 362	1 031 453
Travel and Subsistence	1 941 115	982 475	958 640
Uniform and Protective Clothing	191 500	1 321 475	-1 129 975
Vehicle Tracking	620 877	571 836	49 041
Workmen's Compensation Fund	1 403 352	986 348	417 004
Total Operational Costs	**57 210 677**	**59 495 162**	**-2 284 485**

Conclusion:

The Municipality recorded an actual operating deficit of R 37,471 million, compared to the adjustments budgeted deficit of R 66,395 million.

5.1.2 Statement of Financial Position

Net Assets:

Net Assets decreased from R 2,102 billion (2016/17) to R 2,101 billion (2017/18) due to the following:

Non-current Liabilities:

- Long-term liabilities decreased from R32,567 million in 2016/17 to R 23,600 million in 2017/18, due to the redemption of loans. No loans were taken up during the 2017/18 financial year.
- The Employee Benefit Liabilities increased during the 2017/18 financial year, based on an actuarial valuation.

  The liabilities consequently increased from R92,444 million in 2016/17 to R 96,301 million in 2017/18. The Employee Benefit Liabilities consist of Post-Retirement Health Care Benefits and Ex-Gratia Pensions.
- Non-current Provisions increased from R62,466 million in 2016/17 to R 65,680 million in 2017/18, due to the increase in Long Service Awards and the Rehabilitation of Landfill Sites provisions.

The net result is that the decrease in non-current liabilities, accounted for a movement of R 1,896 million in the net assets of the municipality.

Current liabilities:

Consumer Deposits

Consumer deposits increased from R 13,567 million in 2016/17 to R 15,241 million in 2017/18, mainly due to an increase in applications for new water and electricity connections.

Provisions

The current provisions increased from R 22,644 million in 2016/17 to R 24,505 million in 2017/18, mainly due to the leave provision and long service awards, being increased in the 2017/18 financial year.

Unspent conditional grants and receipts

It is to be noted that unspent conditional grants increased from R 6,407 million in the 2016/17 financial year to R 6,942 million in the 2017/18 financial year.

It must be noted that in relation to the Non-DORA Provincial Housing grant, an amount of R 6,086 million remained unspent as at 30 June 2018, which will be spent once the relevant bulk infrastructure is upgraded.

Payables – Exchange Transactions

Payables have decreased by R 1,934 million from R 128,559 million in 2016/17 to R 126,625 million in 2018/18. The payables from exchange transactions are significantly influenced by the bulk water account the municipality received in May 2016 from the Nelson Mandela Bay Municipality, in the amount of R 46,010 million.

According to the Nelson Mandela Bay Municipality, the Kouga Municipality was incorrectly billed from December 2012 to April 2016.

Current Portion of Long-Term Liabilities

The current portion increased by R 0,344 million from R 8,600 million in 2016/17 to R 8,944 million in 2017/18.

The net result is that the increase in Current liabilities, accounted for a movement of R 2,479 million in the Net Assets of the Municipality.

Non-current Assets:

- Property, Plant and Equipment decreased by R 27,553 million from R 2,010 billion in 2016/17 to R 1,983 billion in 2017/18.

- Intangible Assets increased by R 0,240 million from R 0,062 million in 2016/17 to R 0,302 million in 2017/18.

- Investment Property decreased by R 1,587 million from R 285,199 million in 2016/17 to R 283,612 million in 2017/18.

- Long-term receivables decreased by R0,049 million from R 0,065 million in 2016/17 to R 0,016 million in 2017/18.

The net result is that the decrease in Non-current assets accounted for a movement of R 28,949 million in the Net Assets of the Municipality.

Current Assets:

Inventories

Inventories increased by R 1,714 million from R 4,952 million in 2016/17 to R 6,666 million in 2017/18.

Receivables from exchange transactions

The increase in receivables amounted to R 9,370 million, or 22.07%, when compared to the previous financial year.

Year	Gross Balances R	Impairment Allowance R	Carrying Amount R
2016/17	124 435 221	81 975 109	42 460 112
2017/18	144 779 143	92 948 783	51 830 360
Increase	**20 343 922**	**10 973 674**	**9 370 248**

Receivables from non-exchange transactions

The Receivables from non-exchange transactions decreased by R 4,484 million from R 31,001 million in 2016/17 to R 26,517 million in 2017/18.

Cash and Cash Equivalents

Cash and cash equivalents increased by R 10,061 million from R 84,254 million in 2016/17 to R 94,315 million in 2017/18.

VAT Receivable

VAT Receivable increased by R 11,424 million from R 11,289 million in 2016/17 to R 22,713 million in 2017/18.

Operating Lease Receivables

Operating Lease Receivables decreased by R 0,013 million from R 0,282 million in 2016/17 to R 0,269 million in 2017/18.

The net result is that the increase in Current assets accounted for a movement of R 28,074 million in the Net Assets of the Municipality.

Conclusion:

The Municipality's financial position has been influenced by the following factors:

- Cash and cash equivalents increased by R 10,061 million (11.94%) from R 84,254 million in 2016/17 to R 94,315 million in 2017/18.

- Current Liabilities increased by R 2,479 million (1.38%) from R 179,777 million in 2016/17 to R 182,256 million in 2017/18.

- Current assets increased by R 28,074 million (16.11%) from 174,240 million in 2016/17 to R 202,314 million in 2017/18.

- The continued escalation in outstanding debtors requires attention.

5.1.3 FINANCIAL INDICATORS

The following ratios reflect the municipality's relative financial viability and sustainability:

Borrowing Management		**Actuals as at 30 June 2014**	**Actuals as at 30 June 2015**	**Actuals as at 30 June 2016**	**Actuals as at 30 June 2017**	**Actuals as at 30 June 2018**
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	4.83%	4.50%	4.98%	2.51%	1.77%
Borrowed funding of "own "capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	0%	0%	0%	0%	0%
Debt Servicing Costs to Operating Revenue	Debt Servicing Costs / Total Operating Revenue - Conditional Grants	0.06	0.05	0.05	0.03	0.02
Liquidity						
Current Ratio	Current assets / current liabilities	0.54	0.72	0.86	0.97	1.11
Liquidity Ratio	Monetary assets / current liabilities	0.16	0.22	0.40	0.47	0.52
Revenue Management						
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	96.07%	98.91%	97.60%	95.81%	90.73%

Other indicators		**Actuals as at 30 June 2014**	**Actuals as at 30 June 2015**	**Actuals as at 30 June 2016**	**Actuals as at 30 June 2017**	**Actuals as at 30 June 2018**
Cost coverage	(Cash and cash equivalents - Unspent Conditional Grants - Overdraft) + Short term investment)/monthly fixed operational expenditure excluding (depreciation, amortisation, provision for bad debts, impairment and loss on disposal of assets)	0.25 Months	0.82 Months	1.59 Months	1.62 Months	1.72 Months
Employee Costs	Employee Costs / Total Operating Expenditure	35.32%	36%	36.93%	33.39%	32.99%
Capital Expenditure	Capital Expenditure / Capital Budget	21.35%	241.30%	81.97%	72.92%	72.98%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	3.81%	4.46%	4.78%	4.94%	3.79%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	0.95%	1.06%	1.46%	1.65%	1.42%
Own Revenue Sources / Total Operating Revenue (Including operating grants)	Own Revenue Sources / Total Operating Revenue (Including Conditional Grants)	87.21%	69.55%	84.74%	78.69%	80.57%

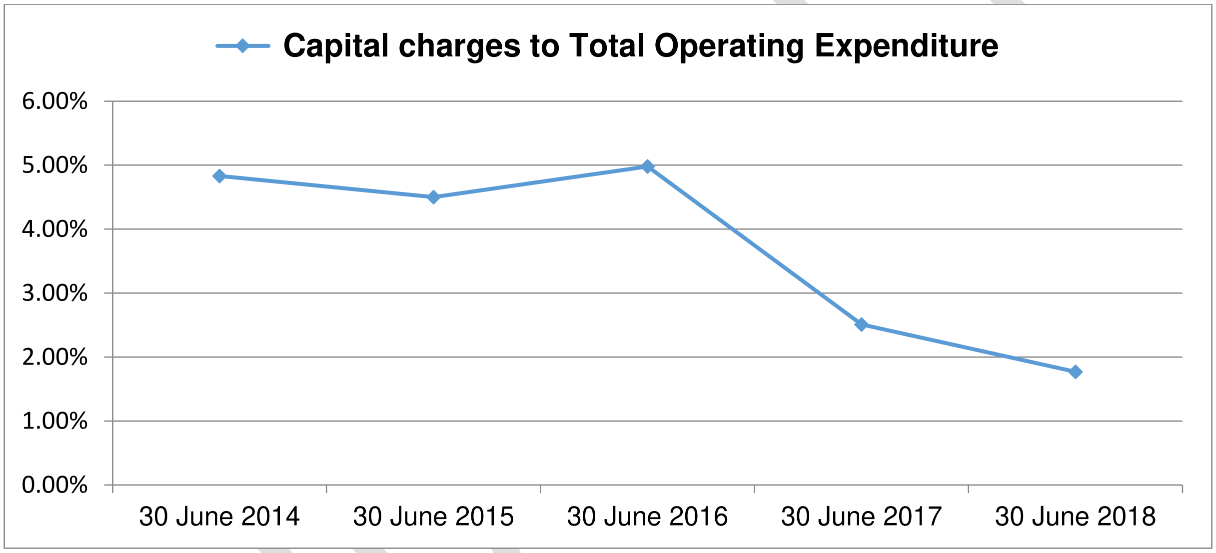
The above table is discussed in detail below.

5.1.3.1 Capital charges to Operating Expenditure

The Ratio indicates the cost required to service the borrowing. It assesses the Borrowing or Payment obligation expressed as percentage of Total Operating Expenditure.

Capital charges/Total Operating Expenditure to date

The ratio indicates that 1.77% of the Total Operating Expenditure was utilised for capital charges as at 30 June 2018, whilst the Municipality's audited ratio as at 30 June 2017 was 2.51%.



5.1.3.2 Borrowed funding of capital expenditure

This ratio indicates the proportion of borrowed funding to actual capital expenditure to date (excluding transfers and grants). The ratio also indicates the extent of capital expenditure being financed from borrowed funding compared to own and other funding sources, excluding transfers and grant funded expenditure.

The ratio is determined as follows:

Capital expenditure funded from Borrowings/Total Capital Expenditure to date (excluding transfers and grants)

As at 30 June 2018, the was 0% as no capital expenditure was funded from borrowings, whilst the Municipality's audited ratio as at 30 June 2017 was also 0%.

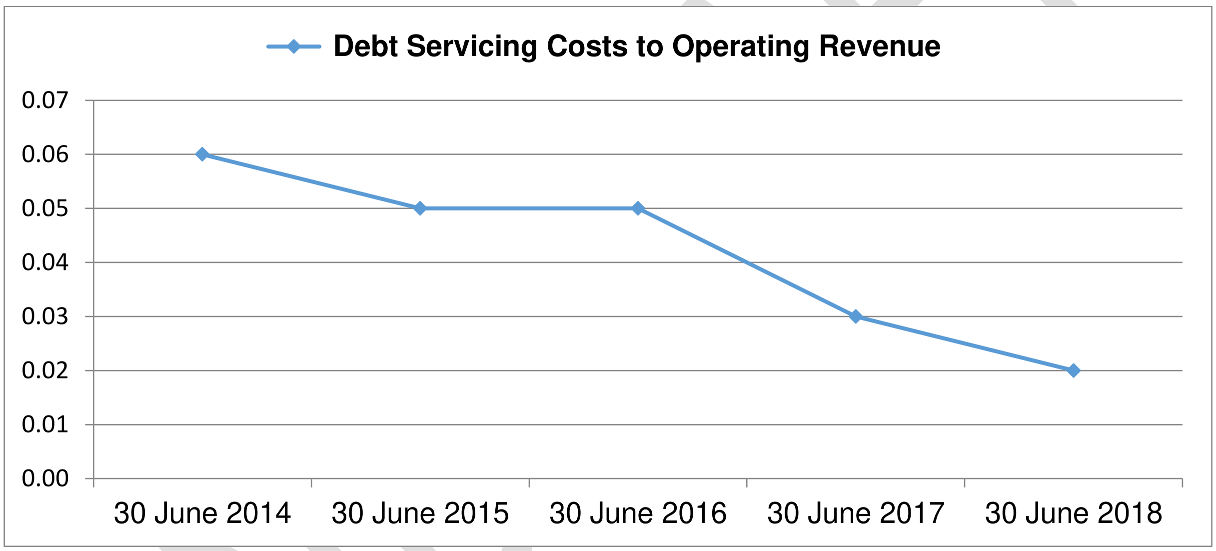
5.1.3.3 Debt Servicing Costs to Operating Revenue Ratio

This ratio indicates the proportion of debt servicing costs (interest and principal paid on borrowing) to actual operating revenue to date.

The ratio is determined as follows:

Debt Servicing Costs/Operating Revenue

As at 30 June 2018, the ratio was 0.02:1, compared to the audited ratio of 0.03:1 as at 30 June 2017.



5.1.3.4 Current ratio

The Ratio assesses the Municipality's ability to meet its Short-term Liabilities (Debt and Payables) with its Short-term Assets (Cash, Inventory, Receivables etc.).

The ratio is determined as follows:

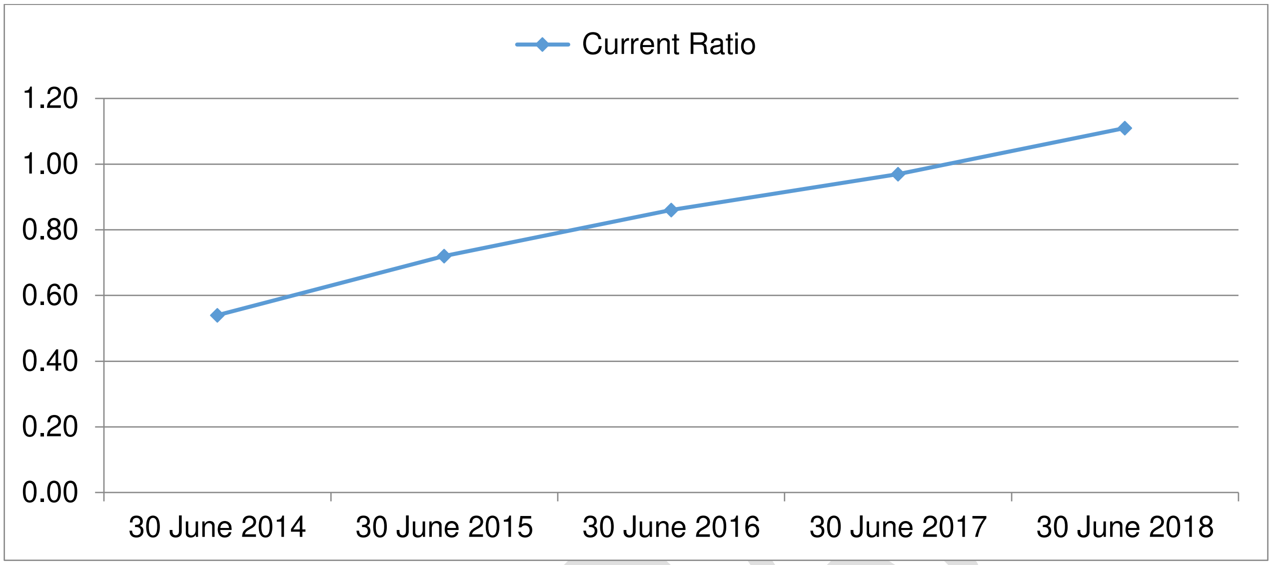
Current assets/Current liabilities

As at 30 June 2018, the Ratio was 1.11:1, whilst the Municipality's audited ratio as at 30 June 2017 was 0.97:1

In terms of the MFMA Circular No. 71, the norm is 1.5:1 to 2:1

The higher the current Ratio, the stronger the Municipality's financial capacity to meet its current obligations.

A ratio of below 1:1 would suggest that the Municipality would be unable to meet all its current obligations as and when they fall due.



5.1.3.5 Liquidity Ratio

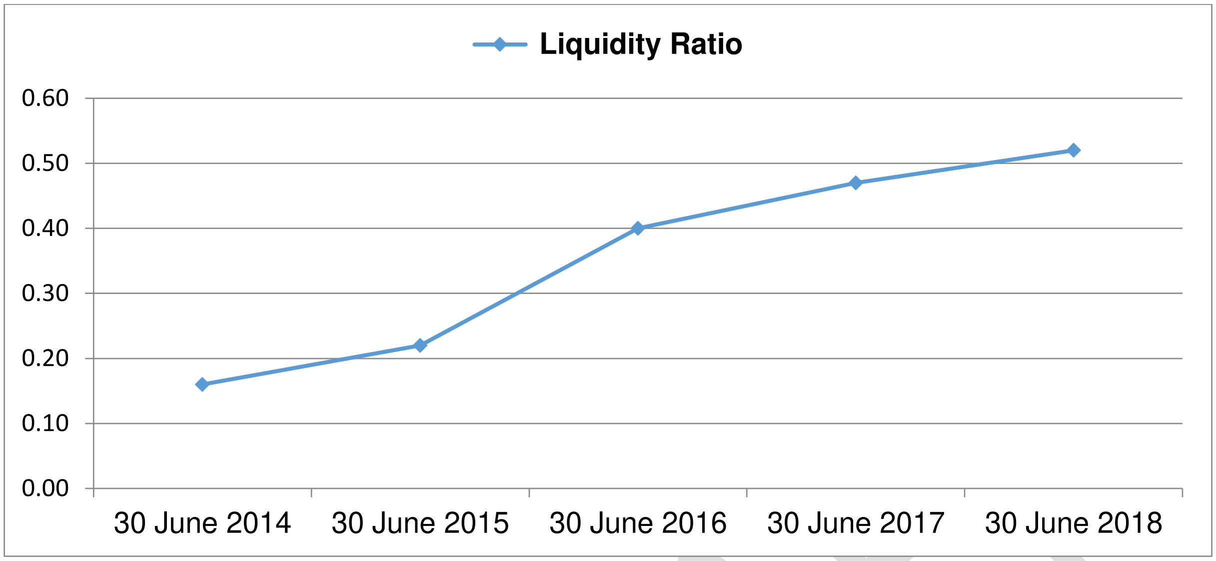
The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

The ratio is determined as follows:

Monetary assets/Current liabilities

A favourable ratio would ensure that the Municipality is able to settle its short-term commitments from monetary assets. The liquidity ratio as at 30 June 2018 was 0.52:1, whilst the Municipality's audited ratio as at 30 June 2017 was 0.47:1.

The liquidity ratio is of the utmost importance to measure the financial liquidity and sustainability of the municipality.



5.1.3.6 Annual Debtors Collection Rate

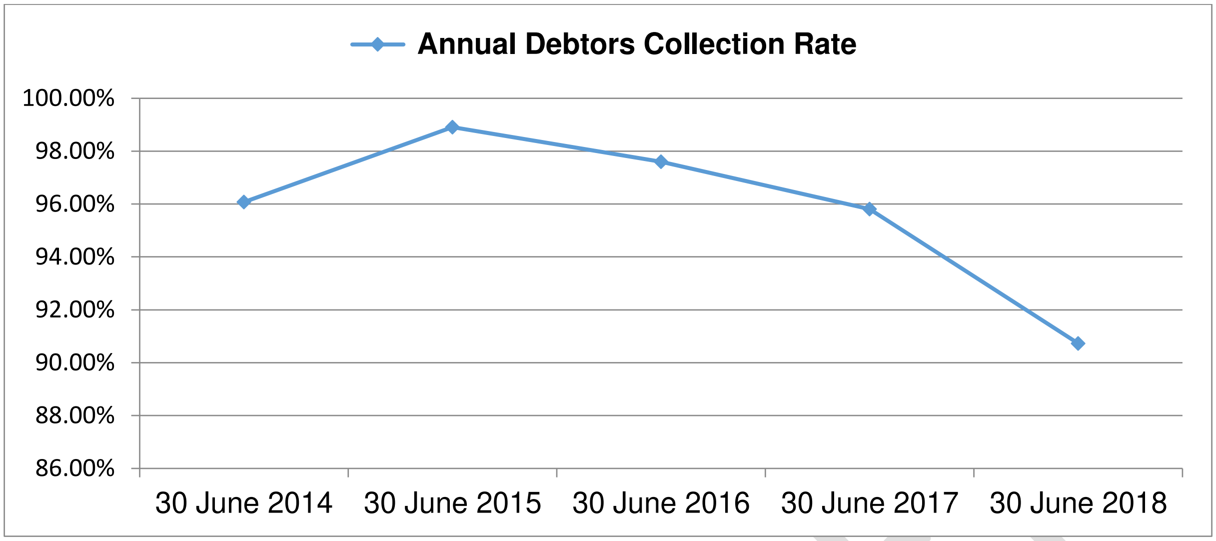
This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

The ratio to determine the percentage collection rate is as follows:

Total Payments Received in Current month/Total Value of Accounts Rendered in the Previous Month X 100

Note: the reason for using the previous month's billing is due to the accounts only being payable the following month (i.e. account-holders are given one calendar month to pay their current accounts).

The average collection rate as at 30 June 2018 was 90.73%, compared to the average collection rate of 95.81% for the 2016/17 financial year. These percentages are calculated based on revenue receipted, compared to revenue billed on a month-to-month basis.



5.1.3.7 Cost coverage

The Ratio indicates the Municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investments, without collecting any additional revenue, during that month.

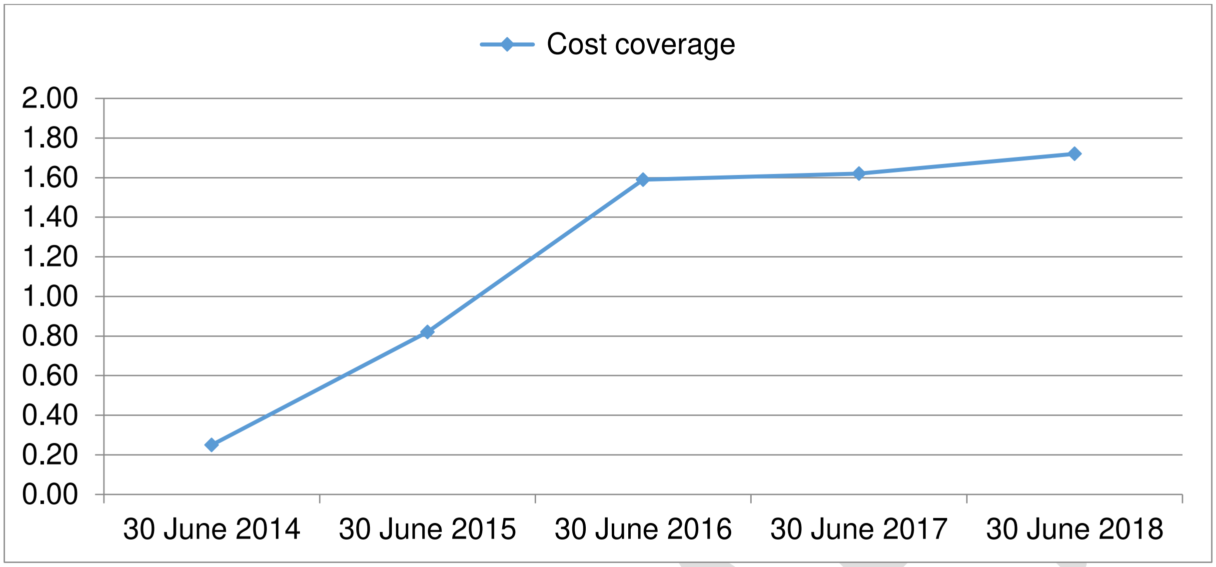
The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal day-to-day operational expenditure, but rather reserved for Grant related expenditure.

The ratio is determined as follows:

Cash and cash equivalents – unspent conditional grants – overdraft + short-term investments/ monthly fixed operational expenditure excluding (depreciation, amortisation, provisions for bad debts, impairment and loss on the disposal of assets)

As at 30 June 2018, the Ratio was 1.72 months, whist the Municipality's audited ratio as at 30 June 2017 was 1.62 months.

In terms of MFMA Circular No. 71, the norm is 1 month to 3 months



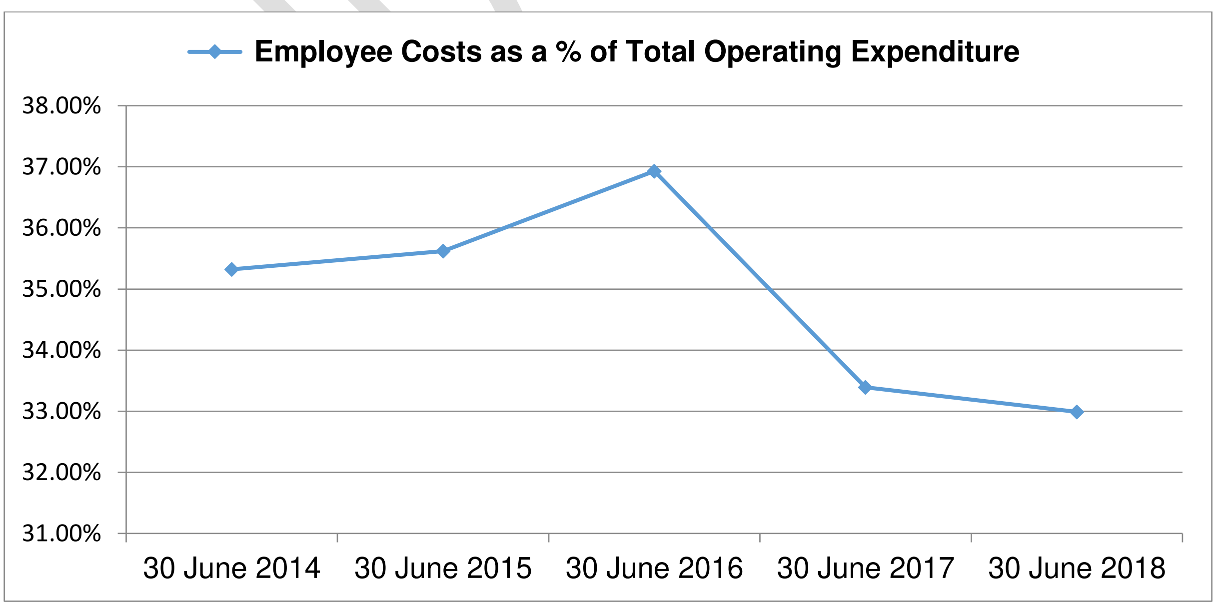
5.1.3.8 Employee costs as a % of Total Operating Expenditure

This ratio assesses the extent to which the Municipality's Total Operating Expenditure is consumed by costs associated with the employment of human resources.

The ratio is determined as follows:

Employee Costs to date/Total Operating Expenditure to Date

As at 30 June 2018, Employee Related Costs constituted 32.99% of the Total Operating Expenditure, whilst the Municipality's audited ratio as at 30 June 2017 was 33.39%.



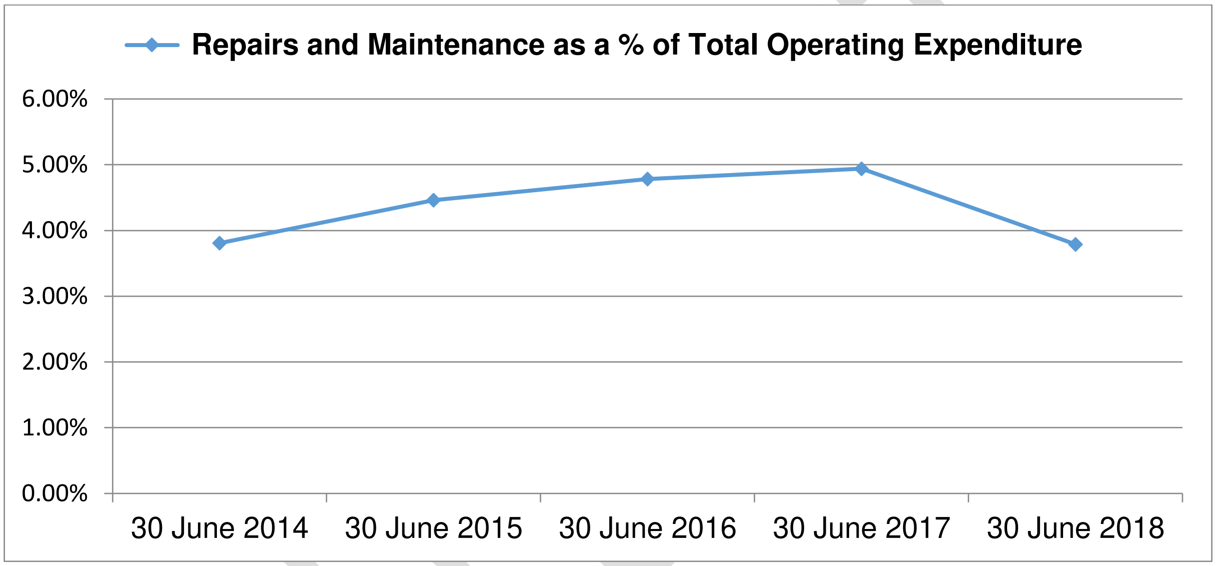
5.1.3.9 Repairs and Maintenance as a % of Total Operating Expenditure

This ratio assesses the extent to which the Municipality's Total Operating Expenditure is consumed by costs associated with the repairs and maintenance of its assets.

The ratio is determined as follows:

Repairs and maintenance expenditure to date / Total Operating Expenditure to date

As at 30 June 2018, the Ratio was 3.79%, compared to the Municipality's audited ratio of 4.94% as at 30 June 2017.



5.1.3.10 Repairs and Maintenance as a % of the book value of Property, Plant and Equipment (PPE)

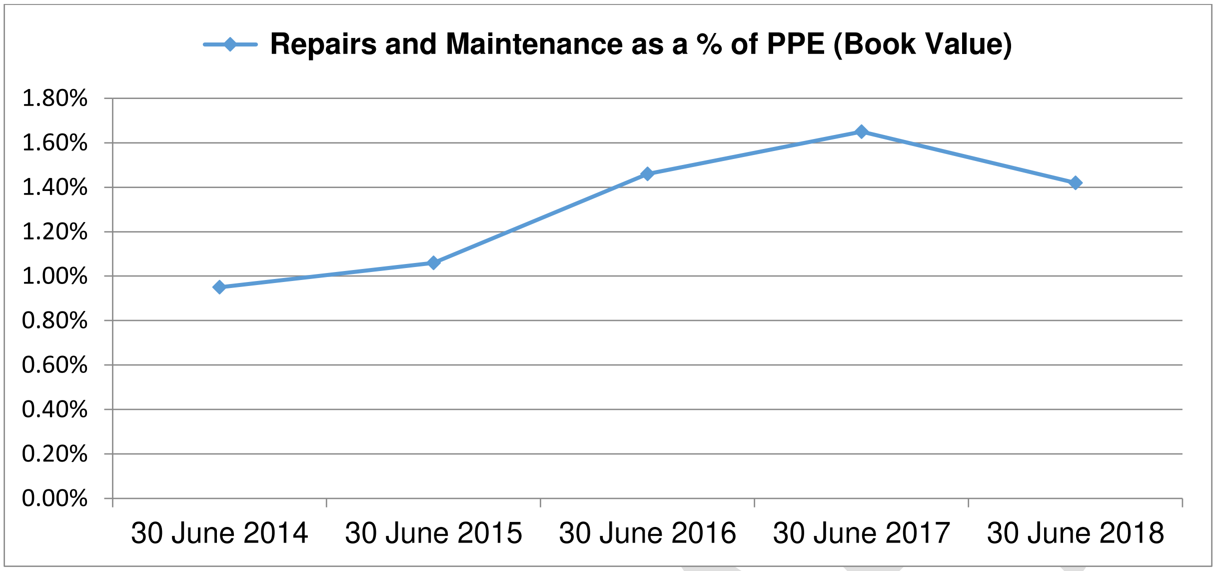
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

Repairs and maintenance expenditure to date / Book value of PPE to date

As at 30 June 2018, repairs and maintenance expenditure constituted 1.42% of the book value of PPE. The Municipality's audited ratio as at 30 June 2017 was 1.65%.

In terms of the MFMA Circular No.71, the norm is 8%.



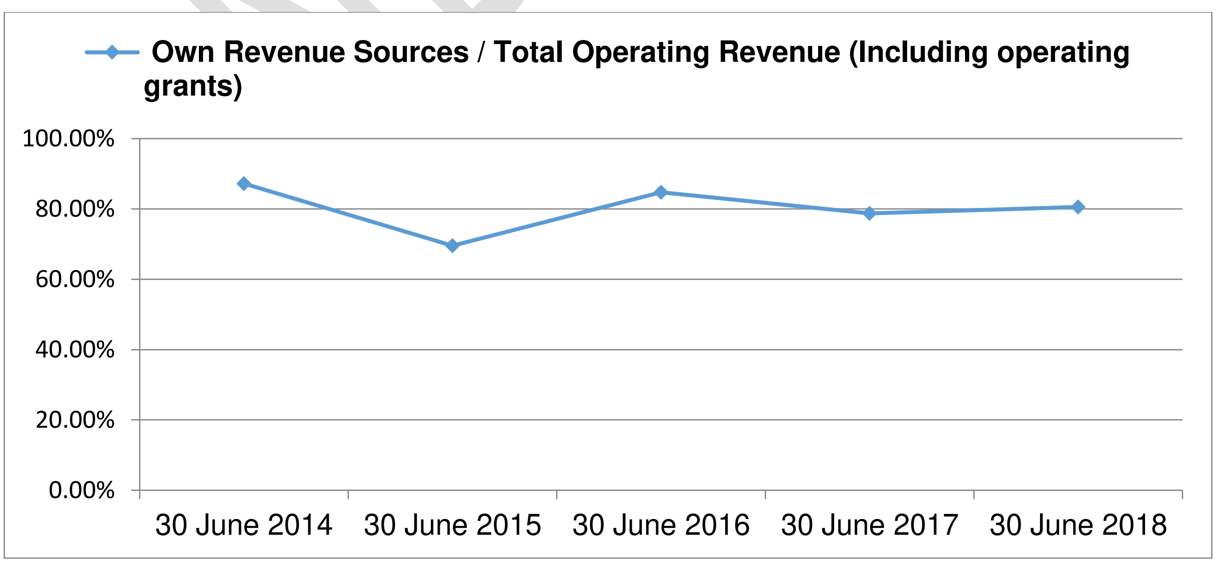
5.1.3.11 Own Revenue Generation

This ratio measures the extent to which the Municipality has control over its revenue sources, i.e. what percentage of its revenue is generated locally. The higher the ratio, the less reliant a Municipality is on Provincial and National Government to support its operations.

The ratio is determined as follows:

Own Revenue Sources / Total Operating Income (includes operating grants)

As at 30 June 2018, the Municipality's own revenue sources constituted 80.57% of its total Operating Income. The Municipality's audited ratio as at 30 June 2017 was 78.69%.



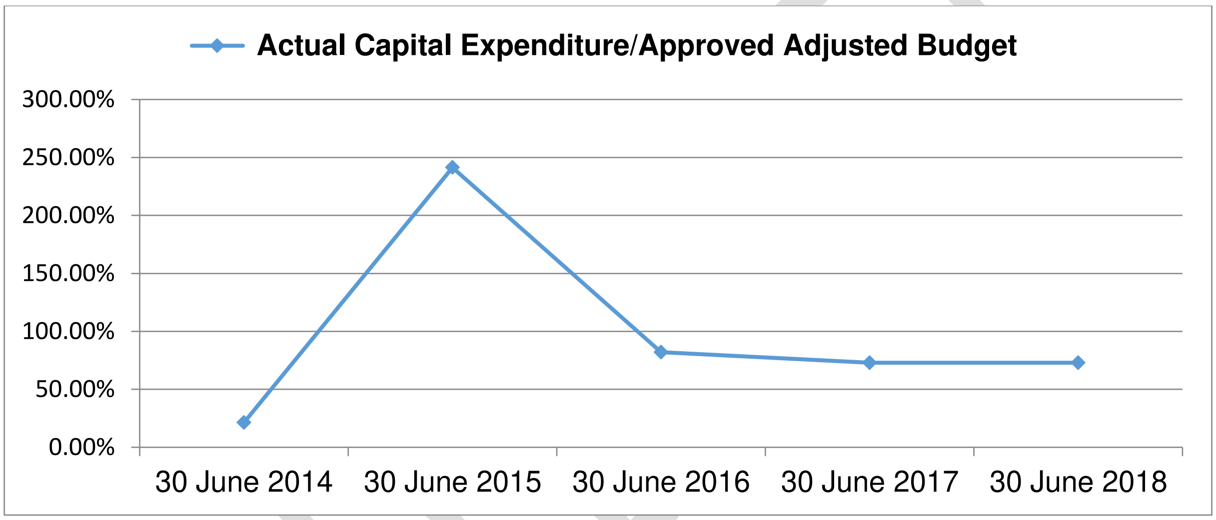
5.1.3.12 Capital Budget Spending

This ratio assesses the level of actual capital spending, compared to the budgeted capital expenditure.

The ratio is determined as follows:

Actual Capital spending / Approved Capital Budget

The actual spending as at the end of June 2018 amounted to 72.98%, compared to the 2017/18 Capital Adjustments Budget. The Municipality's audited ratio as at 30 June 2017 was 72.92%.



5.2. Arrears in Property Rates and Service Charges

(Refer to pages 31 – 35 of the Annual Financial Statements)

5.3 ANTI CORRUPTION STRATEGY

(The anti-corruption strategy and fraud prevention policies are both in draft format)

COMPONENT B: OTHER FINANCIAL MATTERS

5.4 SUPPLY CHAIN MANAGEMENT

Seven Day Notices Awarded:

A Total of Fourteen (14) Seven Day Notices was awarded for the period 1 July 2017 to 30 June 2018, as detailed below:

CONTRACT NAME	SERVICE PROVIDER	AWARD DATE
Notice 146/2017 Supply of Enterprise Security Suite (Anti-virus renewal licence- 3years)	Shelve Wizard 81 CC t/a TCL Consulting	4 October 2017
Notice 207/2017 New Electrical Tariffs for the 2018/19 financial year	Clinckscales Maughan Brown	11 January 2018
Notice 31/2018		
Appointment of a Professional Architectural Service Provider for Amendments to the existing building on erf 273 Jeffreys Bay	Pure Design Architects	7-May-18
Notice 39/2018		
Supply and Delivery of Network Switches	Sky Metro	7-May-18
Notice 47/2018		
Supply and Delivery of High Density Filing System	Reliance Furniture	4-May-18

CONTRACT NAME	SERVICE PROVIDER	AWARD DATE
Notice 47/2018		
Supply and Delivery of Office Equipment	Workstation Office Furniture	4-May-18
Notice 49/2018		
Supply of Microsoft Windows Server one License Software Assurance	Synergy Micro	7-May-18
Notice 38/2018		
Supply and Delivery of Lifesaving Equipment	High End Properties	27-May-18
Notice 33/2018		
Supply, Delivery and Installation of CCTV Cameras	Bosepro CC t/a Avitech Systems	29-May-18
Notice 83/2018		
Supply and Delivery of Oak Bare Conductor - 1500m	ARB Electrical Wholesalers	15-Jun-18
Notice 80/2018		
Supply and Delivery of Sports Uniforms & Equipment- Ward Committees	1. Sempaleng Construction, 2. JK Tech Promo 3.Capacity for New Creation Construction and Projects	13-Jun-18
Notice 40/2018		
Supply and Delivery of Firefighting Bunker Suits and Equipment	Bay Zen Trading	13 June-18
Notice 86/2018		
Supply and Delivery of Chairs for Community Halls	Work Station Office Furniture Pty Ltd	20-Jun-18

CONTRACT NAME	SERVICE PROVIDER	AWARD DATE
Notice 98/2018		
Supply and Delivery of Structural Timber Products to repair boardwalks. (SA Treated Pine)	Wynford Civils & Development	25-Jun-18

Competitive Bids awarded for the period:

A total of thirty four (34) bids was awarded for the period from 1 July 2017 to 30 June 2018.

1. Notice 1 of 2017 Fencing of Existing Cemeteries

Contractor	Amount	Date
Yonke Imihla Building Solutions t/a JB Fencing	Various rates	31 July 2017

2. Notice 45 of 2017 Stores Requirements Part 1 Contract S1: Supply and Delivery of Black Polythene Refuse Bags (35micron bags)

Contractor	Amount	Date
Ikamva Facilities Management	R 886.46 per 1000 units	31 July 2017

3. Notice 45 of 2017 Stores Requirements Part 1 Contract S1: Supply and Delivery of Tyres and Tubes

Contractor	Amount	Date
• Sharwoods William Moffet • Kazalusi • South Bay Tyres • Siyaya Corporation	Various Items and rates	31 July 2017

4. Notice 45 of 2017 Stores Requirements Part 1 Contract S3: Supply and Delivery of Disinfectant Dip (Black and Green)

Contractor	Amount	Date
D and H Toner Supplies t/a Ntozonke Agencies	Green Dip – R271.89 Black Dip – R284.43 Incl VAT	31 July 2017

5. Section 32 award from Sarah Baartman District Municipality: Development of a conceptual Landfill Development Plan for two landfill sites for Annual Financial Statement purposes.

Contractor	Amount	Date
Ernst & Young Advisory Services & A2A Kopano		August 2017

6. Notice 41 of 2017 Contract TS4 of 2017 Hire of Chemical Toilets

Contractor	Amount	Date
Sanitech a Division of Waco	Operational Cost	28 Sept 2018

7. Notice 41 of 2017 Contract TS5 of 2017 Hire of Suction Tankers

Contractor	Amount	Date
Abaphumeleli Trading 651 CC t/a Pollution Control	Operational Cost	28 Sept 2017

8. Notice 41 of 2017 Contract TS6 of 2017 Hiring of High Pressure Jetting and Vacuum Cleaning of Sewer and Stormwater Pipelines

Contractor	Amount	Date
Abaphumeleli Trading 651 CC t/a Pollution Control	Operational Cost	28 Sept 2017

9. otice 41 of 2017 Contract TS3 of 2017 Supply and Delivery of Bricks, Aggregate, Sand and Pavers

Contractor	Amount	Date
Jbay Plant Hire	Operational Cost	31 Oct 2017

10. Notice 41 of 2017 Contract TS1 of 2017 Supply and Delivery of Water Treatment Chemicals and Gasses

Contractor	Amount	Date
• Metsi Water Solutions • Protea Chemicals • Improchem • Ndulamiso Aqua Solutions	Operational Cost	05 Oct 2017

11. Notice 45 of 2017 Contract S4 of 2017 Supply ad Delivery of a 2piece blue overalls

Contractor	Amount	Date
• Mac Net Business Development • Bamb'I Africa Trading CC	Operational Cost	31 Oct 2017

12. Notice 45 of 2017 Contract S5 of 2017 Supply and Delivery of Valves and Pipes

Contractor	Amount	Date
• Odesa Trading • Premier Pipe Supply • Kobua Industrial Valves • Joat Sales and Services	Operational Cost	31 Oct 2017

• Salimode • Democratic Packing • KFC Engineering & Industrial Supplies		

13. Notice 45 of 2017 Contract S6 of 2017 Supply and Delivery of Water Meters

Contractor	**Amount**	**Date**
• Masimthembe Solutions • Premier Pipe Supply • Elster Kent Metering • Southern Ambition 1547	Operational Cost	31 Oct 2017

14. Notice 45 of 2017 Contract S7 of 2017 Supply and Delivery of Water fittings

Contractor	**Amount**	**Date**
• Odesa Trading Pty • NRB Piping Systems Pty • Cassim ZH t/a Cassims • Premier Pipe Supply • KFC Engineering & Industrial Supplies • Joat Sales & Services Pty • Salimode Pty Ltd • Platinum Crown Construction and Steel Services	Operational Cost	31 Oct 2017

15. Notice 45 of 2017 Contract S8 of 2017 Supply and Delivery of Safety Gear

Contractor	**Amount**	**Date**
• Mac Net Business Development • Nonrev Manufactures • Khanda Projects • Cassim ZH t/a Cassims	Operational Cost	31 Oct 2017

• Premier Attraction 528 t/a ZJS Distributors		

16. Notice 59 of 2017 Contract S14 of 2017 Supply and Delivery of Cement

Contractor	Amount	Date
Stewarts and Lloyds Projects Pty	Operational Cost	31 Oct 2017

17. Notice 41 of 2017 Contract TS2 of 2017 Supply and Delivery of Bitumens, Various Emulsions, Cold Asphalts and Road Patches

Contractor	Amount	Date
• Wynford Civils and Development • Mlhangovuyo Trading	Operational Cost	27 Nov 2017

18. Notice 59 of 2017 Contract S12 of 2017 Supply and Delivery of Roadmarking Paint

Contractor	Amount	Date
Sizwe Paints	Operational Cost	27 Nov 2017

19. Notice 59 of 2017 Contract S13 of 2017 Supply and Delivery of Oil and Grease

Contractor	Amount	Date
• Piston Power Chemicals CC • Cassims ZH t/a Cassim's • M & J Services • Loximark	Operational Cost	30 Nov 2017

20. Notice 65 of 2017 Appointment of Service Provider for the 2017/2018 financial year to facilitate implementation of Training Programme

Contractor	Amount	Date
• Amandla Obunye Training Academy – Item 1 • Fachs Business Consultants – Item 2	Item 1 – R77 520.00 Item 2. R 126 540.00 Incl Vat	30 Nov 2017

21. Notice 59 of 2017 Contract S15 of 2017 Supply and Delivery of Stationery

Contractor	Amount	Date
• Ibayi PC Sales and Repairs • ZJS Distributors • Valmac • Thitha Training and Development • Omni Technologies • Cassims • M & J Services • NTL Copiers • Nonrev Manufactures	Operational Cost	21 Dec 2017

22. Notice 59 of 2017 Contract S16 of 2017 Supply and Delivery of Consumables

Contractor	Amount	Date
• Khanda Projects • Tetcon Sales and Services • Premier Pipe Supplies • ZJS Distributors • Omni Technologies • Cassim ZH t/a Cassims • Bamb'I Afrika Trading	Operational Cost	21 Dec 2017

• Ibayi PC Sales and Repairs • Herbcon Services • Bidvest Office Waltons		

23. Notice 158 of 2017 Electrification of 270 Sub-Economic houses at Kruisfontein in Humansdorp

Contractor	**Amount**	**Date**
VE Reticulation	R 3 544 756.47	21 Dec 2017

24. Notice 182 of 2017 Provision of Internal Audit Services

Contractor	**Amount**	**Date**
KPMG	Operational Cost	21 Dec 2017

25. Notice 179 of 2018 Rental of Office Space

Contractor	**Amount**	**Date**
Bambelela Property Development	R275 184.65 per month	21 Dec 2017

26. Notice 188 of 2017 Contract IPD 2 of 2017 Upgrading of St Francis Bay Waste Water Treatment Works

Contractor	**Amount**	**Date**
Prentec	R 37 136 537.17	20 Jan 2018

27. Notice 188 of 2017 Contract IPD 4 of 2017 Upgrading of Weston Sports Facility

Contractor	Amount	Date
Rudcor Engineering	R 4 578 845.00	20 Jan 2018

28. Notice 188 of 2017 Contract IPD 5 of 2017 Construction of An Action Sports Park

Contractor	Amount	Date
Rudcor Engineering	R 2 478 204.00	20 Jan 2018

29. Notice 188 of 2017 Contract IPD 6 of 2017 Upgrading of Kruisfontein Waste Water Treatment Works and Outfall Sewer Phase 2

Contractor	Amount	Date

30. Notice 127 of 2017 Contract TS7 of 2017 Cleaning of Sewer Pumpstations and Wetwells

Contractor	Amount	Date
Abaphumeleli Trading 651 CC t/a Pollution Control	Operational Cost	27 Mar 2018

31. Notice 181 of 2017 Supply and Delivery of one (1) new Heavy Duty All Terrain (All-Wheel Drive) Fire Fighting Vehicle

Contractor	Amount	Date
Unqondo Projects	R 1 648 976.15	26 April 2018

32. Notice 1 of 2018 Protection Settings and Installation of new Protection relays in Jeffreys bay Substation

Contractor	Amount	Date
Eya Bantu Professional Services	R 1 544 203.90	18 April 2018

33. Notice 78 of 2018 Supply, Delivery and Installation of Office Furniture.

Contractor	Amount	Date
• Workstation Office Furniture • Waltons – a division of Bidvest Office • Esizwe Group • Brenn Trading	Various items	26 June 2018

34. Section 32 award from Department of Water and Sanitation for the Drilling and Rehabilitation of Boreholes in South Africa

Contractor	Amount	Date
Steyns Drilling	R 10 888 298.30	12 Oct 2017

Operational Deviations for the period below R30 000.00:

The breakdown per directorate for the period 1 July 2017 to 30 June 2018 is as detailed below:

Total Expenditure for Operational Deviations per Directorate		
Finance	R	419 289.00
Community Services	R	211 875.95
Infrastructure and Engineering	R	865 526.14
Corporate Services	R	1 228 305.65

Planning, Development and Tourism	R	17 856.96
Total	R	2 742 853.70

Section 36 Deviations in terms of Supply Chain Management Policy

FINANCE - BUDGET & TREASURY		R 368,550.00
FINANCE -TOTAL		**R 368,550.00**
INFRASTRUCTURE & ENGINEERING: TECHNICAL SERVICE (ROADS/WATER/CHEMICALS/SEWERAGE/PROFESSIONAL FEES)	R	8,787,044.56
INFRASTRUCTURE & ENGINEERING: ELECTRICAL	R	513,426.46
INFRASTRUCTURE & ENGINEERING: FLEET	R	1,649,358.83
INFRASTRUCTURE & ENGINEERING TOTAL	**R**	**10,949,829.85**
ADMINISTRATION: LEGAL FEES	R	2,369,504.90
ADMINISTRATION: OTHER	R	1,173,781.84
ADMINISTRATION: HR	R	106,017.00
ADMINISTRATION: ARCHIVES	R	110,528.70
CORPORATE SERVICES TOTAL	**R**	**3,759, 832.44**
COMMUNITY SERVICES: FIRE DEPARTMENT / DISASTER MANAGEMENT	R	127,537.50
COMMUNITY SERVICES: TRAFFIC DEPARTMENT/LAW ENFORCEMENT	R	256,135.11
COMMUNITY SERVICES /REFUSE/ ENVIRONMENTAL HEALTH	R	569,136.00
COMMUNITY SERVICES - TOTAL	**R**	**952,808.61**
LED/TOURISM,/HOUSING/TOWN PLANNING	R	95,543.10
PLANNING, DEVELOPMENT & TOURISM - TOTAL	**R**	**95,543.10**
TOTAL AMOUNT OF DEVIATIONS FOR THE 2017/18 FINANCIAL YEAR	**R**	**16,126,564.00**

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.
The Kouga Municipality's financial statements were audited by the AG and was declared a fair representation of the financial position of the municipality.

COMPONENT A: AUDITOR-GENERAL OPINION ON FINANCIAL STATEMENTS

6.1 AUDITOR GENERAL REPORT

The report by the Auditor General for the 2017/18 year is reproduced hereunder:

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on the Kouga Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Kouga Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kouga Local Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Fruitless and wasteful expenditure

7. Fruitless and wasteful expenditure of R35,8 million (2017: R35,3 million) had accumulated over a number of years and had not been recovered, written off or condoned, as disclosed in note 45.2 to the financial statements. Fruitless and wasteful expenditure of R0,5 million (2017: R0,5 million) incurred during the current year is included in the amount disclosed.

Irregular expenditure

8. Irregular expenditure of R98,7 million (2017: R98,9 million) had accumulated over a number of years and had not been recovered, written off or condoned, as disclosed in note 45.3 to the financial statements. Irregular expenditure of R2,4 million (2017: R6,3 million) incurred during the current year is included in the amount disclosed.

Material losses

9. As disclosed in note 46.9 to the financial statements, the municipality incurred material losses relating to water and electricity to the amount of R15,7 million (2017: R20,9 million) and R21,7 million (2017: R27,8 million), respectively.

Material impairments

10. As disclosed in note 3 to the financial statements, receivables from exchange transactions amounting to R92,9 million (2017: R82,0 million) were impaired.

11. As disclosed in note 4 to the financial statements, receivables from non-exchange transactions amounting to R45,0 million (2017: R29,2 million) were impaired.

Other matter

12. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

13. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

15. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

16. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

18. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

19. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2018:

Development priorities	Pages in the annual performance report
Development priority: infrastructure and basic services	x – x
Development priority: local economic development	x – x

21. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

22. The material findings in respect of the usefulness and reliability of the selected development priorities are as follows:

Infrastructure and basic services

Reliability

Various indicators

23. The reported achievement in the annual performance report did not agree to the supporting evidence provided for the indicator listed below. The supporting evidence provided indicate that the achievements of this indicator were as follows:

Indicator	Reported achievement	Audit value	Variance
% of formal households with access to basic levels of water, sanitation, electricity and solid waste removal	100% of formal household have access to basic levels of services such as water, sanitation, electricity, and solid water removal services	85%	-15%
% of households with weekly refuse removal services	100% of formal household is being provided with a weekly refuse removal service.	78%	-22%

Local economic development

Usefulness

Number of jobs created through LED inititaitives and capital projects

24. The reported achievement was not consistent with the planned indicator and target for the indicator as shown below:

Indicator	Planned target	Reported achievement
Number of Job Created through LED initiatives and capital projects	600 Jobs created through LED initiatives and capital projects	As a result of the fact that the contract employment of the Director LED, Tourism and Creative Industries terminated with effect 31 July 2017, nc reporting on the job creation initiatives was reported on.

Reliability

Number of jobs created through LED inititaitives and capital projects

25. The systems and processes that enable reliable reporting of the achievement against the indicator were not adequately designed, as no monitoring of the indicator was performed throughout the year under review.

Other matters

26. I draw attention to the matters below.

Achievement of planned targets

27. Refer to the annual performance report on pages x to x and x to x for information on the achievement of planned targets for the year and explanations provided for the underachievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 23 to 25 of this report.

Adjustment of material misstatements

28. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information for the infrastructure and basic services and the local economic development development priorities. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

29. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

30. The material findings on compliance with specific matters in key legislation are as follows:

Financial statements, performance report and annual report

31. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of expenditure, current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Strategic planning and performance management

32. The performance management system and related controls were inadequate, as it did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).

Consequence management

33. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Expenditure management

34. Reasonable steps were not taken to prevent irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

35. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Other information

36. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.

37. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

38. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

39. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

40. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

41. Leadership has not put adequate processes in place for the review of performance and compliance reporting. Material misstatements identified in the annual performance report could have been avoided if review processes had been functioning effectively.

42. The municipality have not defined the processes for the collection, collation, verification and capturing of performance information to ensure valid, accurate and complete reporting against planned objectives.

43. The effectiveness of the audit committee and internal audit unit was hampered by management's slow response to recommendations made for improvements, as evidenced by the findings on the performance report and compliance with applicable laws and regulations.

Auditor-General

East London

30 November 2018

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

6.2 AUDIT ACTION PLAN ON AUDITOR GENERAL REPORT

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give *"full and regular"* reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "*what we do*".
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: *a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and* *b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned*

The Audit Action Plan based on the Findings of the Auditor General for the 2017/18 year is as follows:

2017/18 AUDIT ACTION PLAN

Audit report paragraph reference	Issue	Audit Finding	Management Response	Responsible Person	Action	Monitoring and review
		EMPHASIS OF MATTERS				
7	**Fruitless and wasteful expenditure**	Fruitless and wasteful expenditure of R35,8 million (2017: R35,3 million) had accumulated over a number of years and had not been recovered, written off or condoned, as disclosed in note 45.2 to the financial statements. Fruitless and wasteful expenditure of R0,5 million (2017: R0,5 million) incurred during the current year is included in the amount disclosed.	The fruitless and wasteful expenditure incurred will be investigated and reported to MPAC for making recommendations to Council in this regard.	MM/MPAC	The fruitless and wasteful expenditure incurred will be reported to MPAC for further investigation and recommendations to Council in this regard.	30-Jun-19
8	**Irregular expenditure**	Irregular expenditure of R98,7 million (2017: R98,9 million) had accumulated over a number of years and had not been recovered, written off or condoned, as disclosed in note 45.3 to the financial statements. Irregular expenditure of R2,4 million (2017: R6,3 million) incurred during the current year is included in the amount disclosed.	The irregular expenditure incurred will be investigated 2016/17 Management Report and reported to MPAC for making recommendations to Council in this regard.	MM/MPAC	The irregular expenditure incurred will be reported to MPAC for further investigation and recommendations to Council in this regard.	30-Jun-19

9	**Material losses**	As disclosed in note 46.9 to the financial statements, the municipality incurred material losses relating to water and electricity to the amount of R15,7 million (2017: R20,9 million) and R21,7 million (2017: R27,8 million), respectively.	Water losses are not only as a result of faulty meters and illegal connections, but are also due deteriorating infrastructure causing water pipe leakages and pipe bursts. The electricity losses are mainly due to illegal electricity connections.	Director: I&E	A quarterly progress report will be submitted to the IPD Portfolio Committee.	30 April 2019 and 31 July 2019
10	**Material impairments**	As disclosed in note 3 to the financial statements, receivables from exchange transactions amounting to R92,9 million (2017:R82,0 million) were impaired.	This information has been provided for the end-users of the financial statements,	N/A	No further action required.	
11	**Material impairments**	As disclosed in note 4 to the financial statements, receivables from non-exchange transactions amounting to R45,0 million (2017:R29,2 million) were impaired.	This information has been provided for the end-users of the financial statements,	N/A	No further action required.	

<table>
<tr>
<td>23</td>
<td>Infrastructure and basic services Reliability - Various indicators</td>
<td>The reported achievement in the annual performance report did not agree to the supporting evidence provided for the indicator listed below. The supporting evidence provided indicate that the achievements of this indicator were as follows:
<table>
<tr><th>Indicator</th><th>Reported achievement</th><th>Audit value</th><th>Variance</th></tr>
<tr><td>% of formal households with access to basic levels of water, sanitation, electricity and solid waste removal</td><td>100% of formal household have access to basic levels of services such as water, sanitation, electricity, and solid water removal services</td><td>85%</td><td>-15%</td></tr>
<tr><td>% of households with weekly refuse removal services</td><td>100% of formal household is being provided with a weekly refuse removal service.</td><td>78%</td><td>-22%</td></tr>
</table>
</td>
<td>Management agrees with the audit finding raised.</td>
<td>MM</td>
<td>The reported performance will be verified independently by Internal Audit, to ensure accurate reported performance information.</td>
<td>Quarterly</td>
</tr>
<tr>
<td>24</td>
<td>Local Economic Development : Usefulness - Number of jobs created through LED initiatives and capital projects</td>
<td>The reported achievement was not consistent with the planned indicator and target for the indicator a
<table>
<tr><th>Indicator</th><th>Planned target</th><th>Reported achievement</th></tr>
<tr><td>Number of Job Created through LED initiatives and capital projects</td><td>600 Jobs created through LED initiatives and capital projects</td><td>As a result of the fact that the contract of employment of the Director LED, Tourism and Creative Industries terminated with effect 31 July 2017, no reporting on the job creation initiatives was reported on.</td></tr>
</table>
</td>
<td>Management agrees with the audit finding raised.</td>
<td>MM</td>
<td>This will be evaluated and updated after the approval of the 2018/19 Adjustments Budget.</td>
<td>31-Mar-19</td>
</tr>
</table>

25	**Reliability - Number of jobs created through LED initiatives and capital projects**	The systems and processes that enable reliable reporting of the achievement against the indicator were not adequately designed, as no monitoring of the indicator was performed throughout the year under review.	Management agrees with the audit finding raised.	MM	This will be evaluated and updated after the approval of the 2018/19 Adjustments Budget.	31-Mar-19
31	**Financial statements, performance report and annual report**	The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of expenditure, current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.	Management submitted the Draft Annual Financial Statements on 31 August 2018 and a final set in November 2018. Changes were made to the initial draft set, as agreed with the Office of the Auditor-General.	CFO	The Annual Financial Statements Preparation Plan will be updated to ensure that sufficient is allocated for the review of the Annual Financial Statements, prior to submission to the Auditor-General's Office	31-Aug-19
32	**Strategic planning and performance management**	The performance management system and related controls were inadequate, as it did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).	Management agrees with the audit finding raised.	MM	The performance management system and related controls will be updated, in order to ensure compliance with the Municipal Planning and Performance Management Regulations.	30-Apr-19
33	**Consequence management**	Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.	Management agrees with the audit finding raised.	MM	The MM will ensure that the required investigations are undertaken, relating to the fruitless and wasteful expenditure incurred.	Ongoing

34	**Expenditure management**	Reasonable steps were not taken to prevent irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.	Management agrees with the audit finding raised.	MM	The irregular expenditure and fruitless and wasteful expenditure incurred will be reported to MPAC for further investigation and recommendations to Council in this regard.	30-Jun-19
35	**Expenditure management**	Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.	Steps have been taken by management such as restructuring of long-term loans and payment of creditors within 30 days.	MM/CFO/ Directors	Regular follow-ups will be undertaken relating to outstanding invoices, to ensure that creditors are paid timeously. Regular follow-ups with Directors and Managers will also be undertaken, relating to outstanding invoices without supporting orders.	Ongoing
41		Leadership has not put adequate processes in place for the review of performance and compliance reporting. Material misstatements identified in the annual performance report could have been avoided if review processes had been functioning effectively.	Mangement agrees with the audit finding raised.	MM	Internal Audit will undertake independent reviews of performance information reporting and compliance reporting.	Quarterly
42		The municipality have not defined the processes for the collection, collation, verification and capturing of performance information to ensure valid, accurate and complete reporting against planned objectives.	Management agrees with the audit finding raised.	MM	The reported performance will be verified independently by Internal Audit, to ensure accurate reported performance information.	Quarterly

43		The effectiveness of the audit committee and internal audit unit was hampered by management's slow response to recommendations made for improvements, as evidenced by the findings on the performance report and compliance with applicable laws and regulations.	Management agrees with the audit finding raised.	MM	A dashboard of audit recommendations will be implemented, to assess Management's implementation of such recommendations. Internal Audit will also independently asses implementation of such recommendations.	Ongoing

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

NAME OF COUNCILLOR	COMMITTEE ALLOCATED	WARD	PARTY	PERCENTAGE.OF COUNCIL MEETINGS ATTENDED	APOLOGIES TENDERED IN WRITING TO THE OFFICE OF THE SPEAKER
F Campher	IPD/COMM SERVICES	Ward 4	DA	100	0
B F Rheeder	IPD/CORP SERVICES	Ward12	DA	95	1
WPD Gertenbach	IPD	Ward 3	DA	95	1
B Dhludhlu	IPD/LED	PR	DA	90	2
C Matroos	IPD	PR	ANC	76	0
A Mabukane	IPD	Ward 10	ANC	85	1
Z Mayoni	IPD/COMM SERVICES	Ward 1	ANC	71	0
EC van Lingen	Ex-officio	PR	DA	100	0
F Baxter	TOURISM	PR	DA	100	0
H Hendricks	Ex-officio	Ward 15	DA	95	1
B Williams	FINANCE/TOURISM	PR	DA	90	0
H Bornman	TCI/CORP SER/FIN/LED	Ward 11	DA	90	0
FJ Louw	TOURISM	PR	DA	90	1
VA Camealio-Benjamin	TOURISM/FINANCE	PR	ANC	95	1
S Mandeka	TOURISM	Ward 14	ANC	95	0
S Jujwana	TOURISM/CORP SERVICES	Ward 9	ANC	95	0
L Vorster	FINANCE/LED	Ward 8	DA	90	0
M.Dayimini	FINANCE/LED	PR	ANC	81	1
D Biggs	CORP SERVICES	PR	DA	71	0
D Benson	CORP SERVICES/ CS	PR	DA	100	0
P Nkwalase	CORP SERVICES/LED	PR	ANC	85	0
S Vumazonke	CORP SERVICES	Ward 6	ANC	90	0
N.S Botha	COMM SERVICES	PR	DA	90	0

NAME OF COUNCILLOR	COMMITTEE ALLOCATED	WARD	PARTY	PERCENTAGE.OF COUNCIL MEETINGS ATTENDED	APOLOGIES TENDERED IN WRITING TO THE OFFICE OF THE SPEAKER
DM Nkomo	COMM SERVICES	PR	DA	90	0
T Meleni	COMM SERVICES	Ward 2	ANC	85	0
MPeters	COMM SERVICES	13	ANC	95	0
B Carstens	LED	PR	DA	80	2
E Februarie	LED	PR	ANC	71	2

LIST OF MAYORAL AND SPECIAL COMMITTEE MEETINGS AND ATTENDANCE BY COUNCILLORS: 1 JULY 2017 TO 30 JUNE 2018

COUNCILLOR	INITIALS	TITLE & PARTY	9 MAYORAL COMMITTEE MEETINGS/ NUMBER ATTENDED	0 SPECIAL MAYORAL COMMITTEE MEETINGS/ NUMBER ATTENDED
VAN LINGEN Until March 2018	EC	Chairperson Executive Mayor/DA	6	0
HENDRICKS As from April 2018	H	Chairperson Executive Mayor/DA	5	0
WILLIAMS	B	Member/DA	9	0

COUNCILLOR	INITIALS	TITLE & PARTY	9 MAYORAL COMMITTEE MEETINGS/ NUMBER ATTENDED	0 SPECIAL MAYORAL COMMITTEE MEETINGS/ NUMBER ATTENDED
BENSON	D	Member/DA	9	0
BAXTER	F	Member/DA	8	0
BOTHA	N	Member/DA	7	0
DHLUDHLU	B	Member/DA	9	0
BORNMAN	H	Member/DA	5	0

LIST OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETINGS AND ATTENDANCE BY COUNCILLORS MEMBERS AND PUBLIC REPRESENTATIVE 1 JULY 2017 TO 30 JUNE 2018

COUNCILLOR	INITIALS	TITLE & PARTY	8 MEETINGS/ NUMBER ATTENDED
CARSTENS Until May 2018	B	Chairperson/DA	5
RHEEDER As from May 2018	B	Chairperson/DA	8
VORSTER	L	Member/DA	7
GERTENBACH	W	Member/DA	7
PETERS	M	Member/DA	4
JANTJIES	R	Member/DA	3
LOUW	F	Member/DA	8
BIGGS	D	Member/DA	4

COUNCILLOR	INITIALS	TITLE & PARTY	8 MEETINGS/ NUMBER ATTENDED
FEBRUARIE	E	Member/ANC	4
JUJWANA	S	Member/ANC	3
MOSTERT	L	Public Rep.	4
THIART	H	Public Rep.	6

APPENDIX B – COMMITTEE AND COMMITTEE PURPOSE

Council established the following Committees, with the purpose of each Committee and attendance of Committee Meetings by Members of the relevant Committees indicated:

11/06/FAME6 <u>SYSTEM OF DELEGATION:</u> Resolved: (23 June 2011)

1. That the current Delegation Framework as adopted by the Council in 2006, be accepted, with the inclusion of the establishment of the following Standing Committees with the power delegated to the Standing Committee Councillors to execute and perform in the following areas on behalf of the Executive Mayor.

<u>FINANCE: PORTFOLIO COMMITTEE - CHAIRPERSON: COUNCILLOR B WILLIAMS:- FIN</u>

- Strictly oversee the formulation and alignment of the IDP /Budget of the Kouga Municipality.
- Strictly oversee financial management of the Kouga Municipality.
- See to it that the programmes for a clean audit is in place and closely monitored.
- Build financial management capacity strictly of the Kouga Municipality.
- Oversee MFMA compliance in all Kouga Municipal Units.
- Strictly oversee that the Audit Action Plans of Kouga Municipality is attended to.
- Strictly coordinate and oversee the accessing and distribution of grants.
- Monitoring and evaluation of the impact of the above.
- All land related matters e.g. alienation of municipal land, lease of municipal land, lease agreements, etc.
- Disaster management.
- To provide guidance to all Finance events and ensure that officials implement resolutions of the Council;
- To serve as a link between the officials and the Mayoral Committee by tabling reports of the Committee to the Mayoral Committee;
- To discuss reports submitted by the Finance Unit and table recommendations to the Mayoral Committee and the Council.
- To advocate for the implementation of Finance Projects to assist the vulnerable and the elderly;

- To assist the Executive Mayor to table matters that require a Council resolution to Council meetings; and
- To monitor and evaluate the implementation of the recommendations of the Committee.
- To ensure that all compliance financial documentation are submitted to National Treasury timeously.

CORPORATE SERVICES: PORTFOLIO COMMITTEE - CHAIRPERSON: COUNCILLOR F BAXTER:- CORP

- Oversee administrative legal compliance in all Kouga Municipal Units.
- Consolidate and report on performance of each Standing Councillor in line with the IDP, and scorecard of each Directorate.
- Monitoring and evaluation of the impact of the above.
- Administrating office accommodation for officials and Councillors.
- Identify risk and the management tools therefore.
- See that all Directorate's Policies are being workshopped and referred to the Council for approval.
- All Human Resources related matters.
- Keep the Council abreast of all changes taking place and ongoing progress on developments and projects.
- Disaster Management.
- To provide guidance to all Corporate Services events and ensure that officials implement resolutions of the Council;
- To serve as a link between the officials and the Mayoral Committee by tabling reports of the Committee to the Mayoral Committee;
- To discuss reports submitted by the Corporate Services and table recommendations to the Mayoral Committee;
  - To advocate for the implementation of Corporate Services to assist the vulnerable and the elderly;
- To assist the Executive Mayor to table matters that require a Council resolution to Council meetings; and

- To monitor and evaluate the implementation of the recommendations of the Mayoral Committee.
- Strictly oversee the formulation and alignment of the IDP/budget of the Kouga Municipality.
- Strictly oversee financial management of the Kouga Municipality.
- Build financial management capacity strictly of the Kouga Municipality.
- Oversee legal compliance in all Kouga Municipal Units.
- Strictly oversee that the audit action plans of Kouga Municipality are

  attended to.
- Strictly coordinate and oversee the accessing and distribution of grants.
- Monitoring and evaluation of the impact of the above.

• Consolidate and report on performance of each Standing Councillor in line with the IDP, and scorecard of each directorate.

- HR and HR related matters.
- Identify risk and the management tools thereof.
- Disaster management.
- Ensure that the Council forms an integral part of all new developments within its municipal area of jurisdiction;
- Keep the Executive Mayor abreast of all changes taking place and ongoing progress.
- That the System of Delegation be workshopped by Councillors.

INFRASTRUCTURE & ENGINEERING: PORTFOLIO COMMITTEE - CHAIRPERSON: COUNCILLOR F CAMPHER:- I&E

- Strictly oversee monitor and account on the development of infrastructure in all Kouga Municipal Units.
- Oversee the alignment of the development of infrastructure of Kouga Municipality to enhance development of the economy of the Kouga Municipality.
- Having adequate and quality water.
- Reliable infrastructure like water and sanitation, roads, plant etc and any infrastructural development related programmes.
- Facilitate and expedite provision of housing.
- Disaster Management.
- To provide guidance to all Infrastructure, Planning and Development events and ensure that officials implement resolutions of the Council;
- To serve as a link between the officials and the Mayoral Committee by tabling reports of the Committee to the Mayoral Committee;
- To discuss reports submitted by the Infrastructure, Planning & Development Directorate and table recommendations to the Mayoral Committee;
- To assist the Executive Mayor to table matters that require a Council resolution to Council meetings; and
- To monitor and evaluate the implementation of the recommendations of the Committee.

PLANNING, DEVELOPMENT & TOURISM: PORTFOLIO COMMITTEE - CHAIRPERSON: COUNCILLOR B DHLUDHLU:- PD&T

- Focus on the creation of a good environment to attract investment
- See to it that Kouga Municipality have as a LED strategy that is aligned to the District Municipality, Province and National Government.
- Oversee and or monitor the access of funds and implementation of the projects by the Kouga Municipality.
- Identify subsistence projects for Municipality.
- Identify and facilitate twinning of Kouga Municipality with local and overseas towns and or Municipalities.
- Pursue and facilitate Local Economic Investment opportunities with local and overseas investors.
- To establish rural nodes to advance rural development.
- Focus on creation of conducive environment for tourism (blue flag status, cleanliness, reliable infrastructure, minimising of poverty, service delivery etc.
- Supporting sport events to attract tourists.
- Promote AGRI Tourism and Health tourism.
- See to it that LTO's are established.
- Facilitate handover of land from district and other spheres of Government to enhance tourism.
- Establish tourist attractions and precincts.
- Disaster Management.
- Ensure that the Council is involved in the initial stage of the development of Special Projects as well as in the ongoing discussions of such projects;

- Support all Mayoral Programmes and Projects;
- Assist the Executive Mayor wherever deemed necessary in respect of Special Programmes and Projects;

COMMUNITY SERVICES: PORTFOLIO COMMITTEE - CHAIRPERSON: COUNCILLOR D BENSON:- CS

- Enhance Inter Governmental Relations to address social issues that are not Municipal competencies which amongst others are the following:
- Crime work closely with or law enforcement agencies.
- Education maintenance of schools, scholar transport, feeding at schools, shortage of teachers, unpaid bills of Municipalities etc.
- Grants (foster care, old age pension, pay points, HIV/AIDS etc.
- Health clinics, HIV/AIDS sites, day-care centres.
- Poverty alleviation programs (food parcels, food gardens, roadwork's

  etc.,).
- Traffic Services.
- Fire Services.
- Disaster Management.
- To provide guidance to all Social Services events and ensure that
- officials implement resolutions of the Council;

- To serve as a link between the officials and the Mayoral Committee by tabling reports of the Committee to the Mayoral Committee;
- To discuss reports submitted by the Social Services Unit and table recommendations to the Mayoral Committee;
- To advocate for the implementation of Social Services Projects to assist the vulnerable and the elderly;
- To assist the Executive Mayor to table matters that require a Council resolution to Council meetings; and
- To monitor and evaluate the implementation of the recommendations of the committee.

NEW PORTFOLIO COMMITTEE STRUCTURE – MARCH 2018

LIST OF PORT FOLIO COMMITTEE MEETINGS AND ATTENDANCE

BY COUNCILLOR MEMBERS

PORTFOLIO COMMITTEE MEETINGS AND ATTENDANCE BY COUNCILLOR MEMBERS:

1 JULY 2017 TO 30 JUNE 2018

CORPORATE SERVICES PORTFOLIO	COMMITTEE MEMBERS	TITLE & PARTY	5 MEETINGS/ NUMBER ATTENDED
Councillors	Francis Baxter: As from May 2018	Chairperson	2
	Hattingh Bornman: Until May 2018	Chairperson	5
	Faan Louw	Member/DA	2
	Robin Jantjies: As from May 2018	Member/DA	0
	Wilma Coenraad	Member/DA	0
	Danny Benson	Member/DA	4

	Aaron Nkomo	Member/DA	0
	Sibongile Jujwana	Member/ANC	1
	Phumza Nkwalase	Member/ANC	1
	Lefty Vumazonke	Member/ANC	0
Ex-officio	H Hendricks	Executive Mayor/DA	

PLANNING, DEVELOPMENT AND TOURISM PORTFOLIO	COMMITTEE MEMBERS	TITLE & PARTY	3 MEETINGS/ NUMBER ATTENDED
Councillors	Bryan Dhludhlu	Chairperson/DA	2
	Diana Biggs	Member/DA	0
	Wilma Coenraad	Member/DA	0

	Robin Jantjies	Member/DA	0
	Aaron Nkomo	Member/DA	1
	Ludwig Vorster	Member/DA	0
	Brenton Williams	Member/DA	1
	Virginia Camealio-Benjamin	Member/ANC	1
	Cynthia Matroos	Member/ANC	0
	Sindiswa Mandeka	Member/ANC	1
Ex-Officio	H Hendricks	Executive Mayor/DA	

COMMUNITY SERVICES PORTFOLIO	COMMITTEE MEMBERS	TITLE & PARTY	6 MEETINGS/ NUMBER ATTENDED
Councillors	Daniel Benson	Chairperson/DA	6
	Willem Gertenbach	Member/DA	5
	Timothy Jantjes	Member/DA	0
	Diana Biggs	Member/DA	0
	Wilma Coenraad	Member/DA	0
	Bryan Dhludhlu	Member/DA	4
	Timothy Meleni	Member/ANC	1
	L Vumazonke	Member/ANC	0
	Zolani Mayoni	Member/ANC	0

Ex-Officio	H Hendricks	Executive Mayor/DA	

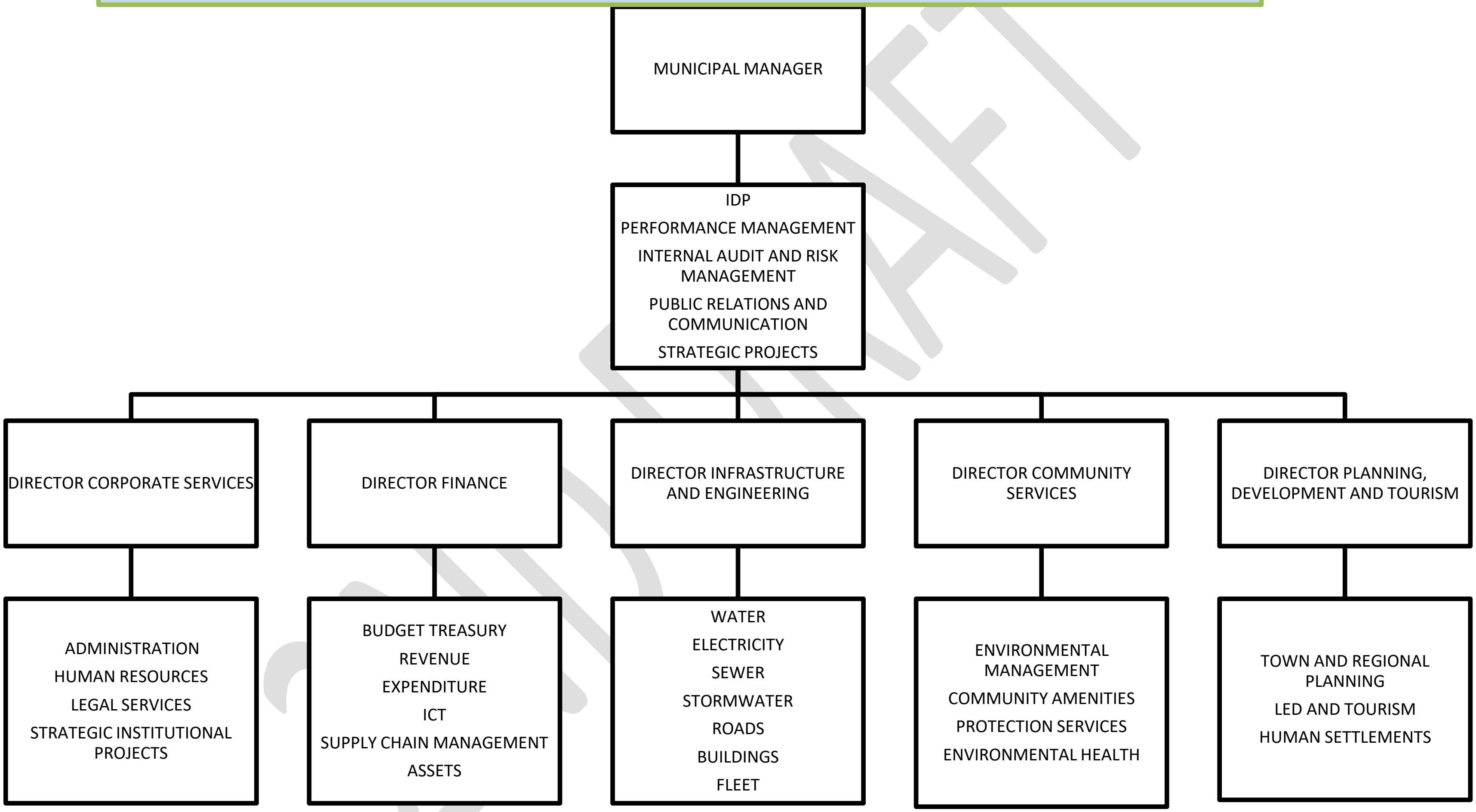
INFRASTRUCTURE AND ENGINEERING PORTFOLIO	COMMITTEE MEMBERS	TITLE & PARTY	4 MEETINGS/ NUMBER ATTENDED
Councillors	Freddie Campher	Chairperson/DA	4
	Ben Rheeder	Member/DA	4
	Nico Botha	Member/DA	4
	Timothy Jantjes	Member/DA	0
	Willem Gertenbach	Member/DA	4

	Frances Baxter	Member/DA	3
	Zolani Mayoni	Member/ANC	0
	Malibongwe Dayimani	Member/ANC	0
	Amos Mabukane	Member/ANC	0
Ex-Officio	H Hendricks	Executive Mayor/DA	

FINANCE PORTFOLIO	**COMMITTEE MEMBERS**	**TITLE & PARTY**	**6 MEETINGS/ NUMBER ATTENDED**
Councillors	Brenton Williams	Chairperson/DA	5
	Nico Botha	Member/DA	3
	Willem Gertenbach	Member/DA	3
	Ludwig Vorster	Member/DA	6

	Faan Louw	Member/DA	0
	Freddy Campher	Member/DA	3
	Malibongwe Dayimani	Member/ANC	1
	Virginia Camealio-Benjamin	Member/ANC	1
	Chico Februarie	Member/ANC	0
Ex-Officio	H Hendricks	Executive Mayor/DA	

APPENDIX C: ADMINISTRATIVE STRUCTURE



APPENDIX D – FUNCTIONS OF THE MUNICIPALITY

MUNICIPAL FUNCTION	MUNCIPAL RESPONSIBILITY
Constitution, 1996, Schedule 4, Part B functions	
Air pollution	Social Services
Building regulations	Infrastructure, Development and Planning
Electricity reticulation	Electro-technical Services
Fire fighting services	Social Services
Tourism development and creative industries; and local economic development including agriculture, fishing and events	LED, Creative Industries and Tourism
Municipal planning	Infrastructure, Development and Planning

Municipal public transport	Social Services/Infrastructure, Development and Planning
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under the Constitution or any other law	Infrastructure, Development and Planning
Stormwater management in built-up areas	Infrastructure, Development and Planning
Trading regulations enforcement	Social Services
Water and sanitation services limited to potable water supply and domestic water-water and sewage disposal systems	Infrastructure, Development and Planning
Constitution, 1996, Schedule 5, Part B functions:	
Beaches and amusement facilities	Social Services
Billboards and the display of advertisements in public places	Infrastructure, Planning and Development
Cemeteries, funeral parlours and crematoria	Social Services
Cleansing	Social Services
Control of public nuisances	Social Services

Local amenities	Social Services/Infrastructure, Planning and Development
Local sport facilities	Social Services
Municipal parks and recreation	Social Services
Municipal roads	Infrastructure, Planning and Development
Noise pollution	Social Services
Public places	Social Services
Refuse removal, refuse dumps and solid waste disposal	Social Services
Street trading	Social Services
Street lighting	Infrastructure, Planning and Development
Traffic and parking	Social Services

APPENDIX E – WARD REPORTING

WARD COUNCILLOR	WARD	WARD COMMITTEE ATTENDED	JULY 2017	AUG 2017	SEP 2017	OCT 2017	NOV 2017	DEC 2017	JAN 2018	FEB 2018	MAR 2018	APR 2018	MAY 2018	JUNE 2018
Cllr Z Mayoni	1	11	6	15	15	12	9		15	3	7	6	4	7
Cllr T Meleni	2	11	11	14	2	13	14		12	13	13	11	14	10
Cllr W Gertenbach	3	11	27	24		25	23	25	25	21	28	25	23	20
Cllr F Campher	4	12	10	14	11	4	13	4	8	12	9	11	7	11
Cllr W Coenraad	5	11	5	3	5	11	8		10	7	7	4	2	6
Cllr V Vumazonke	6	11	11	7	6	11	9		11	9	8	11	9	6
Cllr E Februarie	7	10	5	1	5	3	7			6	5	3	8	5

WARD COUNCILLOR	**WARD**	**WARD COMMITTEE ATTENDED**	**JULY 2017**	**AUG 2017**	**SEP 2017**	**OCT 2017**	**NOV 2017**	**DEC 2017**	**JAN 2018**	**FEB 2018**	**MAR 2018**	**APR 2018**	**MAY 2018**	**JUNE 2018**
Cllr L Vorster	8	11	11	8	13	11	14		9	13	13	10	8	13
Cllr S Jujwana	9	11	11	10	6	11	10		10	13	13	12	15	6
Cllr A Mabukane	10	11	4	2	6	4	7	4	4	6	6	5	2	5
Cllr H Bornman	8	31			27	27			30	27	5	26	23	
Cllr B Rheeder	12	11	19	16	13	11	21		24	21	14	11	16	13
Cllr M Peters	13	12	5	6	6	6	8	6	1	8	7	11	9	6
Cllr S Mandeka	14	12	11	10	13	11	9	7	11	13	13	12	10	112

WARD COUNCILLOR	WARD	WARD COMMITTEE ATTENDED	JULY 2017	AUG 2017	SEP 2017	OCT 2017	NOV 2017	DEC 2017	JAN 2018	FEB 2018	MAR 2018	APR 2018	MAY 2018	JUNE 2018
Cllr H Hendricks	15	11	17	8	13	10	14		8	14	13	10	2	12

APPENDIX F – WARD INFORMATION

The following schedule reflects capital projects in Wards:

Capital Project Description	Ward	Approved Budget 2018/19	Funding
Wards Capital Programmes	Ward 1 - 15	1 437 229	Internal
Upgrade community centre	Ward 15	75 734	Internal
Water infrastructure boreholes	Whole of Kouga	1 500 000	Internal
Bucket Eradication Programme	Whole of Kouga	2 300 000	Internal
Illegal electricity connections (LV Network)	Ward 14	1 000 000	Internal
MV Networks	Ward 4 and 5	8 869 565	INEP
New overhead lines 66kv overhead lines (Jbay to Melkhout)	Whole of Kouga	3 000 000	Internal
Jeffreys Bay- Northern Bulk main outfall sewer -area north of R102	Ward 8	1 200 000	Internal
Fencing: New x Loerie Sewer pump station	Ward 7	900 000	Internal
Fencing of Jeffreys Bay and Kruisfontein Reservoir	Ward 4	900 000	Internal
Roads upgrade	Ward 5 and 15	2 500 000	Internal
upgrading of infrastructure for new township establishment	Ward 14	500 000	Internal
Upgrading of the Sea Vista Wastewater Treatment Works	Ward 1	18 503 132	MIG

Capital Project Description	Ward	Approved Budget 2018/19	Funding
Humansdorp - Upgrade Kruisfontein Waste Water Treatment Works	Ward 4	2 173 913	MIG
Informal Traders - building	Ward 11 and 13	1 220 951	MIG
Land acquisition housing projects	Ward 6 and 7	1 000 000	Internal
Fencing of existing cemeteries	Ward 11,13 and 15	500 000	Internal
Fencing - Fire Station	Ward 13	200 000	Internal
Upgrading of Sports Facilities	Ward 1 and 2	3 864 352	MIG
Life Guards Beach shelter	Ward 11	250 000	Internal
Fencing of caravan parks & camping sites	Ward 2 and 11	500 000	Internal
Weston Library Upgrade	Ward 13	100 000	Internal
Wheelie bins	Ward 1 and 14	1 500 000	Internal
Fencing of Sport and Recreational Facilities	Ward 7 and 9	500 000	Internal

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

Kouga Audit Committee Annual Report: 2017/2018

KOUGA AUDIT COMMITTEE MEMBERS

The audit committee was re-appointed by the Council on 3 August 2017 in terms of the MFMA no. 56 of 2003 .

The audit committee consisted of the following independent external members:

MEMBER	NUMBER OF MEETINGS ATTENDED
J Blignaut (Chair)	4
RD Coetzer	4
M De Bruin (resigned during June 2018)	2

The audit committee endeavors to meet at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises.

Besides the Kouga Audit Committee members, the meetings were also attended at various times by :

The Mayor

The Municipal Manager

The Chief Financial Officer

Director: Administration, Monitoring & Evaluation

Director: Infrastructure, Planning & Development

Director: LED, Tourism & Creative Industries

Director: Social Services

Manager: Performance Management

Representatives from internal audit – KPMG

Representatives from the Auditor General's office

The newly appointed Municipal Manager attended the Audit Committee meeting held on 29th June 2017.

Kindly refer to the four quarterly Audit Committee reports (attached hereto) for more detail.

MATTERS TO BE TAKEN COGNISANCE OF

It must be noted with that the outgoing Municipal Manager failed to perform reviews and failed to report on Performance as required by the MFMA.

The Incumbent Municipal Manager has made great strides in performing Performance assessments.

The Quarter 1 to 3 Performance Reporting has also been reviewed by Internal Audit.

The findings of internal audit have indicated weaknesses in sufficient appropriate evidence to substantiate the Reported performance.

ITEMS THE AUDIT COMMITTEE REPORTS ON IN THIS REPORT:

- INTERNAL FINANCIAL CONTROL AND INTERNAL AUDIT
- RIKS MANAGEMENT
- ACCOUNTING POLICIES
- EFFECTIVE GOVERNANCE
- PERFORMANCE MANAGEMENT AND EVALUATION
- ADEQUACY AND RELIABILITY OF FINANCIAL REPORTING
- COMPLIANCE WITH LEGISLATION
- RESPONDING TO MATTERS RAISED IN THE AUDIT REPORT OF THE AUDITOR GENERAL
- REVIEW OF ANNUAL FINANCIAL STATEMENTS

1. INTERNAL FINANCIAL CONTROL AND INTERNAL AUDIT Financial controls refer:

- Budgetary control has improved significantly year on year.
- Capital Expenditure was not fully achieved in line with approved budgets.
- Monies owing by the municipality were not always paid within 30 days.
- Reasonable steps were taken to prevent or correct unauthorised expenditure, fruitless and wasteful expenses, and historical items have been condoned at council meetings.

The monthly budget reports prepared by the CFO are relevant, concise and user friendly, enabling users to understand the financial position and performance.

The internal Audit function is currently being outsourced to KPMG. The timing of the Internal Audit contract coming to an end and having to be re-negotiated impacted on the performance of internal audit procedures in line with the Internal Audit plan which therefore required an amendment

During the year under review the Internal Audit Charter and the internal audit plan was reviewed and accepted.

Internal audit performed various reviews during the year under review including some follow up reviews.

It has also updated the risk register and appears to be functioning effectively.

The 2017/2018 year has seen an improvement (albeit slow) in the effective functioning of various internal controls which have reduced the risk of potential fraud and error either occurring or not being detected.

2. RISK MANAGEMENT

The Committee has not had sight of the updated Risk Register.

Internal audit updated a Risk Management Plan during the 2016/2017 year.

The risks identified on the risk management plan require further action from the municipality in order to improve the control environment and the functioning of the internal control system, so that risks are mitigated or reduced to acceptable levels.

The municipality faces material financial and operational risks arising from drought, other environmental matters; ageing infrastructure and non- compliance with legislation.

The improvement in the Performance Management System should improve risk assessment and management.

3. ACCOUNTING POLICIES

No significant changes in accounting policies were identified.

4. EFFECTIVE GOVERNANCE

Although compliance with governance requirements appear to have improved, certain weaknesses or areas of non-compliance have been identified.

In my opinion, oversight and leadership by management has improved significantly since the appointment of the incumbent municipal Manager.

5. PERFORMANCE MANAGEMENT AND EVALUATION

This function is much improved and functioning effectively, although significant improvements in the quality of reporting can still be achieved.

6. ADEQUACY AND RELIABILITY OF FINANCIAL REPORTING

The municipality appointed a well qualified CFO during the 2016/2017 year and financial management and reporting has improved.

We wish to highlight the importance of retaining supporting evidence and records any transaction and the continued focus on key controls to ensure the validity accuracy and completeness of financial reporting.

7. COMPLIANCE WITH LEGISLATION

We have seen an improvement in the overall compliance with legislation, although non compliance in some instances continues.

8. RESPONDING TO MATTERS RAISED IN THE AUDIT REPORT OF THE AUDITOR GENERAL

Historical Unauthorized expenditure has been condoned by the council. We are not aware of other matters.

9. REVIEW OF ANNUAL FINANCIAL STATEMENTS

We have reviewed the draft Annual financial Statements and await Internal Audit's review of the Draft Financial statements. The Performance of the municipality appears to have improved, with the municipality achieving a positive operating cash flow, a Surplus for the year, an improvement in overall liquidity.

The major items of concern relate to unspent conditional grants and non –achievement of the Capital expenditure budget.

CONCLUSION

Although the municipality has made great strides toward improved service delivery and accountability, there is still a lot of hard work, leadership and commitment required for the municipality to achieve the objectives of Batho Pele.

The Audit Committee will increase its focus on advising the Municipality with regard to compliance with laws and regulations and Risk management going forward.

The Kouga audit committee would like to thank the management of the Kouga Local Municipality, the representatives of internal audit and the office of the auditor-general for the good working relationship and positive atmosphere within which our meetings are being conducted.

J Blignaut (CA(SA))

Chairperson, Kouga Audit Committee

30 August 2018

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

APPENDIX I – MUNICIPAL SERVICE PROVIDER PERFFORMANCE SCHEDULE

The performance of service providers to the municipality was not measured for the 2017/18 year

APPENDIX J – DISCLOSURE OF FINANCIAL INTEREST

The following Senior Managers completed the prescribed declaration of interest for the 2017/18 year:

NAME	POSITION
C du Plessis	Municipal Manager
S Thys	Chief Financial Officer (Director Finance)
N Machelesi	Director Community Services
K Moodly	Director Corporate Services
V Felton	Director Infrastructure and Engineering
F Mabusela	Director Planning, Development and Tourism

APPENDIX K – REVENUE COLLECTION PERFORMANCE

Revenue by Vote	Actuals	
	2018	2017
Vote Description	**R**	**R**
Executive and Council	-	-
Finance	280 211 908	261 610 297
Corporate Services	95 945	15 968
Planning, Development and Tourism	3 272 085	6 732 184
Infrastructure and Engineering	355 956 308	340 967 096
Community Services	103 504 489	67 862 728
Total Revenue by Vote	**743 040 736**	**677 188 273**

APPENDIX K (i) – REVENUE BY SOURCE

Item Description	Actual	
	2018	2017
	R	**R**
Revenue by Source		
Property Rates	160 671 150	148 074 778
Fines, Penalties and Forfeits	34 832 471	10 600 474
Licences and Permits	13 546 854	8 381 770
Transfers and Subsidies	144 390 088	144 308 831
Interest, Dividends and Rent on Land Earned – Non-Exchange	1 125 936	1 511 366
Service Charges	363 348 296	335 965 472
Sales of Goods and Rendering of Services	8 834 374	6 860 161

Rental from Fixed Assets	614 198	1 505 650
Interest, Dividends and Rent on Land Earned – Exchange	14 409 988	14 409 095
Operational Revenue	1 267 381	5 570 675
Total Revenue by Source	**743 040 736**	**677 188 273**

APPENDIX L – CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Name of Grant	Amount Received	Amount Spent
	R	R
FMG	1,700,000	1,700,000
DME	4,000,000	4,000,000
EPWP Incentive Grant	1,000,000	1,000,000
Drought Relief Grant	1,090,000	1,090,000
Total	**7,790,000**	**7,790,000**

APPENDIX M – CAPITAL EXPENDITURE, New and upgrade renewal programmes including MIG

Project Name	Project Cost	Actual Expenditure As at 30 June 2018	Funding Source
Humansdorp - Upgrade Kruisfontein Waste Water Treatment Works	85 678 558	52 992 738	MIG
Upgrading of the St Francis Bay Wastewater Treatment Works	53 745 039	2 748 251	MIG
Upgrading of Sport Facilities	29 757 396	3 839 971	MIG
Min-Sports Field	2 492 496	1 861 181	MIG

Description	Actual	
	2018	2017
	R	R
CAPITAL EXPENDITURE PER FUNCTION		
Executive and Council	523 810	21 901
Finance and Administration	4 165 727	411 083
Community and Social Services	730 317	464 506
Sport and Recreation	6 419 793	112 225
Public Safety	216 028	516 978
Planning and Development	2 538 482	506 034
Road Transport	420 919	
Environmental Protection	348 914	153 000
Electricity	3 516 114	8 595 795

Waste Management	4 720 177	
Water	7 013 005	3 145 752
Waste Water Management	17 205 934	35 938 636
Total Capital Expenditure	**47 819 219**	**49 865 910**

APPENDIX N – CAPITAL PROGRAMME BY PROJECT: CURRENT YEAR

Summary - Capital Budget 2018/19	**Approved Budget 2018/19**	**Funding Source**
Executive and Council		
Computer Equipment (ward assistants)	110 000	Internal
PA System	145 830	Internal
EDMS	400 000	Internal
Wards Capital Programmes	1 437 229	Internal
	2 093 060	
Corporate Services		
Furniture and Office Equipment	1 116 395	Internal
Computer Equipment	205 789	Internal
Library upgrade (phase 2)	1 245 400	Internal
Main Office Building Upgrade	300 000	Internal
Computer Software (Legal Services)	100 000	Internal
HR System	500 000	Internal
Upgrade offices of Councillors	47 254	Internal
Upgrade community centre	75 734	Internal
	3 590 573	
Finance		

Furniture and Office Equipment	115 700	Internal
Computer Equipment	1 593 930	Internal
IT Sever	533 822	FMG
Office Upgrade ICT	100 000	Internal
	2 343 452	

Summary - Capital Budget 2018/19	**Adjusted Budget 2018/19**	**Funding Source**
Infrastructure and Engineering		
Computer Equipment	35 000	Internal
Computer Equipment	50 000	MIG
Water infrastructure boreholes	1 500 000	Internal
Furniture and Office Equipment	198 000	Internal
Bucket Eradication Programme	2 300 000	Internal
Illegal electricity connections (LV Network)	1 000 000	Internal
Machinery and Equipment	415 000	Internal
MV Networks	8 869 565	INEP
New overhead lines 66kv overhead lines (Jbay to Melkhout)	3 000 000	Internal
Jeffreys Bay- Northern Bulk main outfall sewer -area north of R102	1 200 000	Internal
Fencing: New x Loerie Sewer pump station	900 000	Internal
Fencing of Jeffreys Bay and Kruisfontein Reservoir	900 000	Internal
Roads upgrade	2 500 000	Internal
upgrading of infrastructure for new township establishment	500 000	Internal
Vehicles	6 410 264	Internal
Upgrading of the Sea Vista Wastewater Treatment Works	18 503 132	MIG
Humansdorp - Upgrade Kruisfontein Waste Water Treatment Works	2 173 913	MIG
	50 454 874	

Planning, Development and Tourism		
Machinery and Equipment	30 000	Internal
Informal Traders - building	1 220 951	MIG
Furniture and Office Equipment	200 000	Internal
Computer Software	700 000	Internal
Computer Equipment	60 000	Internal
Land acquisition housing projects	1 000 000	Internal
Arts and Creative industries	250 000	District
Loerie Flower Project	65 500	DEDEAT
Upgrading Kouga Cultural Centre	1 000 000	Internal
	4 526 451	

Summary - Capital Budget 2018/19	Adjusted Budget 2018/19	Funding Source
Community Services		
Fencing of existing cemeteries	500 000	Internal
Computer Equipment	160 000	Internal
Fencing - Fire Station	200 000	Internal
Furniture and Office Equipment	145 000	Internal
Upgrading of Sports Facilities	3 864 352	MIG
Machinery and Equipment	844 010	Internal
Life Guards Beach shelter	250 000	Internal
Fencing of caravan parks & camping sites	500 000	Internal
Security Cameras	150 000	Internal
Table and Chairs Community Facilities	100 000	Internal
Weston Library Upgrade	100 000	Internal
Wheelie bins	1 500 000	Internal

Vehicles	5 850 000	Internal
Fencing of Sport and Recreational Facilities	500 000	Internal
	14 663 362	
Total	**77 671 772**	
Internally generated funds	42 140 536	
Transfers recognised - capital	35 531 235	
Total	**77 671 772**	

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD, CURRENT YEAR

Capital Project Description	Ward	Approved Budget 2018/19	Funding
Wards Capital Programmes	Ward 1 - 15	1 437 229	Internal
Upgrade community centre	Ward 15	75 734	Internal
Water infrastructure boreholes	Whole of Kouga	1 500 000	Internal
Bucket Eradication Programme	Whole of Kouga	2 300 000	Internal
Illegal electricity connections (LV Network)	Ward 14	1 000 000	Internal
MV Networks	Ward 4 and 5	8 869 565	INEP
New overhead lines 66kv overhead lines (Jbay to Melkhout)	Whole of Kouga	3 000 000	Internal
Jeffreys Bay- Northern Bulk main outfall sewer -area north of R102	Ward 8	1 200 000	Internal
Fencing: New x Loerie Sewer pump station	Ward 7	900 000	Internal
Fencing of Jeffreys Bay and Kruisfontein Reservoir	Ward 4	900 000	Internal
Roads upgrade	Ward 5 and 15	2 500 000	Internal

upgrading of infrastructure for new township establishment	Ward 14	500 000	Internal
Upgrading of the Sea Vista Wastewater Treatment Works	Ward 1	18 503 132	MIG
Humansdorp - Upgrade Kruisfontein Waste Water Treatment Works	Ward 4	2 173 913	MIG
Informal Traders - building	Ward 11 and 13	1 220 951	MIG
Land acquisition housing projects	Ward 6 and 7	1 000 000	Internal
Fencing of existing cemeteries	Ward 11,13 and 15	500 000	Internal
Fencing - Fire Station	Ward 13	200 000	Internal
Upgrading of Sports Facilities	Ward 1 and 2	3 864 352	MIG
Life Guards Beach shelter	Ward 11	250 000	Internal
Fencing of caravan parks & camping sites	Ward 2 and 11	500 000	Internal
Weston Library Upgrade	Ward 13	100 000	Internal
Wheelie bins	Ward 1 and 14	1 500 000	Internal
Fencing of Sport and Recreational Facilities	Ward 7 and 9	500 000	Internal

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

All Schools and Clinincs within established towns have access to all municipal services.

APPENDIX Q – SERVICE BACKLOG WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

None reported by Communities

APPENDIX S – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA SECTION 71

All MFMA Section 71 returns were submitted within the laid down time frames for the 12017/18 year.

APPENDIX T – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

No input to provide on information not covered elsewere in the Annual Report that can be used by National and Provincial Government to monitor and evaluate service delivery performance.

APPENDIX U ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2018

GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE AS AT 30 JUNE 2018

H Hendricks	Executive Mayor
F Campher	Infrastructure and Engineering
B Dhludhlu	Planning, Development and Tourism
B Williams	Finance
F Baxter	Corporate Services
D Benson	Community Services

AUDITOR-GENERAL
69 Frere Road, Vincent, East London, 5247
Eastern Cape

BANKERS

First National Bank
Private Bag X5
Jeffreys Bay, 6330

REGISTERED OFFICE

33 Da Gama Road Jeffreys Bay	P O Box 21 Jeffreys Bay 6330	Tel: (042) 200 2200 Fax: (042) 293 4204

Webpage: www.kouga.gov.za
E-mail: registry@ec108.org.za

MUNICIPAL MANAGER

Mr. C. du Plessis

CHIEF FINANCIAL OFFICER

Mr. S Thys

GENERAL INFORMATION (continued)

LEGAL FORM

Category B Municipality which operates in accordance with Chapter 7 of the Constitution of South Africa.

The Objects of Local Government are:
to provide democratic and accountable government for local communities;
to ensure the provision of services to communities in a sustainable manner;
to promote social and economic development;
to promote a safe and healthy environment; and
to encourage the involvement of communities and community organisations in the matters of local government

The Municipality must strive, within its financial and administrative capacity, to achieve the objects as set out above.

JURISDICTION

Greater Kouga area which includes:

Humansdorp
St Francis Bay, Cape St Francis, Oyster Bay
Hankey, Jeffreys Bay, Loerie
Patensie, Thornhill

MEMBERS OF THE KOUGA LOCAL MUNICIPALITY

WARD	COUNCILLOR	
1	Mayoni	Z
2	Meleni	T
3	Gertenbach	W
4	Campher	F
5	Coenraad	W
6	Vumazonke	V
7	Februarie	C
8	Vorster	L
9	Jujwana	S
10	Mabukane	A
11	Bornman	H
12	Rheeder	B
13	Peters	M
14	Mandeka	S
15	Hendricks	H
Proportional	Biggs	D
Proportional	Camelio-Benjamin	V
Proportional	Jantjies	R
Proportional	Dayimani	M
Proportional	Louw	F
Proportional	Matroos	C
Proportional	Nkomo	A
Proportional	Nkwalase	P
Proportional	Botha	N
Proportional	Dhludhlu	B
Proportional	Benson	D
Proportional	Jantjes	T
Proportional	Williams	B
Proportional	Baxter	F

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, in accordance with Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister for Cooperative Governance and Traditional Affairs' determination in accordance with this Act.

Mr. C du Plessis
Municipal Manager

31/08/2018
Date

KOUGA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	Note	Actual 2018 R	2017 Restated R
ASSETS			
Current Assets		**202,314,426**	**174,240,342**
Inventories	2	6,666,181	4,952,364
Receivables from Exchange Transactions	3	51,830,360	42,460,112
Receivables from Non-exchange Transactions	4	26,517,164	31,000,620
VAT Receivable	5	22,713,472	11,288,813
Cash and Cash Equivalents	6	94,315,125	84,253,706
Operating Lease Receivables	7	269,124	281,727
Current Portion of Long-term Receivables	8	3,000	3,000
Non-Current Assets		**2,266,533,140**	**2,295,482,446**
Property, Plant and Equipment	9	1,982,603,128	2,010,156,227
Intangible Assets	10	301,768	62,224
Investment Property	11	283,612,244	285,199,244
Long-term Receivables	12	16,000	64,751
Total Assets		**2,468,847,565**	**2,469,722,788**
LIABILITIES			
Current Liabilities		**182,255,664**	**179,777,118**
Consumer Deposits	13	15,240,869	13,567,024
Provisions	14	24,504,611	22,644,269
Payables from Exchange Transactions	15	126,624,642	128,559,171
Unspent Conditional Grants and Receipts	16	6,941,508	6,406,753
Current Portion of Long-term Liabilities	17	8,944,035	8,599,901
Non-Current Liabilities		**185,581,329**	**187,477,007**
Long-term Liabilities	17	23,600,396	32,567,197
Employee Benefit Liabilities	18	96,300,999	92,444,000
Non-current Provisions	19	65,679,934	62,465,810
Total Liabilities		**367,836,993**	**367,254,124**
Total Assets and Liabilities		**2,101,010,573**	**2,102,468,664**
NET ASSETS		**2,101,010,573**	**2,102,468,664**
Accumulated Surplus	20	2,101,010,573	2,102,468,664
Total Net Assets		**2,101,010,573**	**2,102,468,664**

KOUGA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

	Note	Actual 2018 R	2017 Restated R
REVENUE			
Revenue from Non-exchange Transactions		**354,566,499**	**312,877,219**
Property Rates	**21**	160,671,150	148,074,778
Fines, Penalties and Forfeits	**22**	34,832,471	10,600,474
Licences and Permits	**23**	13,546,854	8,381,770
Transfers and Subsidies	**24**	144,390,088	144,308,831
Interest, Dividends and Rent on Land Earned	**28**	1,125,936	1,511,366
Revenue from Exchange Transactions		**388,474,237**	**364,311,054**
Service Charges	**25**	363,348,296	335,965,472
Sales of Goods and Rendering of Services	**26**	8,834,374	6,860,161
Rental from Fixed Assets	**27**	614,198	1,505,650
Interest, Dividends and Rent on Land Earned	**28**	14,409,988	14,409,095
Operational Revenue	**29**	1,267,381	5,570,675
Total Revenue		**743,040,736**	**677,188,273**
EXPENDITURE		**745,019,039**	**672,685,052**
Employee Related Costs	**30**	245,776,991	224,583,634
Remuneration of Councillors	**31**	12,065,883	11,101,213
Depreciation and Amortisation	**32**	73,526,682	71,047,034
Impairment Losses	**33**	61,478,776	24,779,495
Interest, Dividends and Rent on Land	**34**	14,324,358	14,207,786
Bulk Purchases	**35**	217,588,330	220,618,051
Contracted Services	**36**	35,492,455	13,823,555
Inventory Consumed	**37**	20,580,753	46,172,326
Transfers and Subsidies Paid	**38**	372,340	-
Operating Leases	**39**	2,725,534	1,333,457
Operational Costs	**40**	59,495,162	42,960,080
Loss on Disposal of Property, Plant and Equipment	**41**	1,591,775	2,058,422
Total Expenditure		**745,019,039**	**672,685,052**
SURPLUS / (DEFICIT) FOR THE YEAR		**(1,978,303)**	**4,503,220**

Refer to Budget Statement for explanation of budget variances

KOUGA LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018

	Accumulated Surplus/(Deficit)	Total Net Assets
	R	R
2017		
Balance at 30 June 2016	2,098,485,648	2,098,485,648
Correction of Error (Note 42)	(520,204)	(520,204)
Restated Balance	**2,097,965,444**	**2,097,965,443**
Surplus / (Deficit) for the year	4,503,220	4,503,220
Balance at 30 June 2017	**2,102,468,665**	**2,102,468,664**
2018		
Restated Balance	**2,102,468,665**	**2,102,468,664**
Correction of Error (corrected within PPE)	**520,204**	**520,204**
Surplus / (Deficit) for the year	(1,978,303)	(1,978,303)
Balance at 30 June 2018	**2,101,010,565**	**2,101,010,564**

Details on the movement of the Funds and Reserves are set out in Note 20.

KOUGA LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Note	Actual 2018 R	2017 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		**669,670,001**	**647,192,851**
Property Rates	**21**	159,940,086	143,654,433
Transfers and Subsidies	**24**	144,924,843	142,874,058
Service Charges	**25**	331,659,159	326,948,968
External Interest and Dividends Received	**28**	8,751,748	7,776,128
Other Receipts	**29**	24,394,165	25,939,264
VAT Receivable / Payable	**5**	-	-
Payments		**(604,377,795)**	**(583,089,100)**
Employee Related Costs	**30**	(240,488,766)	(220,790,613)
Remuneration of Councillors	**31**	(12,065,883)	(11,101,213)
External Interest and Dividends Paid	**34**	(5,073,469)	(8,337,628)
Suppliers Paid	**36**	(276,808,142)	(295,616,196)
Other Payments	**40**	(58,516,877)	(40,336,590)
VAT Receivable / Payable	**5**	(11,424,658)	(6,906,860)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**65,292,206**	**64,103,751**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**9**	(47,542,831)	(52,124,626)
Proceeds on Disposal of Property, Plant and Equipment	**41**	885,959	2,166,237
Proceeds on Disposal of Investment Property	**11**	-	-
Decrease / (Increase) in Long-term Receivables	**12**	48,751	102,850
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(46,608,121)**	**(49,855,539)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings	**17**	(8,622,667)	(8,567,958)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(8,622,667)**	**(8,567,958)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**10,061,419**	**5,680,254**
Cash and Cash Equivalents at Beginning of Period		84,253,706	78,573,452
Cash and Cash Equivalents at End of Period	**6**	94,315,125	84,253,706

KOUGA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

RECONCILIATION OF BUDGETED FINANCIAL POSITION WITH THE STATEMENT OF FINANCIAL POSITION:

Description	Original Budget	Budget Adjustments	Adjustment Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R
FINANCIAL POSITION								
Current Assets								
Inventories	4,690,673	-	4,690,673	4,690,673	6,666,181	1,975,508	142.12	142.12
Receivables from Exchange Transactions	55,213,468	-	55,213,468	55,213,468	51,830,360	(3,383,108)	93.87	93.87
Receivables from Non-exchange Transactions	25,677,000	3,225,000	28,902,000	28,902,000	26,517,164	(2,384,836)	91.75	103.27
VAT Receivable	-	-	-	-	22,713,472	22,713,472	0.00	0.00
Cash and Cash Equivalents	60,013,587	(284,135)	59,729,452	59,729,452	94,315,125	34,585,673	157.90	157.16
Operating Lease Receivables	-	-	-	-	269,124	269,124	0.00	0.00
Current Portion of Long-term Receivables	3,007	-	3,007	3,007	3,000	(7)	99.76	99.76
Non-Current Assets								
Property, Plant and Equipment	2,562,531,731	9,754,000	2,572,285,731	2,572,285,731	1,982,603,128	(589,682,603)	77.08	77.37
Intangible Assets	72,520	-	72,520	72,520	301,768	229,248	416.12	416.12
Investment Property	84,431,491	-	84,431,491	84,431,491	283,612,244	199,180,753	335.91	335.91
Long-term Receivables	150,361	-	150,361	150,361	16,000	(134,361)	10.64	10.64
Total Assets	2,792,783,839	12,694,864	2,805,478,703	2,805,478,703	2,468,847,565	(336,631,138)	88.00	88.40
Current Liabilities								
Consumer Deposits	8,855,542	10,217,000	19,072,542	19,072,542	15,240,869	(3,831,673)	79.91	172.11
Provisions	31,021,081	-	31,021,081	31,021,081	24,504,611	(6,516,471)	78.99	78.99
Payables from Exchange Transactions	106,811,363	-	106,811,363	106,811,363	126,624,642	19,813,279	118.55	118.55
Unspent Conditional Grants and Receipts	-	-	-	-	6,941,508	6,941,508	0.00	0.00
Bank Overdraft	-	-	-	-	-	-	0.00	0.00
Current Portion of Long-term Liabilities	6,442,906	-	6,442,906	6,442,906	8,944,035	2,501,129	138.82	138.82
Non-Current Liabilities								
Long-term Liabilities	30,268,531	-	30,268,531	30,268,531	23,600,396	(6,668,135)	77.97	77.97
Employee Benefit Liabilities	-	-	-	-	96,300,999	96,300,999	0.00	0.00
Non-current Provisions	118,670,136	-	118,670,136	118,670,136	65,679,934	(52,990,202)	55.35	55.35
Total Liabilities	302,069,559	10,217,000	312,286,559	312,286,559	367,836,993	55,550,434	117.79	121.77
Total Assets and Liabilities	**2,490,714,280**	**2,477,864**	**2,493,192,144**	**2,493,192,144**	**2,101,010,573**	**(392,181,571)**	**84.27**	**84.35**
Net Assets (Equity)								
Accumulated Surplus / (Deficit)	2,490,714,280	2,477,864	2,493,192,144	2,493,192,144	2,101,010,573	(392,181,571)	84.27	84.35
Total Net Assets	**2,490,714,280**	**2,477,864**	**2,493,192,144**	**2,493,192,144**	**2,101,010,573**	**(392,181,571)**	**84.27**	**84.35**

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Inventories:

Inventories are held by the municipality for own consumption. Inventories Include consumables, material and supplies and water stock held at the end of the financial year. The budgeted amount is higher than anticipated.

Receivables from Exchange Transactions:

The budgeted amount is higher than anticipated due to improvement on the payments of outstanding debtors.

Receivables from Non-exchange Transactions:

The variance is due to unanticipated increase in bad debt provision for traffic fines.

VAT Receivable:

National Treasury Budget Template not aligned to GRAP and does not provide for VAT Receivable.

Cash and Cash Equivalents:

Capital and Operating expenditure projects budgeted for, did not realise.

Current Portion of Long-term Receivables:

It was over-budgeted for Current Portion of Staff Debtors.

Property, Plant and Equipment:

It has been over-budgeted.

Intangible Assets:

Capital expenditure reclassified to Intangible Assets.

Investment Property:

Property Plant and Equipment previously reclassified as Investment Property, but not budgeted for.

Long-term Receivables:

It was over-budgeted for Staff Debtors

Consumer Deposits:

This amount relates to deposit paid by the consumers for new water and electricity connections. The budgeted amount is slightly higher than anticipated.

Provisions:

This amount relates to Employee Related Benefits and Rehabilitation of landfill sites. The budgeted amount is slightly higher than anticipated.

Payables from Exchange Transactions:

The variance is due to unanticipated Creditors' accruals at year-end.

Unspent Conditional Grants and Receipts:

No budget provision is allowed for the Unspent Conditional Grants, unless a rollover has been approved by National Treasury.

Current Portion of Long-term Liabilities:

Current Portion of Long-term Liability include Finance Lease Liability not budgeted for.

Long-term Liabilities:

It was over-budgeted for Long-term Liabilities.

Retirement Benefit Liabilities:

National Treasury Budget Template not aligned to GRAP and does not provide for Retirement Bnefit Liabilities on the face of the Statement of Financial Position. The budget for this item is included in the Non-Current Provisions, in line with NT template.

Non-current Provisions:

Non-Current Provisions include budget amount for the Post-Retirements Benefits.

Accumulated Surplus / (Deficit):

It was over-budgeted for Accumulated Surplus.

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE WITH THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	Original Budget	Budget Adjustments	Adjustment Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE								
Revenue from Non-exchange Transactions								
Property Rates	160,564,979	(14)	160,564,965	160,564,965	160,671,150	106,185	100.07	100.07
Fines, Penalties and Forfeits	3,760,286	202,156	3,962,442	3,962,442	34,832,471	30,870,029	879.07	926.33
Licences and Permits	10,195,871	(197,005)	9,998,866	9,998,866	13,546,854	3,547,988	135.48	132.87
Transfers and Subsidies	148,161,000	1,163,315	149,324,315	149,324,315	144,390,088	(4,934,227)	96.70	97.45
Interest, Dividends and Rent on Land Earned	3,500,000	-	3,500,000	3,500,000	1,125,936	(2,374,064)	32.17	32.17
Revenue from Exchange Transactions								
Licences and Permits	1,577,010	700,001	2,277,011	2,277,011	-	(2,277,011)	0.00	0.00
Service Charges	382,851,275	(12,757,614)	370,093,661	370,093,661	363,348,296	(6,745,365)	98.18	94.91
Sales of Goods and Rendering of Services	5,868,005	2,673,893	8,541,898	8,541,898	8,834,374	292,476	103.42	150.55
Rental from Fixed Assets	1,309,449	464,692	1,774,141	1,774,141	614,198	(1,159,943)	34.62	46.91
Interest, Dividends and Rent on Land Earned	12,634,127	210,010	12,844,137	12,844,137	14,409,988	1,565,851	112.19	114.06
Operational Revenue	1,334,429	470,776	1,805,205	1,805,205	1,267,381	(537,824)	70.21	94.98
Total Revenue	731,756,431	(7,069,790)	724,686,641	724,686,641	743,040,736	18,354,095	102.53	101.54
Expenditure								
Employee Related Costs	256,006,847	(6,962,382)	249,044,465	249,044,465	245,776,991	(3,267,474)	98.69	96.00
Remuneration of Councillors	11,775,589	335,029	12,110,618	12,110,618	12,065,883	(44,735)	99.63	102.47
Depreciation and Amortisation	83,730,150	-	83,730,150	83,730,150	73,526,682	(10,203,468)	87.81	87.81
Impairment Losses	31,680,232	18,316,609	49,996,841	49,996,841	61,478,776	11,481,935	122.97	194.06
Interest, Dividends and Rent on Land	3,768,124	-	3,768,124	3,768,124	14,324,358	10,556,234	380.15	380.15
Bulk Purchases	225,623,251	-	225,623,251	225,623,251	217,588,330	(8,034,921)	96.44	96.44
Contracted Services	42,990,927	(19,734)	42,971,193	42,971,193	35,492,455	(7,478,738)	82.60	82.56
Inventory Consumed	30,426,931	(3,022,382)	27,404,549	27,404,549	20,580,753	(6,823,796)	75.10	67.64
Transfers and Subsidies Paid	2,854,627	(2,825,027)	29,600	29,600	372,340	342,740	1,257.91	13.04
Operating Leases	3,819,490	(287,730)	3,531,760	3,531,760	2,725,534	(806,226)	77.17	71.36
Operational Costs	64,923,690	(7,713,013)	57,210,677	57,210,677	59,495,162	2,284,485	103.99	91.64
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	1,591,775	1,591,775	0.00	0.00
Total Expenditure	757,599,858	(2,178,630)	755,421,228	755,421,228	745,019,039	(10,402,189)	98.62	98.34
Surplus/(Deficit for the Year	**(25,843,427)**	**(4,891,160)**	**(30,734,587)**	**(30,734,587)**	**(1,978,303)**	**28,756,284**	**-**	**-**

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Fines, Penalties and Forfeits:

Fines mostly relate to the traffic fines and arise from unanticipated traffic enfringements.

Licences and Permits:

Licences and Permits mostly relate to motor registration and is influenced by the extent of vehicle registrations. The licences and Permits revenue recognised is higher than anticipated.

Interest, Dividends and Rent on Land Earned: Non-Exchange

This relates to the interest earned on the outstanding Property Rates Accounts. The interest realised is lower than anticipated.

Rental from Fixed Assets:

This relates to the rental of municipal buildings, community halls and other municipal facilities. The revenue recognised is lower than anticipated.

Interest, Dividends and Rent on Land Earned: Exchange Transactions

This relates to the interest earned on the Outstanding Consumer Debtors, Bank and Investments. The interest is sightly under budgeted for.

Operational Revenue:

The variance is due to the Skills Development Levy Refund not realised.

Depreciation and Amortisation:

The variance is due to Capital expenditure not realised.

Impairment Losses:

The variance is due to the unanticipated increase in bad debt provision for traffic fines.

Interest, Dividends and Rent on Land:

The variance is due to interest charged on Overdue Creditors and Interest on Finance Lease was not budgeted for.

Contracted Services:

Contracted Services mostly relate to outsourced work awarded relation to the repairs and maintenance of municipal infrastructure assets and includes business and advisory consulting fees. The under-spending is due to lack of maintenance plans and the implementation of budget controls.

Inventory Consumed:

Inventory Consumed relates to consumables, fuel and oil. It includes material and supplies used for repairs and maintenance. The under-spending is due to lack of repairs and maintenance plans.

Operating Leases:

Operating leases relate to rental of photo copy machines and landfill sites machinery and equipment. The contract for the landfill sites machinery and equipment was cancelled in May 2018.

RECONCILIATION OF BUDGETED CAPITAL EXPENDITURE WITH THE CAPITAL EXPENDITURE PER FUNCTION:

Description	Original Budget	Budget Adjustments	Adjustment Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION								
Executive and Council	157,000	2,600,000	2,757,000	2,757,000	523,810	(2,233,190)	19.00	333.64
Finance and Administration	4,655,500	818,025	5,473,525	5,473,525	4,165,727	(1,307,798)	76.11	89.48
Community and Social Services	599,000	250,000	849,000	849,000	730,317	(118,683)	86.02	121.92
Public Safety	950,000	1,200,000	2,150,000	2,150,000	216,028	(1,933,972)	10.05	22.74
Sport and Recreation	4,591,455	2,449,654	7,041,109	7,041,109	6,419,793	(621,316)	91.18	139.82
Health	575,000	(200,000)	375,000	375,000	-	(375,000)	0.00	0.00
Environmental Protection	940,000	360,000	1,300,000	1,300,000	348,914	(951,086)	26.84	37.12
Planning and Development	1,630,985	1,040,920	2,671,905	2,671,905	2,538,482	(133,423)	95.01	155.64
Road Transport	2,820,000	(1,131,652)	1,688,348	1,688,348	420,919	(1,267,429)	24.93	14.93
Energy Sources	7,255,000	(2,314,670)	4,940,330	4,940,330	3,516,114	(1,424,216)	71.17	48.46
Waste Management	3,145,000	2,491,160	5,636,160	5,636,160	4,720,177	(915,983)	83.75	150.09
Waste Water Management	27,068,360	(530,369)	26,537,991	21,537,991	17,205,934	(4,332,057)	79.89	63.56
Water Management	5,292,420	2,720,932	8,013,352	9,103,352	7,013,005	(2,090,346)	77.04	132.51
Total Capital Expenditure	**59,679,720**	**9,754,000**	**69,433,720**	**65,523,720**	**47,819,219**	**(17,704,500)**	**72.98**	**80.13**

Capital Expendirure per Function: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:

Executive and Council:

Projects relate to PA system, EDMS and Ward Capital Programmes, with the budget rolled over to 2018/19 for implementation of the projects. The budget rollovers were approved by Council on 26 July 2018.

Finance and Administration:

Projects relate to Office Equipment, Library Upgrade, IT Server and IT Building Upgrade, with the budget rollover to 2018/19 for implementation of the projects. The budget rollovers were approved by Council on 26 July 2018.

Community and Social Services:

The Capital Expenditure budget for Community and Social Services was slightly underspent due to lack of planning.

Public Safety:

The project relates to Fire Engine, with the budget rollover to 2018/19 for implementation of the project. The budget rollover was approved by Council on 26 July 2018.

Health:

The Non-Spending of Health Capital budget was due to lack of planning and the budget had to be forfeited.

Roads and Transport:

The underspending of Roads and Transport Capital budget was due to lack of planning and the budget had to be forfeited.

Environmental Protection:

The project relates to Wheelie Bins, with the budget rollover to 2018/19 for implementation of the project. The budget rollover was approved by Council on 26 July 2018.

Electricity:

The underspending of Energy Capital budget was due to lack of planning and the budget had to be forfeited.

Water:

The Capital Expenditure budget for Water Management was slightly underspent due to lack of planning.

Waste Water Management:

The project relates to Vehicles, with the budget rollover to 2018/19 for implementation of the projects. The budget rollover was approved by Council on 26 July 2018.

Waste Management:

The Capital Expenditure budget for Waste Management was slightly underspent due to lack of planning.

RECONCILIATION OF BUDGETED CASH FLOW WITH THE CASH FLOW STATEMENT:

Description	Original Budget	Budget Adjustments	Adjustment Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R
CASH FLOW								
Cash Flows from/(used in) Operating Activities								
Property Rates	150,931,064	(6,037,243)	144,893,822	144,893,822	159,940,086	15,046,264	110.38	105.97
Transfers and Subsidies	148,879,222	445,000	149,324,222	149,324,222	144,924,843	(4,399,379)	97.05	97.34
Service Charges	348,047,318	(13,921,893)	334,125,425	334,125,425	331,659,159	(2,466,266)	99.26	95.29
External Interest and Dividends Received	16,134,121	210,000	16,344,121	16,344,121	8,751,748	(7,592,373)	53.55	54.24
Other Receipts	23,327,553	3,432,000	26,759,553	26,759,553	24,394,165	(2,365,388)	91.16	104.57
Employee Related Costs	(256,021,847)	6,977,359	(249,044,488)	(249,044,488)	(240,488,766)	8,555,722	0.00	0.00
Remuneration of Councillors	(11,725,189)	(385,429)	(12,110,618)	(12,110,618)	(12,065,883)	44,735	0.00	0.00
External Interest and Dividends Paid	(3,768,124)	-	(3,768,124)	(3,768,124)	(5,073,469)	(1,305,345)	0.00	0.00
Suppliers Paid	(285,174,996)	(10,824,045)	(295,999,041)	(295,999,041)	(276,808,142)	19,190,899	0.00	0.00
Other Payments	(72,741,708)	11,969,267	(60,772,441)	(60,772,441)	(58,516,877)	2,255,564	0.00	0.00
VAT Receivable / Payable	-	-	-	-	(11,424,658)	(11,424,658)	0.00	0.00
Cash Flows from/(used in) Investing Activities								
Purchase of Property, Plant and Equipment	(59,679,720)	(9,754,000)	(69,433,720)	(69,433,720)	(47,542,831)	21,890,889	0.00	0.00
Proceeds on Disposal of Property, Plant and Equipment	-	1,600,000	1,600,000	1,600,000	885,959	(714,041)	55.37	0.00
Proceeds on Disposal of Investment Property	-	-	-	-	-	-	0.00	0.00
Decrease / (Increase) in Long-term Receivables	-	-	-	-	48,751	48,751	0.00	0.00
Cash Flows from/(used in) Financing Activities								
Repayment of Borrowings	(6,442,906)	-	(6,442,906)	(6,442,906)	(8,622,667)	(2,179,761)	0.00	0.00
Cash and Cash Equivalents at End of the Year	**(8,235,211)**	**(16,288,984)**	**(24,524,195)**	**(24,524,195)**	**10,061,418**	**34,585,613**	**0.00**	**0.00**

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Other Receipts:

Other Receipts mostly relate to unallocated deposits for Service Charges Revenue.

External Interest and Dividends Paid:

The variance is due to interest charged on Overdue Creditors and Interest on Finance Lease was not budgeted for.

Purchase of Property, Plant and Equipment:

The underspending of projects relate to various Capital Programmes , with the budget rollover to 2018/19 for implementation of the projects. The budget rollover was approved by Council on 26 July 2018.

Proceeds on Disposal of Property, Plant and Equipment:

The auctions did not deliver the desired returns as anticipated with the disposal of assets.

Loans repaid:

The Finance Lease Liability was not budgeted for.

RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	2017/18		2016/17
	R		R
Net surplus/(deficit) per the statement of financial performance	**(1,978,303)**		**4,503,220**
Revenue from Non-exchange Transactions			
Property Rates	(106,185)		768,057
Fines, Penalties and Forfeits	(30,870,029)		(7,086,561)
Licences and Permits	(3,547,988)		(720,020)
Transfers and Subsidies	4,934,227		(6,915,268)
Surcharges and Taxes	-		-
Interest, Dividends and Rent on Land Earned	2,374,064		988,634
Revenue from Exchange Transactions			
Licences and Permits	2,277,011		1,205,049
Service Charges	6,745,365		17,108,416
Sales of Goods and Rendering of Services	(292,476)		29,734
Rental from Fixed Assets	1,159,943		(304,320)
Interest, Dividends and Rent on Land Earned	(1,565,851)		(2,585,137)
Operational Revenue	537,824		(2,219,662)
Expenditure			
Employee Related Costs	(3,267,474)		(4,358,891)
Remuneration of Councillors	(44,735)		573,661
Depreciation and Amortisation	(10,203,468)		(12,076,134)
Impairment Losses	11,481,935		(5,228,060)
Finance Costs	10,556,234		9,744,978
Bulk Purchases	(8,034,921)		(1,257,231)
Contracted Services	(7,478,738)		(4,800,577)
Inventory Consumed	(6,823,796)		(1,058,388)
Grants and Subsidies Paid	342,740		-
Operating Leases	(806,226)		(3,139,633)
Operational Costs	2,284,485		(2,990,312)
Loss on Disposal of Property, Plant and Equipment	1,591,775		2,058,422
Net surplus/deficit per approved budget	**(30,734,587)**		**(17,760,023)**

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on the Standard Chart of Accounts, announced in Government Gazette No 37577 of 22 April 2014, in accordance with section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

1.1 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.2 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2017 and 30 June 2018 the municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

With the adoption of mSCOA the municipality reclassified certain balances in order to comply with the instruction notes issued. The result of the reclassification is set out below and in the relevant Notes to the Annual Financial Statements.

1.3 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.3.1 Revenue Recognition

Accounting Policy 9.2 on Revenue from Exchange Transactions and Accounting Policy 9.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (*Revenue from Exchange Transactions*) and GRAP 23 (*Revenue from Non-exchange Transactions*). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.3.2 Impairment of Financial Assets

Accounting Policy 7.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- Impairment of Trade Receivables:
  The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

1.3.3 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

As described in Accounting Policies 2.3, 4.2 and 5.2, the municipality depreciates its Property, Plant & Equipment and Investment Property, and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1.3.4 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, and Inventories

Accounting Policy 5 on Impairment of Assets, Accounting Policy 3.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment and Accounting Policy 7.2 on Inventory – Subsequent Measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets and write-down of Inventories to the lowest of Cost and Net Realisable Value or Current Replacement Cost.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

Estimated impairments during the year to Inventory, Property, Plant and Equipment, and Intangible Assets are disclosed in Notes 2, 9, 10 and X to the Annual Financial Statements, if applicable.

1.3.5 Water Inventory

The estimation of the Water Inventory in reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end. Refer to Accounting Policy 7.2.2

1.3.6 Defined Benefit Plan Liabilities

As described in Accounting Policy 11.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.3.7 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.3.8 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a *Going Concern Assumption* .

1.5 Standards, Amendments to Standards and Interpretations issued but not yet Effective

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 18 Segment Reporting
- GRAP 20 Related Party Disclosures
- GRAP 32 Service Concession Arrangement Grantor
- GRAP 108 Statutory Receivables
- GRAP 109 Accounting by Principals and Agents
- IGRAP 17 Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

The municipality applied the principles established in the following Standards of GRAP that have been issued but are not yet effective, in developing appropriate disclosure:

- GRAP 20 Related Party Disclosures

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality, except for:

- GRAP 108 Statutory Receivables:-
  It is expected that the Standard will affect the valuation of Receivables from Non-Echange Transactions, but the extent cannot be determined at this stage.
- GRAP 109 Accounting by Principals and Agents:-
  The effect of this Standard on accounting for transactions between the municpality, another function of government or private sector and third parties, can only be determined once it becomes effective.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 Initial Recognition

Property, Plant and Equipment are initially recognised at cost.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

2.2 Subsequent Measurement

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

2.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the *Straight-line Method*, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Buildings			**Community**	
	Improvements	5 - 50		Community Facilities	5 - 50
				Recreational Facilities	10 - 40
	Infrastructure				
	Electricity	10 - 80		**Other**	
	Railways	30		Computer Equipment	3 - 10
	Roads and Paving	5 - 80		Emergency Equipment	5 - 10
	Sanitation	5 - 80		Furniture and Fittings	5 - 15
	Sewerage / Solid Waste	5 - 80		Motor Vehicles	7 - 15
	Water	5 - 80		Office Equipment	3 - 15
	Landfill Sites	30 - 50		Plant and Equipment	2 - 20
				Other Assets	5 - 15

2.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

2.5 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

2.6 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

2.7 Derecognition

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

3.8 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

3. HERITAGE ASSETS

4. INTANGIBLE ASSETS

4.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

Intangible Assets are initially recognised at cost.

Where an Intangible Asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

4.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charged on a *Straight-line Method* over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

The amortisation rates are based on the following estimated useful lives:

	Asset Class	Years
	Computer Software Purchased	3 - 5

4.3 Derecognition

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

5. INVESTMENT PROPERTY

5.1 Initial Recognition

At initial recognition, the municipality measures Investment Property at cost. However, where an Investment Property was acquired through a non-exchange transaction (i.e. where it acquired the Investment Property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

5.2 Subsequent Measurement

Investment Property is measured using the *Cost Model* and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the *Straight-line Method* over the useful life of the property, which is estimated at 5 - 50 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is recognised in Surplus or Deficit.

5.3 Derecognition

The gain or loss arising from the derecognition of an item of Investment Property is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

6. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as *Cash Generating Assets*. All other assets are classified as *Non-cash Generating Assets*.

6.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

6.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

7. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as *Financial Assets*, *Financial Liabilities* or *Residual Interests* in accordance with the substance of the contractual agreement.

Initial Recognition
Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair Value Methods and Assumptions
The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices.
- If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

7.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Investment Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value
Current Portion of Long-term Receivables	Financial Assets at Amortised Cost

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank

7.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Long-term Liabilities	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Payables from Non-exchange Transactions	Financial Liabilities at Amortised Cost
Current Portion of Long-term Liabilities	Financial Liabilities at Amortised Cost

7.3 Initial and Subsequent Measurement

7.3.1 Financial Assets:

Financial Assets measured at Amortised Cost
Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the *Effective Interest Method* less any impairment, with interest recognised on an *Effective Yield Basis*.

Financial Assets measured at Fair Value
Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in Surplus or Deficit.

7.3.2 Financial Liabilities:

Financial Liabilities held at Amortised Cost
Any other Financial Liabilities are classified as *Other Financial Liabilities* (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the *Effective Interest Rate Method*. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

Bank Borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the *Accrual Basis* and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

7.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised through the use of an allowance account.

7.4.1 Financial Assets at Amortised Cost

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable for the following reasons:

- It is management's judgement that the accounts are not "lost events" in terms of GRAP 104.58.
- State Departments and Entities have to pay their creditors within 30 days in terms of the PFMA.
- Interest is charged on all oustanding balances at a rate of the banker's prime rate plus 1%.
- There is an urge from National Treasury that State Departments and Entities should start paying their outstanding debt.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

7.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

7.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.

8. INVENTORIES

8.1 Initial Recognition

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where Inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

8.2 Subsequent Measurement

8.2.1 Consumable Stores

Inventories sold are valued at the lower of cost and net realisable value (net amount that the municipality expects to realise from the sale on Inventory in the ordinary course of business). The cost is determined using the *weighted average Method* .

Consumable stores distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and current replacement cost (the cost the municipality would incur to acquire the asset on the reporting date). The cost is determined using the *weighted average Method* .

8.2.2 Water Inventory

Water is regarded as Inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the Inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the *FIFO Method*, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

9. REVENUE RECOGNITION

9.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

9.2 Revenue from Exchange Transactions

9.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service Charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to all properties that have improvements. Tariffs are determined per category of property usage, and are levied based on the extent of each property.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are determined per category of property usage, and are levied based on the extent of each property.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

9.2.2 Prepaid Electricity

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

9.2.3 Rentals Received

Revenue from the rental of facilities and equipment is recognised on a Straight-line Basis over the term of the lease agreement.

9.2.4 Interest Earned

Interest earned on investments is recognised in Surplus or Deficit on the *Time-proportionate Basis* that takes into account the effective yield on the investment.

9.2.5 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

9.2.6 Revenue from Agency Services

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

9.2.7 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

(a) The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) The amount of revenue can be measured reliably;
(d) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
(e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

9.3 Revenue from Non-exchange Transactions

9.3.1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a *Time-proportionate Basis* with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

9.3.2 Fines

Fines constitute both spot fines and summonses

Revenue for fines is recognised when the fine is issued at the full amount of the receivable. The municipality uses estimates to determine the amount of revenue that the municipality is entitled to collect that is subject to further legal proceedings.

9.3.3 Public Contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

9.3.2 Other Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

9.3.4 Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in Surplus or Deficit in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in Surplus or Deficit.

9.3.5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised as revenue when the recovery thereof from the responsible councillors or officials became virtually certain in a financial period subsequent to the period when the actual unauthorised, irregular, fruitless and wasteful expenditure was incurred.

10. PROVISIONS

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs.

10.1 Provision for Environmental Rehabilitation

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to Surplus or Deficit.

11. EMPLOYEE BENEFIT LIABILITIES

11.1 Short-term Employee Benefits

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

11.2 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

11.2.1 Defined Contribution Plans

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus or Deficit in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

11.2.2 Defined Benefit Plans

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the *Projected Unit Credit Method*, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The *Projected Unit Credit Method* is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through Surplus or Deficit.

Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Defined Benefit Pension Plans

The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the *Projected Unit Credit Method*. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

12. LEASES

12.1 The Municipality as Lessee

12.1.1 Finance Leases

Property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are recognised at equal amounts. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments to the fair value of the asset, plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the *Effective Interest Rate Method*. Finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

12.1.2 Operating Leases

The municipality recognises operating lease rentals as an expense in Surplus or Deficit on a *Straight-line Basis* over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Any lease incentives are included as part of the net consideration agreed.

12.2 The Municipality as Lessor

Amounts due from lessees under **Finance Leases** or instalment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental revenue from **Operating Leases** is recognised on a *Straight-line Basis* over the term of the relevant lease.

13. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

(a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
(b) Expect to be repaid in future; or
(c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in Surplus or Deficit as expenses in the period that the events giving rise to the transfer occurred.

14. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

15. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

16. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

17. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

18. MATERIAL LOSSES

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities.

Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the F*irst-In-First-Out Method* as defined by GRAP 12 (*Inventories*).

19. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

20. COMMITMENTS

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in Surplus or Deficit, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

21. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee Members, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

22. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

23. BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2017 to 30 June 2018.

24. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy.

In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in notes to the Annual Financial Statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.
Refer to Note 42 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

	2018 R	2017 R

1. GENERAL INFORMATION

Kouga Municipality is a local government institution in Jeffreys Bay, Eastern Cape, and is one of seven local municipalities under the jurisdiction of the Sarah Baartman District Municipality. The address of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).

2. INVENTORIES

	2018 R	2017 R
Consumables Stores	6,241,551	4,564,953
Water - at cost	549,039	429,688
Less: Provision for Obsolete Stock	(124,409)	(42,278)
Total Inventories	**6,666,181**	**4,952,364**

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.

The cost of Inventories recognised as an expense during the period was R20,580,753 (2017: R46,172,326).

No Inventories have been pledged as collateral for Liabilities of the municipality.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

As at 30 June 2018	Gross Balances R	Provision for Impairment R	Net Balances R
Service Debtors:	141,504,860	92,926,783	48,578,077
Electricity	30,666,598	9,333,292	21,333,306
Refuse	22,627,593	21,672,833	954,760
Sewerage	17,861,226	15,465,116	2,396,110
Other Service Charges	26,027,795	11,058,259	14,969,536
Water	44,321,647	35,397,282	8,924,365
Other Receivables	2,518	-	2,518
Housing Selling Scheme	1,350	-	1,350
Other Debtors	1,168	-	1,168
Prepayments and Advances	2,752,843	22,000	2,730,843
Recoveries from Staff	185,443	22,000	163,443
Annual Licence Fees	2,567,400	-	2,567,400
Control, Clearing and Interface Accounts	518,922	-	518,922
Total Receivables from Exchange Transactions	**144,779,143**	**92,948,783**	**51,830,360**

As at 30 June 2017	Gross Balances R	Provision for Impairment R	Net Balances R
Service Debtors:	124,532,721	81,975,109	42,557,613
Electricity	28,710,600	10,170,542	18,540,058
Refuse	18,214,918	17,660,705	554,213
Sewerage	16,320,975	14,148,549	2,172,425
Other Service Charges	24,668,908	9,322,007	15,346,900
Water	36,617,321	30,673,305	5,944,016
Other Receivables	2,518	-	2,518
Housing Selling Scheme	1,350	-	1,350
Other Debtors	1,168	-	1,168
Prepayments and Advances	(100,018)	-	(100,018)
Recoveries from Staff	(100,018)	-	(100,018)
Annual Licence Fees	-	-	-
Control, Clearing and Interface Accounts	-	-	-
Total Receivables from Exchange Transactions	**124,435,221**	**81,975,109**	**42,460,112**

The municipality did not pledge any of its Receivables as security for borrowing purposes.

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and Receivables as well as the current payment ratios of the municipality's Receivables.

3.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2018

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Electricity:					
Gross Balances	17,582,244	2,132,100	1,099,125	9,853,129	30,666,598
Less: Provision for Impairment	74,652	14,768	1,126,016	8,117,856	9,333,292
Net Balances	**17,507,592**	**2,117,333**	**(26,892)**	**1,735,273**	**21,333,306**
Refuse:					
Gross Balances	2,525,902	1,138,209	905,598	18,057,884	22,627,593
Less: Provision for Impairment	3,920	805,487	1,019,149	19,844,278	21,672,833
Net Balances	**2,521,982**	**332,723**	**(113,551)**	**(1,786,394)**	**954,760**
Sewerage:					
Gross Balances	2,769,303	960,755	792,258	13,338,910	17,861,226
Less: Provision for Impairment	59,284	532,947	865,934	14,006,951	15,465,116
Net Balances	**2,710,019**	**427,808**	**(73,675)**	**(668,042)**	**2,396,110**
Other Service Charges:					
Gross Balances	12,959,024	544,952	612,911	11,910,909	26,027,795
Less: Provision for Impairment	348,417	233,166	474,857	10,001,819	11,058,259
Net Balances	**12,610,607**	**311,786**	**138,054**	**1,909,089**	**14,969,536**
Water:					
Gross Balances	10,079,626	1,958,629	1,830,218	30,453,174	44,321,647
Less: Provision for Impairment	122,617	1,171,971	2,037,869	32,064,825	35,397,282
Net Balances	**9,957,009**	**786,658**	**(207,652)**	**(1,611,650)**	**8,924,365**
Other Receivables:					
Gross Balances	2,518	-	-	-	2,518
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**2,518**	**-**	**-**	**-**	**2,518**
Prepayments and Advances:					
Gross Balances	2,752,843	-	-	-	2,752,843
Less: Provision for Impairment	22,000	-	-	-	22,000
Net Balances	**2,730,843**	**-**	**-**	**-**	**2,730,843**
Control, Clearing and Interface Accounts:					
Gross Balances	518,922	-	-	-	518,922
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**518,922**	**-**	**-**	**-**	**518,922**

As at 30 June 2018 Receivables of R51,830,360 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total Past Due
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
All Receivables:					
Gross Balances	49,190,382	6,734,646	5,240,110	83,614,006	144,779,143
Less: Provision for Impairment	630,890	2,758,338	5,523,826	84,035,729	92,948,783
Net Balances	**48,559,491**	**3,976,308**	**(283,716)**	**(421,724)**	**51,830,360**

As at 30 June 2017

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Electricity:					
Gross Balances	15,378,666	2,109,615	1,037,225	10,185,093	28,710,600
Less: Provision for Impairment	-	-	-	-	10,170,542
Net Balances	**15,378,666**	**2,109,615**	**1,037,225**	**10,185,093**	**18,540,058**
Refuse:					
Gross Balances	2,204,071	600,932	443,941	14,965,974	18,214,918
Less: Provision for Impairment	-	-	-	-	17,660,705
Net Balances	**2,204,071**	**600,932**	**443,941**	**14,965,974**	**554,213**
Sewerage:					
Gross Balances	2,733,774	739,630	540,450	12,307,122	16,320,975
Less: Provision for Impairment	-	-	-	-	14,148,549
Net Balances	**2,733,774**	**739,630**	**540,450**	**12,307,122**	**2,172,425**
Other Service Charges:					
Gross Balances	24,668,908	-	-	-	24,668,908
Less: Provision for Impairment	-	-	-	-	9,322,007
Net Balances	**24,668,908**	**-**	**-**	**-**	**15,346,900**
Water:					
Gross Balances	8,003,476	1,227,251	1,035,371	26,351,223	36,617,321
Less: Provision for Impairment	-	-	-	-	30,673,305
Net Balances	**8,003,476**	**1,227,251**	**1,035,371**	**26,351,223**	**5,944,016**
Other Receivables:					
Gross Balances	(9,832,881)	316,419	200,104	9,318,876	2,518
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**(9,832,881)**	**316,419**	**200,104**	**9,318,876**	**2,518**
Prepayments and Advances:					
Gross Balances	(100,018)	-	-	-	(100,018)
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**(100,018)**	**-**	**-**	**-**	**(100,018)**

As at 30 June 2017 Receivables of R42,460,112 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total Past Due
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
All Receivables:					
Gross Balances	43,055,996	4,993,847	3,257,090	73,128,288	124,435,221
Less: Provision for Impairment	-	-	-	-	81,975,109
Net Balances	**43,055,996**	**4,993,847**	**3,257,090**	**73,128,288**	**42,460,112**

3.2 Reconciliation of the Provision for Impairment

	2018 R	**2017** R
Balance at beginning of year	81,975,108	72,928,701
Impairment Losses recognised	21,810,061	15,171,963
Impairment Losses reversed	(10,836,386)	(6,125,555)
Balance at end of year	**92,948,783**	**81,975,109**

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Consumer Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

3.3 Derecognition of Financial Assets

No Financial Assets have been transferred to other parties during the year.

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2018			
Property Rates	35,894,635	16,017,170	19,877,465
Insurance Claims	(197,344)	-	(197,344)
Fines	34,620,208	29,000,102	5,620,106
LGSETA Interns	1,216,938	-	1,216,938
Total Receivables from Non-exchange Transactions	**71,534,437**	**45,017,273**	**26,517,164**

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2017			
Property Rates	35,163,570	17,589,394	17,574,176
Insurance Claims	-	-	-
Fines	25,099,061	11,672,617	13,426,444
LGSETA Interns	-	-	-
Over Payment of Contractors	-	-	-
Total Receivables from Non-exchange Transactions	**60,262,631**	**29,262,011**	**31,000,620**

The municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the municipality's financial liabilities.

4.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2018

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Property Rates:					
Gross Balances	6,971,257	1,323,652	712,068	26,887,658	35,894,635
Less: Provision for Impairment	3,037,176	594,017	319,556	12,066,421	16,017,170
Net Balances	**3,934,081**	**729,634**	**392,512**	**14,821,237**	**19,877,465**
Insurance Claims:					
Gross Balances	(197,344)	-	-	-	(197,344)
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**(197,344)**	**-**	**-**	**-**	**(197,344)**
Fines:					
Gross Balances	34,620,208	-	-	-	34,620,208
Less: Provision for Impairment	29,000,102	-	-	-	29,000,102
Net Balances	**5,620,106**	**-**	**-**	**-**	**5,620,106**
LGSETA Interns:					
Gross Balances	1,216,938	-	-	-	1,216,938
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**1,216,938**	**-**	**-**	**-**	**1,216,938**

As at 30 June 2018 Receivables of R26,517,164 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	42,611,058	1,323,652	712,068	26,887,658	71,534,437
Less: Provision for Impairment	32,037,278	594,017	319,556	12,066,421	45,017,273
Net Balances	**10,573,780**	**729,634**	**392,512**	**14,821,237**	**26,517,164**

As at 30 June 2017

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates:					
Gross Balances	6,261,777	1,241,192	742,313	26,918,289	35,163,570
Less: Provision for Impairment	3,132,235	620,863	371,316	13,464,981	17,589,394
Net Balances	**3,129,542**	**620,329**	**370,997**	**13,453,308**	**17,574,176**
Fines:					
Gross Balances	25,099,061	-	-	-	25,099,061
Less: Provision for Impairment	11,672,617	-	-	-	11,672,617
Net Balances	**13,426,444**	**-**	**-**	**-**	**13,426,444**

As at 30 June 2017 Receivables of R31,000,620 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	31,360,838	1,241,192	742,313	26,918,289	60,262,631
Less: Provision for Impairment	14,804,852	620,863	371,316	13,464,981	29,262,011
Net Balances	**16,555,986**	**620,329**	**370,997**	**13,453,308**	**31,000,620**

	2018	**2017**
	R	**R**
4.2 Reconciliation of Provision for Impairment		
Balance at beginning of year	29,262,011	25,539,204
Impairment Losses recognised	15,751,337	3,890,714
Impairment Losses reversed	3,925	(167,907)
Amounts written off as uncollectable	-	-
		-
Balance at end of year	**45,017,273**	**29,262,011**

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.
No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

5. VAT RECEIVABLE

Vat Receivable	**22,713,472**	**11,288,813**

VAT Payable is the Net Payable from all VAT Control Accounts and agree to the VAT201 Returns.

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

6. CASH AND CASH EQUIVALENTS

	2018 R	2017 R
Current Investments	90,054,858	78,566,856
Bank Accounts	4,259,846	5,694,930
Cash and Cash Equivalents	421	(8,079)
Total Bank, Cash and Cash Equivalents	**94,315,125**	**84,253,706**

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

6.1 Current Investment Deposits

	2018 R	2017 R
Call Deposits	90,054,858	78,566,856
Total Current Investment Deposits	**90,054,858**	**78,566,856**

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 5.00 % to 10.00 % (2017: 5.00 % to 10.00 %) per annum.

	2018 R	2017 R
Deposits attributable to Unspent Conditional Grants	6,941,508	6,406,753
Deposits: General investments	83,113,350	72,160,103
Total Deposits attributable to Commitments of the Municipality	**90,054,858**	**78,566,856**

6.2 Bank Accounts

	2018 R	2017 R
Cash in Bank	4,259,846	5,694,930
Total Bank Accounts	**4,259,846**	**5,694,930**

The Municipality has the following bank accounts:

Primary Bank Account

	2018 R	2017 R
Cash book balance at beginning of year	5,694,930	2,783,364
Cash book balance at end of year	4,259,846	5,694,930
First National Bank - Jeffreys bay Branch-Account Number: 52540020791		
Bank statement balance at beginning of year	783,359	2,037,926
Bank statement balance at end of year	524,889	783,359
First National Bank - Jeffreys bay Branch-Account Number: 52540033304		
Bank statement balance at beginning of year	4,648,585	525,179
Bank statement balance at end of year	3,734,959	4,648,585

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

6.3 Cash and Cash Equivalents

	2018 R	2017 R
Cash Floats and Advances	421	(8,079)
Total Cash on hand in Cash Floats, Advances and Equivalents	**421**	**(8,079)**

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

7. OPERATING LEASE RECEIVABLES

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

	2018 R	2017 R
Balance at beginning of year	281,727	278,803
Operating Lease - Straightlining	(12,603)	2,924
Operating Lease Revenue effected	-	-
Total Operating Lease Receivables	**269,124**	**281,727**

7.1 Leasing Arrangements

The Municipality as Lessor:
Operating Leases relate to Property owned by the municipality with lease terms of between 1 to 99 years, with an option to extend.

All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

7.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

	2018 R	2017 R
Up to 1 year	368,756	472,278
2 to 5 years	1,225,014	1,716,525
More than 5 years	148,262	238,334
Total Operating Lease Arrangements	**1,742,032**	**2,427,136**

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been an increase of R12,603 (2017: decrease of R-2,924) in current year income.

8. CURRENT PORTION OF LONG-TERM RECEIVABLES

	2018 R	2017 R
Staff Related Long Term Receivables	3,000	3,000
Total Current Portion of Long-term Receivables	**3,000**	**3,000**

9 PROPERTY, PLANT AND EQUIPMENT

30 June 2018

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Community	Other	Transport Assets	Leased Assets	Total
	R	R	R	R	R	R	R	R
Carrying values at 01 July 2017	**237,472,877**	**51,484,132**	**1,700,224,788**	**-**	**6,117,755**	**10,252,849**	**4,603,826**	**2,010,156,227**
Cost	237,472,877	52,215,987	2,180,604,928	-	24,311,311	36,637,299	8,035,195	2,539,277,597
- *Completed Assets*	*237,472,877*	*52,215,987*	*2,104,666,351*	-	*24,311,311*	*36,637,299*	*8,035,195*	*2,463,339,020*
- *Under Construction*	-	-	*75,938,577*	-	-	-	-	*75,938,577*
Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	(392,081)	(575,096)	-	(967,177)
Accumulated Depreciation:	-	(731,855)	(480,380,140)	-	(17,801,475)	(25,809,354)	(3,431,369)	(528,154,193)
- *Cost*	-	*(731,855)*	*(480,380,140)*	-	*(17,801,475)*	*(25,809,354)*	*(3,431,369)*	*(528,154,193)*
- *Revaluation*	-	-	-	-	-	-	-	-
Acquisition of Assets								
- Cost	-	-	(128,334)	-	4,932,438	6,953,059	-	11,757,162
- Capital Under Construction	-	-	29,047,570	6,150,483	587,615	-	-	35,785,668
- Revaluation	-	-	-	-	-	-	-	-
Decommisioning and other Liabilities	15,264	-	-	-	-	-	-	15,264
Increases/Decreases in Revaluation	-	-	-	-	-	-	-	-
Depreciation:	-	(559,313)	(66,302,183)	-	(1,908,416)	(3,002,763)	(1,608,542)	(73,381,217)
- *Based on Cost*	-	*(559,313)*	*(66,302,183)*	-	*(1,908,416)*	*(3,002,763)*	*(1,608,542)*	*(73,381,217)*
- *Based on Revaluation*	-	-	-	-	-	-	-	-
Carrying value of Disposals:	-	-	(419,460)	-	(60,431)	(152,380)	(1,097,706)	(1,729,976)
- Cost	-	-	(623,172)	-	(317,074)	(421,816)	(3,347,372)	(4,709,434)
- Accumulated Depreciation	-	-	203,713	-	256,643	269,436	2,249,666	2,979,458
- *Based on Cost*	-	-	*203,713*	-	*256,643*	*269,436*	*2,249,666*	*2,979,458*
Impairment Losses	-	-	-	-	-	-	-	-
Capital under Construction - Completed	-	-	(70,421,791)	(337,456)	-	-	-	(70,759,247)
Other Movements	-	337,456	70,421,790	-	-	-	-	70,759,246
- Cost	-	337,456	70,421,790	-	-	-	-	70,759,246
Carrying values at 30 June 2018	**237,488,141**	**51,262,275**	**1,662,422,380**	**5,813,027**	**9,668,961**	**14,050,766**	**1,897,577**	**1,982,603,128**
Cost	237,488,141	52,553,443	2,208,900,990	5,813,027	29,514,290	43,168,542	4,687,823	2,582,126,256
- *Completed Assets*	*237,488,141*	*52,553,443*	*2,174,336,635*	-	*28,926,675*	*43,168,542*	*4,687,823*	*2,541,161,258*
- *Under Construction*	-	-	*34,564,355*	*5,813,027*	*587,615*	-	-	*40,964,998*
Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	(392,081)	(575,096)	-	(967,177)
Accumulated Depreciation:	-	(1,291,168)	(546,478,610)	-	(19,453,248)	(28,542,680)	(2,790,246)	(598,555,951)
- *Cost*	-	*(1,291,168)*	*(546,478,610)*	-	*(19,453,248)*	*(28,542,680)*	*(2,790,246)*	*(598,555,951)*
- *Revaluation*	-	-	-	-	-	-	-	-

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2017

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Community	Other	Transport Assets	Leased Assets	Total
	R	R	R	R	R	R	R	R
Carrying values at 01 July 2016	**237,472,877**	**54,976,443**	**1,711,361,562**	**-**	**11,096,622**	**10,252,849**	**2,369,128**	**2,027,529,481**
Cost	237,472,877	49,094,840	2,133,747,917	-	31,321,810	36,637,299	10,266,721	2,498,541,464
- *Completed Assets*	*237,472,877*	*49,094,840*	*2,006,458,954*	-	*31,321,810*	*36,637,299*	*10,266,721*	*2,371,252,501*
- *Under Construction*	-	-	*127,288,963*	-	-	-	-	*127,288,963*
Accumulated Impairment Losses	-	-	-	-	575,096	(575,096)	-	0
Accumulated Depreciation:	-	5,881,603	(422,386,356)	-	(20,800,283)	(25,809,354)	(7,897,593)	(471,011,983)
- *Cost*	-	*5,881,603*	*(422,386,356)*	-	*(20,800,283)*	*(25,809,354)*	*(7,897,593)*	*(471,011,983)*
- *Revaluation*	-	-	-	-	-	-	-	-
Acquisition of Assets								
- Cost	-	(444,183)	-	-	2,089,742	-	4,490,394	6,135,952
- Capital Under Construction	-	3,565,330	46,913,737	-	-	-	-	50,479,067
- Revaluation	-	-	-	-	-	-	-	-
Increases/Decreases in Revaluation	-	-	-	-	-	-	-	-
Depreciation:	-	(6,613,458)	(58,016,256)	-	(4,749,227)	-	(1,625,707)	(71,004,648)
- *Based on Cost*	-	*(6,613,458)*	*(58,016,256)*	-	*(4,749,227)*	-	*(1,625,707)*	*(71,004,648)*
- *Based on Revaluation*	-	-	-	-	-	-	-	-
Carrying value of Disposals:	-	-	(34,254)	-	(1,352,206)	-	(629,989)	(2,016,448)
- Cost	-	-	(56,726)	-	(9,100,241)	-	(6,721,919)	(15,878,886)
- Accumulated Depreciation	-	-	22,472	-	7,748,035	-	6,091,931	13,862,438
- *Based on Cost*	-	-	*22,472*	-	*7,748,035*	-	*6,091,931*	*13,862,438*
- *Based on Revaluation*	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	(967,177)	-	-	(967,177)
Capital under Construction - Completed	-	(3,565,330)	(98,264,124)	-	-	-	-	(101,829,454)
Other Movements	-	3,565,330	98,264,123	-	-	-	-	101,829,453
- Cost	-	3,565,330	98,264,123	-	-	-	-	101,829,453
Carrying values at 30 June 2017	**237,472,877**	**51,484,132**	**1,700,224,788**	**-**	**6,117,755**	**10,252,849**	**4,603,826**	**2,010,156,227**
Cost	237,472,877	52,215,987	2,180,604,928	-	24,311,311	36,637,299	8,035,195	2,539,277,597
- *Completed Assets*	*237,472,877*	*52,215,987*	*2,104,666,351*	-	*24,311,311*	*36,637,299*	*8,035,195*	*2,463,339,020*
- *Under Construction*	-	-	*75,938,577*	-	-	-	-	*75,938,577*
Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	(392,081)	(575,096)	-	(967,177)
Accumulated Depreciation:	-	(731,855)	(480,380,140)	-	(17,801,475)	(25,809,354)	(3,431,369)	(528,154,193)
- *Cost*	-	*(731,855)*	*(480,380,140)*	-	*(17,801,475)*	*(25,809,354)*	*(3,431,369)*	*(528,154,193)*
- *Revaluation*	-	-	-	-	-	-	-	-

	2018	2017
	R	R

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

9.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use

There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the municipality.

9.2 Carrying Amount of Property, Plant and Equipment retired from active use and not classified as a Discontinued Operation

No Property, Plant and Equipment were retired from active use and not classified as a Discontinued Operation during the financial year.

9.3 Assets pledged as security

Erf 13 (Value - R166 000.00 of Kouga Municipality in Patensie is being held as security by ABSA Bank (Pty) Ltd.

9.4 Impairment of Property, Plant and Equipment

No impairment losses have been recognised on Property, Plant and Equipment of the municipality at the reporting date.

9.5 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed

There was changes in the estimated useful lives of various assets of the municipality for the financial year.
Refer to Note 43 for additional detail.

9.6 Land and Buildings carried at Fair Value

The municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.

9.7 Delayed Projects

No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.

9.8 Compensation received for Losses

Compensation, included in Operating Surplus, was received from the municipality's insurers for Property, Plant and Equipment lost during the year:

	2018 R	2017 R
Compensation received from insurers	751,380	2,208,211
Carrying value of lost assets	(632,170)	(767,834)
Surplus / (Deficit) on Compensation received for Lost PPE	**119,209**	**1,440,377**

	2018 R	2017 R

9.9 Expenditure incurred to repair and maintain

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

	2018 R	2017 R
Capital Spares	9,649	3,591,144
Electrical Infrastructure	6,030,364	11,694,137
Roads Infrastructure	4,749,701	5,037,705
Sanitation Infrastructure	2,567,132	1,173,348
Storm water Infrastructure	1,421,018	-
Water Supply Infrastructure	2,554,147	346,153
Biological or Cultivated Assets	78,844	-
Community Assets	1,944,922	-
Machinery and Equipment	47,862	10,242,292
Other Assets - Buildings	1,037,424	1,115,481
Transport Assets	7,798,372	-
	28,239,435	**33,200,259**

10 INTANGIBLE ASSETS

	2018 R	2017 R
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	**301,768**	**62,224**

The movement in Intangible Assets is reconciled as follows:

	2018 R	2017 R
Carrying values at 01 July	**62,225**	**146,585**
Cost	190,905	592,899
Work-in-Progress	-	-
Accumulated Amortisation	(128,680)	(446,314)
Acquisitions:	385,000	-
Purchased	-	-
Work-in-Progress	385,000	-
Amortisation:	(145,456)	(42,386)
Disposals:	-	(41,974)
At Cost	-	(401,994)
At Accumulated Amortisation	-	360,020
Transfers:	-	-
At Cost	385,000	-
Work-in-Progress	(385,000)	-
Carrying values at 30 June	**301,769**	**62,225**
Cost	575,905	190,905
Work-in-Progress	-	-
Accumulated Amortisation	(274,136)	(128,680)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 32).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

10.1 Intangible Assets with Indefinite Useful Lives

The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

10.2 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

10.3 Work-in-Progress

The municipality had no capital projects for Intangible Assets which were not completed at year-end.

10.4 Delayed Projects

No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.

11 INVESTMENT PROPERTY

	2018 R	2017 R
At Cost less Accumulated Depreciation	**283,612,244**	**285,199,244**

The movement in Investment Property is reconciled as follows:

	2018 R	2017 R
Carrying values at 1 July	**285,199,244**	**285,199,244**
Cost	285,199,244	285,199,244
Accumulated Impairment Losses	-	-
Impairment Losses during the Year	(1,587,000)	-
Carrying values at 30 June	**283,612,244**	**285,199,244**
Cost	285,199,244	285,199,244
Accumulated Impairment	(1,587,000)	-
Estimated Fair Value of Investment Property at 30 June	**283,612,244**	**285,199,244**

Note: Erf 13 (Value - R166 000.00 of Kouga Municipality in Patensie is being held as security by ABSA Bank (Pty) Ltd.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

11.1 Investment Property carried at Fair Value

The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

11.2 Impairment of Investment Property

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

11.3 Work-in-Progress

The municipality had no capital projects for Investment Property which were not completed at year-end.

11.4 Delayed Projects

No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.

12 LONG-TERM RECEIVABLES

	2018 R	2017 R
Staff Related Long Term Receivables	19,000	67,751
Total Long Term Receivables	19,000	67,751
Less: Current Portion transferred to Current Receivables:-	3,000	3,000
Employee Benefits	-	-
Staff Related Long Term Receivables	3,000	3,000
Staff Related Long Term Receivables	16,000	64,751
Non-Current Potion of Long Term Receivables	**16,000**	**64,751**

No Long-term Receivables have been pledged as security for the municipality's financial liabilities.

The management of the municipality is of the opinion that the carrying value of Long-term Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values.

13 CONSUMER DEPOSITS

	2018 R	2017 R
Electricity	9,640,934	8,842,416
Water	1,557,171	1,430,675
Other Deposits	4,042,764	3,293,933
Building Plans	726,792	-
Rental Properties	3,315,972	3,293,933
Total Consumer Deposits	**15,240,869**	**13,567,024**

Consumer Deposits - Electricity and Water
Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

Other Deposits
Other Deposits relates to deposits for Building Plans

No interest is paid on Consumer Deposits held.

14 PROVISIONS

	2018 R	2017 R
Performance Bonus	1,220,196	898,174
Other Provisions and Impairment	-	-
Current Portion of Employee Benefit Liabilities (See Note 18):	5,086,000	4,382,000
Post-retirement Medical Aid Benefits Liability	3,083,000	2,776,000
Long-term Service Liability	2,003,000	1,606,000
Current Portion of Non-Current Provisions (See Note 19):	18,198,414	17,364,095
Decommissioning, Restoration and Similar Liabilities: Landfill Sites	2,670,650	2,541,534
Decommissioning, Restoration and Similar Liabilities:Non-specific	500,000	200,000
Ex-gratia Pension	61,000	61,000
Leave	14,966,764	14,561,561
Total Provisions	**24,504,611**	**22,644,269**

The movement in provisions is reconciled as follows:

Current Provisions:

Performance Bonus:

	2018 R	2017 R
Opening Balance	898,174	678,671
Increases	322,022	219,503
Balance at end of year	**1,220,196**	**898,174**

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

	2018	2017
	R	R

	Medical Aid	Long-term Service
	R	R
30 June 2018		
Opening Balance	2,776,000	1,606,000
Current service cost	3,083,000	2,003,000
Actual employer benefit payments	(2,776,000)	(1,606,000)
Actuarial loss/ (gain) recognised in the year	-	-
Balance at end of year	**3,083,000**	**2,003,000**

	Medical Aid	Long-term Service
	R	R
30 June 2017		
Opening Balance	2,312,000	1,438,000
Current service cost	2,776,000	1,606,000
Actual employer benefit payments	(2,312,000)	(1,438,000)
Balance at end of year	**2,776,000**	**1,606,000**

Current Portion of Non-Current Provisions:

Staff Benefit Provisions:

	Leave Provision	Ex-gratia Pension
	R	R
30 June 2018		
Opening Balance	14,561,561	61,000
Increases	405,203	61,000
Payments Made	-	-
Other Reductions	-	(61,000)
Balance at end of year	**14,966,764**	**61,000**

	Leave Provision	Ex-gratia Pension
	R	R
30 June 2017		
Opening Balance	14,293,355	95,000
Increases	268,206	61,000
Other Reductions	-	(95,000)
Balance at end of year	**14,561,561**	**61,000**

Other Operational Provisions:

	Decommission-ing of Landfill Sites	Environmental Clean-up
	R	R
30 June 2018		
Opening Balance	2,541,534	200,000
Increases	2,670,650	300,000
Reversals	(2,541,534)	-
Balance at end of year	**2,670,650**	**500,000**

	2018 R	2017 R
	Decommission-ing of Landfill Sites	**Environmental Clean-up**
	R	**R**
30 June 2017		
Opening Balance	2,694,586	597,604
Increases	(153,052)	(397,604)
Balance at end of year	**2,541,534**	**200,000**

15 PAYABLES FROM EXCHANGE TRANSACTIONS

	2018 R	2017 R
Advance Payments	16,129,451	14,716,787
Bonus	(86,664)	-
Other Payables	14,372,085	7,542,409
Control, Clearing and Interface Accounts	1,653,860	(60,890)
Unallocated Deposits	12,718,224	7,603,299
Retentions	2,841,657	3,098,325
Salary Related Payables	559,307	12,619,947
Trade Creditors	92,808,806	90,581,703
Total Payables	**126,624,642**	**128,559,171**

16 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

	2018 R	2017 R
16.1 Conditional Grants from Government	**6,941,508**	**6,406,753**
District Municipalities	257,000	257,000
National Government	65,500	348,891
Provincial Government	6,619,008	5,800,861
Total Conditional Grants and Receipts	**6,941,508**	**6,406,753**

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 24 for the reconciliation of Grants from Government and Note 24 for the reconciliation of Other Conditional Receipts. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

17 LONG-TERM LIABILITIES

	2018 R	2017 R
Long-Term Liabilities	32,544,431	41,167,098
Development Bank of South Africa	30,266,608	36,734,308
Finance Lease Liability	2,277,822	4,432,790
Less: Current Portion transferred to Current Liabilities:-	(8,944,035)	(8,599,901)
Development Bank of South Africa	(7,179,508)	(6,444,933)
Finance Lease Liability	(1,764,527)	(2,154,968)
Non-Current Portion of Long-term Liabilities	**23,600,396**	**32,567,197**

17.1 Summary of Arrangements

The fixed term loan is over a period of 10 years was taken up with the Development Bank of Southern Africa to construct a new council Chamber and offices. In terms of the service level agreement, as amended, the loan will be repaid in 18 six -monthly instalments with the first instalment payable on 31 December 2010 at a interest rate of 10.9 %. Interest payments commenced on 30 June 2009.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

17.2 Obligations under Borrowings

	2018 R	2017 R
Annuity and Bullet Loans	23,087,100	30,289,375
Current Portion transferred to Current Liabilities:-	7,179,508	6,444,933
Total Borrowings	**30,266,608**	**36,734,308**

17.3 Obligations under Leases

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2018 R	**2017 R**	**2018 R**	**2017 R**
Amounts payable under finance leases:				
Within one year	2,138,905	2,955,049	1,838,441	2,154,968
In the second to fifth years, inclusive	534,726	2,673,632	513,300	2,277,822
	2,673,631	5,628,681	2,351,741	4,432,790
Less: Future Finance Obligations	2,138,905	1,195,887	1,838,441	2,154,968
Present Value of Minimum Lease Obligations	**534,726**	**4,432,794**	**513,300**	**2,277,822**

18 EMPLOYEE BENEFIT LIABILITIES

	2018 R	2017 R
Employee Benefit Liabilities	101,386,999	96,826,000
Post-retirement Health Care Benefits Liability	86,379,999	82,973,999
Post-retirement Ex-Gratia Benefits Liability	715,000	742,000
Long Service Awards Liability	14,292,000	13,110,000
Less: Current Portion of Employee Benefit Liabilities	(5,086,000)	(4,382,000)
Post-retirement Health Care Benefits Liability	(3,083,000)	(2,776,000)
Post-retirement Ex-Gratia Benefits Liability	-	-
Long Service Awards Liability	(2,003,000)	(1,606,000)
Non-Current Portion of Employee Benefit Liabilities	**96,300,999**	**92,444,000**

18.1 Post-retirement Health Care Benefits Liability

	2018 R	2017 R
Opening balance	82,973,999	78,606,999
Interest cost	-	-
Current service cost	12,041,000	2,055,000
Actual employer benefit payments	(8,635,000)	2,312,000
Actuarial loss/ (gain) recognised in the year	-	-
Balance at end of Year	86,379,999	82,973,999
Transfer to Current Provisions	3,083,000	2,776,000
Total Post-retirement Health Care Benefits Liability	**83,296,999**	**80,197,999**

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2018 by TG Mhonde, One Pangaea Expertise and Solutions. The present value of the defined benefit obligations, and the related current service costs and past service costs, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

	2018	2017
In-service Members (Employees)	415	406
Continuation Members (Retirees, widowers and orphans)	70	67
Total Members	**485**	**473**

	2018 R	2017 R
The liability in respect of past service has been estimated as follows:		
In-service Members	44,592,000	43,147,000
Continuation Members	41,787,999	39,826,999
Total Liability	**86,379,999**	**82,973,999**

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Keyhealth
- LA Health
- Hosmed
- Samwumed

The Current-service Cost for the year ending 30 June 2018 is estimated to be R3 864 000, whereas the cost for the ensuing year is estimated to be R4 463 000 (30 June 2017: R7 793 000 and R8 101 000 respectively).

	2018	2017
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	9.79%	9.93%
Health Care Cost Inflation Rate	7.63%	7.29%
Net Effective Discount Rate	2.01%	1.51%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63
Movements in the present value of the Defined Benefit Obligation were as follows:		
Opening balance	82,973,999	80,919,000
Interest cost	8,101,000	7,793,000
Current service cost	3,864,000	4,463,000
Benefits paid	(2,776,000)	(2,312,000)
Actuarial losses / (gains)	(5,783,000)	(7,889,001)
Total Recognised Benefit Liability	**86,379,999**	**82,973,999**
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	86,379,999	82,973,999
Unfunded Accrued Liability	86,379,999	82,973,999
Total Benefit Liability	**86,379,999**	**82,973,999**

The history of fair values are as follows:

	2018 R	2017 R	2016 R	2015 R	2014 R
Present Value of Defined Benefit Obligation	86,379,999	82,974,000	80,919,000	75,054,000	69,141,000
Deficit	**86,379,999**	**82,974,000**	**80,919,000**	**75,054,000**	**69,141,000**

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	2018	2017
Increase:		
Effect on the aggregate of the current service cost and the interest cost	2,396,000	2,401,000
Effect on the defined benefit obligation	14,754,000	14,427,000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(1,908,000)	(1,897,000)
Effect on the defined benefit obligation	(11,912,000)	(11,603,000)

The municipality expects to make a contribution of R3,083,000 (2017: R2,776,000) to the Defined Benefit Plans during the next financial year.

Refer to Note 49, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

	2018	2017
	R	R
18.2 Post-retirement Ex-Gratia Benefits Liability		
Opening balance	803,000	829,000
Interest cost	73,000	-
Current service cost	61,000	(108,000)
Actual employer benefit payments	(61,000)	82,000
Actuarial loss/ (gain) recognised in the year	(100,000)	-
Balance at end of Year	776,000	803,000
Transfer to Current Provisions	(61,000)	(61,000)
Total Post-retirement Ex-Gratia Benefits Liability	**715,000**	**742,000**

The municipality provides certain post - retirement pension benefits to certain retired employees of the municipality. According to the rules of the pension fund, with which the municipality is associated, a member (whi is on the current Conditions of Service) on retirement, is entitled to certain pension benefits in which case the municipality is liable for pension payments to retired members for the remainder of their lives.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 201 8 TG Mhonde, One Pangaea Expertise and Solutions Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

	2018	2017
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	9.50%	9.43%
Health Care Cost Inflation Rate	6.51%	6.76%
Net Effective Discount Rate	2.81%	2.50%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63
Movements in the present value of the Defined Benefit Obligation were as follows:		
Opening balance	803,000	924,000
Interest cost	73,000	82,000
Benefits paid	(61,000)	(95,000)
Actuarial losses / (gains)	(39,000)	(108,000)
Total Recognised Benefit Liability	**776,000**	**803,000**
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	776,000	803,000
Unfunded Accrued Liability	776,000	803,000
Total Benefit Liability	**776,000**	**803,000**
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	73,000	82,000
Actuarial losses / (gains)	(39,000)	(108,000)
Total Post-retirement Benefit included in Employee Related Costs (Note)	**34,000**	**(26,000)**

The major categories of plan assets, and the expected rate of return at the balance sheet date for each category, are as follows:
The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The management's assessment of the expected returns is based on historical return trends and analysts' predictions of the market for the asset in the next twelve months.

The actual return on plan assets was R0,720 million (: R0,354 million).

The plan assets include ordinary shares of International GAAP Holdings Limited with a fair value of R0,38 million (: R0,252 million) and property occupied by a subsidiary of International GAAP Holdings Limited with a fair value of R0,62 million (: R0,62 million).

The history of experienced adjustments is as follows:

	2018	2017	2016	2015	2014
	R	R	R	R	R
Present Value of Defined Benefit Obligation	776,000	803,000	924,000	912,000	195,000
Fair Value of Plan Assets	-	-	-	-	-
Deficit	**776,000**	**803,000**	**924,000**	**912,000**	**195,000**
Experienced adjustments on Plan Liabilities	(1,189)	2,356,040	41,820	6,739,754	(1,526,436)
Experienced adjustments on Plan Assets	-	-	-	-	-

	2018 R	2017 R
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	8,000	8,000
Effect on the defined benefit obligation	90,000	90,000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(7,000)	(7,000)
Effect on the defined benefit obligation	(77,000)	(77,000)

The municipality expects to make a contribution of R9 986 213 (2017: R73,000) to the Defined Benefit Plans during the next financial year.

Refer to Note , "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

18.3 Long Service Awards Liability

	2018 R	2017 R
Opening Balance	13,110,000	11,442,000
Increases	2,788,000	1,668,000
Payments Made	(3,212,000)	-
Reversals	1,606,000	-
Balance at end of Year	14,292,000	13,110,000
Transfer to Current Provisions	(2,003,000)	(1,606,000)
Total Long Service Awards Liability	**12,289,000**	**11,504,000**

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter to 45 years, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2018 by TG Mhonde, One Pangae Expertise and Solutions. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 833 (2017: 818) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2018 is estimated to be R 1 114 000, whereas the cost for the ensuing year is estimated to be, 30 June 2017: R1 130 000 and R1 066 000 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2018	2017
Discount Rate	8.57%	8.43%
Cost Inflation Rate	5.31%	5.24%
Net Effective Discount Rate	2.13%	2.06%
Expected Rate of Salary Increase	6.31%	6.24%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

	2018 R	2017 R
Movements in the present value of the Defined Benefit Obligation were as follows:		
Opening Balance	14,716,000	13,048,000
Increases	2,788,000	1,668,000
Payments Made	(3,212,000)	-
Reversals	1,606,000	-
Total Recognised Benefit Liability	**15,898,000**	**14,716,000**
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	15,898,000	14,716,000
	15,898,000	14,716,000
Present value of unfunded obligations	-	-
Unfunded Accrued Liability	15,898,000	14,716,000
Total Benefit Liability	**15,898,000**	**14,716,000**
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	2,788,000	1,668,000
Interest cost	-	-
Expected return on reimbursement rights	-	-
Actuarial losses / (gains)	-	-
Total Post-retirement Benefit included in Employee Related Costs (Note 30)	**2,788,000**	**1,668,000**

The history of experienced adjustments is as follows:

	2018 R	2017 R	2016 R	2015 R	2014 R
Present Value of Defined Benefit Obligation	15,898,000	13,110,000	13,048,000	13,415,000	12,825,000
Deficit	**15,898,000**	**13,110,000**	**13,048,000**	**13,415,000**	**12,825,000**

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

	2018	2017
Increase:		
Effect on the aggregate of the current service cost and the interest cost	135,800	11,000
Effect on the defined benefit obligation	674,285	719,000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(121,700)	13,000
Effect on the defined benefit obligation	(611,740)	801,000

The municipality expects to make a contribution of R??? (2017: R2,788,000) to the defined benefit plans during the next financial year.

19 NON-CURRENT PROVISIONS

	2018 R	2017 R
Decommissioning, Restoration and Similar Liabilities: Landfill Sites	65,627,734	62,413,610
Environmental Cleanup	52,200	52,200
Total Non-current Provisions	**65,679,934**	**62,465,810**

The movement in Non-current Provisions are reconciled as follows:

Other Operational Provisions:

			Decommission-ing of Landfill Sites R	Environmental Cleanup R
30 June 2018				
Opening Balance	-	-	62,413,610	52,200
Increases	-	-	3,214,124	-
Balance at end of year			**65,627,734**	**52,200**

			2018 R	2017 R
			Decommission-ing of Landfill Sites R	Environmental Cleanup R
30 June 2017				
Opening Balance	-	-	58,981,822	52,200
Increases	-	-	3,431,788	-
Balance at end of year			**62,413,610**	**52,200**

20 ACCUMULATED SURPLUS

Accumulated Surplus / (Deficit) due to the results of Operations	2,101,010,573	2,102,468,665
Total Accumulated Surplus	**2,101,010,573**	**2,102,468,665**

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

21 PROPERTY RATES

	Actual Levies	
	July 2018 R000's	July 2017 R000's
Property Rates Levies	160,671,150	148,074,778
Total Property Rates	**160,671,150**	**148,074,778**

21.1 Calculation of Cash Flow:

Property Rates Income	160,671,150	148,074,778
Opening Balance of Debtors: Assessment Rates	35,163,570	35,572,295
Closing Balance of Debtors: Assessment Rates	(35,894,635)	(35,163,570)
Amounts written-off as uncollectable	-	(4,829,070)
Total Receipts for Property Rates	**159,940,086**	**143,654,433**

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2013.

Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.

An general rate is applied as follows to property valuations to determine property rates:
- Residential Properties: 0,0072 c/R (2016/17: 0,00668052 c/R)
- Business Properties: 0,0075 c/R (2016/17: 0,00694774 c/R)
- Agricultural Properties: 0,0018 c/R (2016/17: 0,00167013 c/R)

A Rebate of R15,000 is received on all residential properties, private towns receives an additional 20% on property valuation and equitable share receipients receives an additional R85,000 rebate on property value.

22 FINES, PENALTIES AND FORFEITS

Traffic Fines	34,359,038	10,155,948
Municipal	3,447,452	2,019,949
Service Provider	30,911,585	8,135,999
Other Fines	473,434	444,526
Building	455,021	395,056
Law Enforcement	-	48,942
Overdue Books Fine	3,413	528
Pound Fees	15,000	-
Total Fines, Penalties and Forfeits	**34,832,471**	**10,600,474**

	2018	2017
	R	R

23 LICENCES AND PERMITS

	2018	2017
	R	R
Boat	3,887,761	3,365,186
Health Certificates	9,315	-
Road and Transport	9,507,011	4,805,046
Drivers Licence Application/Duplicate Drivers Licences	2,893,431	1,042,502
Drivers Licence Certificate	708,288	-
Learners Certificate	886,274	878,226
Motor Vehicle Licence	4,384,152	2,743,849
Operators and Public Drivers Permits	634,866	140,469
Trading	142,767	211,538
Total Licences and Permits	**13,546,854**	**8,381,770**

24 TRANSFERS AND SUBSIDIES RECEIVED

	2018	2017
Capital Grants	35,492,709	43,724,647
Monetary Allocations	35,492,709	43,724,647
Operational Grants	108,897,379	100,584,184
Monetary Allocations	108,897,379	100,584,184
Total Government Grants and Subsidies	**144,390,088**	**144,308,831**

24.1 Capital Grants

	Monetary Allocations	
	2018	2017
District Municipalities	3,340,380	-
National Governments	30,102,329	43,724,647
Provincial Government	2,050,000	-
Total Capital Grants Received	**35,492,709**	**43,724,647**

24.2 Operational Grants

	Monetary Allocations	
	2018	2017
District Municipalities	2,353,315	3,677,916
National Governments	3,871,671	3,482,000
National Revenue Fund	102,637,393	91,622,022
Provincial Government	35,000	1,798,246
Higher Educational Institutions	-	4,000
Total Operational Grants Received	**108,897,379**	**100,584,184**

24.3 Calculation of Cash Flow:

	2018	2017
Government Grants and Subsidies Income	144,390,088	144,308,831
Opening Balance of Unspent Government Grants	(6,406,753)	(7,841,525)
Closing Balance of Unspent Government Grants	6,941,508	6,406,753
Total Receipts for Government Grants and Subsidies	**144,924,843**	**142,874,058**

24.4 Reconciliation per Grant Source

24.4.1 National Governments

	2018	2017
Balance unspent at beginning of year	348,892	2,320,536
Current year receipts - included in Public Health vote	32,974,000	47,939,618
Conditions met - transferred to Revenue	(33,257,392)	(49,911,263)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 16)	**65,500**	**348,891**

24.4.2 Provincial Government

	2018	2017
Balance unspent at beginning of year	6,120,831	5,263,989
Current year receipts - included in Public Health vote	853,147	2,426,025
Conditions met - transferred to Revenue	(354,970)	(1,889,152)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 16)	**6,619,008**	**5,800,861**

	2018 R	2017 R

24.5 Conditional Grants include:

24.6 National: EPWP Grant

	2018 R	2017 R
Balance unspent at beginning of year	-	-
Current year receipts	1,000,000	1,057,000
Conditions met - transferred to Revenue: Operating Expenses	(1,000,000)	(1,057,000)
Conditions still to be met - transferred to Liabilities (see Note 16)	**-**	**-**

The Expanded Public Works Programme Grant was allocated to the municipality for environmental projects. No funds has been withheld.

24.7 National: FMG Grant

	2018 R	2017 R
Balance unspent at beginning of year	-	1,129,551
Current year receipts	1,700,000	1,625,000
Conditions met - transferred to Revenue: Operating Expenses	(1,700,000)	(2,754,551)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 16)	**-**	**-**

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. .
An amount of R329 551 (R2016: R0) was offset against the equitable share allocation due to underspending of grants by the municipality.

24.8 National: MIG Funds

	2018 R	2017 R
Balance unspent at beginning of year	-	-
Current year receipts	27,274,000	37,326,000
Conditions met - transferred to Revenue: Operating Expenses	-	(1,516,300)
Conditions met - transferred to Revenue: Capital Expenses	(27,274,000)	(35,809,700)
Conditions still to be met - transferred to Liabilities (see Note 16)	**-**	**-**

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. No funds have been withheld.
R5,000,000 was withheld during the 2017/18 financial year.

24.9 National: MSIG Funds

	2018 R	2017 R
Balance unspent at beginning of year	-	913,471
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	(913,471)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 16)	**-**	**-**

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems.
An amount of R913 471 (R2016: R0) was offset against the equitable share allocation due to underspending of grants by the municipality.

24.10 National: Department of economic development

	2018 R	2017 R
Balance unspent at beginning of year	65,500	65,500
Conditions still to be met - transferred to Liabilities (see Note 16)	**65,500**	**65,500**

No funds have been withheld.

24.11 Provincial Government: Disaster

	2018 R	2017 R
Balance unspent at beginning of year	-	-
Current year receipts	1,090,000	-
Conditions met - transferred to Revenue: Operating Expenses	(1,090,000)	-
Conditions still to be met - transferred to Liabilities (see Note 16)	**-**	**-**

No funds has been withheld.

24.12 National: Department Water Affairs (DWA) - Other Capital Projects

	2018 R	2017 R
Balance unspent at beginning of year	-	-
Current year receipts	-	1,931,618
Conditions met - transferred to Revenue: Operating Expenses	-	(1,931,618)
Conditions still to be met - transferred to Liabilities (see Note 16)	**-**	**-**

This grant was received for the maintenance of water schemes witin the district. No funds have been withheld.

24.13 National: Department Energy

	2018 R	2017 R
Balance unspent at beginning of year	283,392	212,015
Current year receipts	4,000,000	6,000,000
Conditions met - transferred to Revenue: Operating Expenses	(4,000,000)	(5,928,623)
Other Adjustments/Refunds	(283,392)	-
Conditions still to be met - transferred to Liabilities (see Note 16)	**-**	**283,392**

Expenses were incurred to promote rural development and upgrade electricity infrastructure. No funds have been withheld.

24.14 Local Government: SBDM

	2018 R	2017 R
Balance unspent at beginning of year	157,000	157,000
Conditions still to be met - transferred to Liabilities (see Note 16)	**157,000**	**157,000**

This grant was allocated to assist the municipality to set up a Call Centre. No funds have been withheld.

24.15 Provincial: Department Human Settlement (Houses)

	2018 R	2017 R
Balance unspent at beginning of year	6,085,832	5,228,989
Current year receipts	-	2,426,025
Conditions met - transferred to Revenue: Capital Expenses	-	(1,569,182)
Conditions still to be met - transferred to Liabilities (see Note 16)	**6,085,832**	**6,085,832**

This grant is for the building of low cost housing. The municipality is only the agent of the department of human settlements for the construction of low cost houses. No funds have been withheld.

24.16 Provincial: Department Provincial Local Government and Housing (DPLG&H)

	2018 R	2017 R
Balance unspent at beginning of year	-	-
Current year receipts	-	357,300
Conditions met - transferred to Revenue: Operating Expenses	-	(357,300)
Conditions still to be met - transferred to Liabilities (see Note 16)	**-**	**-**

24.17 Other Government Grants: VUNA

	2018 R	2017 R
Balance unspent at beginning of year	-	35,000
Conditions still to be met - transferred to Liabilities (see Note 16)	**-**	**35,000**

No funds has been withheld.

25 SERVICE CHARGES

	2018 R	2017 R
Sale of Electricity	216,315,650	205,971,335
Sale of Water	65,281,754	52,569,477
Refuse Removal	43,373,455	40,371,781
Sewerage and Sanitation Charges	38,377,437	37,052,878
Total Service Charges	**363,348,296**	**335,965,472**

25.1 Calculation of Cash Flow:

	2018 R	2017 R
Service Charges Income	363,348,296	335,965,472
Opening Balance of Debtors: Service Charges	124,435,221	121,544,273
Closing Balance of Debtors: Service Charges	(144,779,143)	(124,435,221)
Amounts written-off as uncollectable	(11,345,215)	(6,125,555)
Total Receipts for Service Charges	**331,659,159**	**326,948,968**

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

	2018 R	2017 R
26 SALES OF GOODS AND RENDERING OF SERVICES		
Advertisements	-	28,700
Application Fees for Land Usage	72,779	30,576
Building Plan Approval	2,159,113	1,676,306
Building Plan Clause Levy	-	1,748,082
Camping Fees	2,306,098	2,161,851
Cemetery and Burial	391,669	431,045
Cleaning and Removal	1,704	-
Encroachment Fees	104,358	1,371
Fire Services	8,481	-
Health Services	-	4,371
Legal Fees	1,635,154	3,744
Photocopies and Faxes	83,484	16,869
Removal of Restrictions	10,946	40,540
Sale of Goods	1,622,317	167,031
Town Planning and Servitudes	299,631	410,223
Transport Fees	-	658
Valuation Services	138,641	138,794
Total Sales of Goods and Rendering of Services	**8,834,374**	**6,860,161**

27 RENTAL FROM FIXED ASSETS

	2018 R	2017 R
Straight-lined Operating Lease Revenue		
Investment Property	-	-
Other Fixed Assets	614,198	1,505,650
Property Plant and Equipment	614,198	1,505,650
Total Rental of Facilities and Equipment	**614,198**	**1,505,650**

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

28 INTEREST, DIVIDENDS AND RENT ON LAND EARNED

	2018 R	2017 R
Non-exchange Receivables:		
Outstanding Billing Debtors	1,125,936	1,511,366
Total Non-exchange Interest Earned	**1,125,936**	**1,511,366**
External Investments:		
Bank Account	1,290,623	1,086,277
Investments	7,461,125	6,689,851
	8,751,748	**7,776,128**
Outstanding Exchange Receivables:		
Outstanding Billing Debtors	5,658,240	6,632,968
	5,658,240	**6,632,968**
Total Exchange Interest Earned	**14,409,988**	**14,409,095**
Total Interest, Dividends And Rent On Land Earned	**15,535,924.15**	**15,920,461.85**

28.1 Calculation of Cash Flow:

	2018 R	2017 R
Interest on Bank Accounts	1,290,623	1,086,277
Interest on Investments	7,461,125	6,689,851
Total Receipts for Interest Received	**8,751,748**	**7,776,128**

29 OPERATIONAL REVENUE

	2018 R	2017 R
Administrative Handling Fees	-	2,931,820
Commission	423,677	401,842
Inspection Fees	-	12,834
Insurance Refund	747,758	2,208,211
Staff Recoveries	95,945	15,968
Total Operational Revenue	**1,267,381**	**5,570,675**

29.1 Calculation of Cash Flow:

		2018 R	2017 R
Income from Operational Revenue	Note 29	1,267,381	5,570,675
Minus: Insurance Receipts	Note 29	(747,758)	(2,208,211)
Income from Rental from Fixed Assets	Note 27	614,198	1,505,650
Income from Sales of Goods and Rendering of Services	Note 26	8,834,374	6,860,161
Income from Licences and Permits	Note 23	13,546,854	8,381,770
Income from Fines, Penalties and Forfeits	Note 22	34,832,471	10,600,474
Opening Balance of Debtors: Non-exchange Transactions	Note 4	60,262,631	54,658,617
Opening Balance of Debtors: Assessment Rates	Note 4	(35,163,570)	(35,572,295)
Closing Balance of Debtors: Non-exchange Transactions	Note 4	(71,534,437)	(60,262,631)
Closing Balance of Debtors: Assessment Rates	Note 4	35,894,635	35,163,570
Reversal of Fines Debtors	Note 5	(25,099,061)	-
Opening Balance of Operating Lease Receivables	Note 7	281,727	278,803
Closing Balance of Operating Lease Receivables	Note 7	(269,124)	(281,727)
Opening Balance of Current Portion of Long-term Receivables	Note 8	3,000	3,000
Closing Balance of Current Portion of Long-term Receivables	Note 8	(3,000)	(3,000)
Opening Balance of Consumer Deposits	Note 14	(13,567,024)	(12,322,617)
Closing Balance of Consumer Deposits	Note 14	15,240,869	13,567,024
Total Receipts for Other Revenue		**24,394,165**	**25,939,264**

30 EMPLOYEE RELATED COSTS

	2018 R	2017 R
Salaries and Wages		
Basic	145,973,947	139,844,370
Long Service Awards	825,217	725,281
Bonusses	324,579	-
Leave Payments	2,313,551	1,405,176
Overtime	20,434,525	11,958,037
Allowances		
Acting and Post Related Allowances	1,156,173	4,186,870
Bonus Allowance	11,300,437	10,680,831
Cellular and Telephone	26,059	-
Housing Benefits	1,838,206	1,899,062
Standby Allowance	4,733,327	3,988,458
Travel or Motor Vehicle	7,247,120	7,472,515
Uniform/Special/Protective Clothing	-	(3,300)
Social Contributions		
Bargaining Council	1,676,605	76,308
Group Life Insurance	5,053,315	4,647,688
Medical	13,472,307	14,228,116
Pension	23,404,067	22,175,085
Unemployment Insurance	1,436,555	1,299,138
Post-retirement Benefit		
Current Service Cost	3,864,000	-
Interest Cost	8,101,000	-
Actuarial (Gains) and Losses	(5,783,000)	-
Past Service Cost	(2,803,000)	-
Long Term Service Awards	1,182,000	-
Total Employee Related Costs	**245,776,991**	**224,583,634**

		2018 R	2017 R
30.1 Calculation of Cash Flow:			
Employee Related Costs Expenditure		245,776,991	224,583,634
Opening Balance of Current Employee Benefit Liabilities	Note 14	4,382,000	3,387,190
Closing Balance of Current Employee Benefit Liabilities	Note 14	(5,086,000)	(4,382,000)
Opening Balance of Current Staff Benefit Provisions	Note 14	14,622,561	18,722,027
Closing Balance of Current Staff Benefit Provisions	Note 14	(15,027,764)	(19,902,735)
Opening Balance of Non-current Employee Benefit Liabilities	Note 18	92,444,000	91,046,000
Closing Balance of Non-current Employee Benefit Liabilities	Note 18	(96,300,999)	(92,444,000)
Movement in Performance Bonus Provision	Note 14	(322,022)	(219,503)
Total Payments for Employee Related Costs		**240,488,766**	**220,790,613**

No advances were made to employees. Loans to employees are set out in Note 12.

Remuneration of Section 57 Employees:

	2018 R	2017 R
Remuneration of the Municipal Manager		
Annual Remuneration	1,299,280	1,085,650
Performance Bonus	-	75,128
Car and Other Allowances	97,938	159,172
Leave Encashment - Contract Expired	-	88,956
Company Contributions to UIF, Medical and Pension Funds	22,532	17,885
Total	**1,419,749**	**1,426,791**
Remuneration of the Chief Financial Officer		
Annual Remuneration	1,217,437	1,058,333
Performance Bonus	-	33,367
Car and Other Allowances	109,000	114,250
Company Contributions to UIF, Medical and Pension Funds	19,482	16,402
Total	**1,345,919**	**1,222,352**
Remuneration of the Director: Community Services - N Machalesi		
Annual Remuneration	241,400	936,350
Car and Other Allowances	45,000	144,000
Company Contributions to UIF, Medical and Pension Funds	5,539	15,392
Total	**291,939**	**1,095,742**
Remuneration of the Director: Community Services - N Machalesi		
Acting Allowance	74,799	-
	74,799	**-**
Remuneration of the Acting Director: Community Services - G Louw		
Annual Remuneration	326,055	-
Car and Other Allowances	2,557	-
Company Contributions to UIF, Medical and Pension Funds	7,211	-
Leave Encashment-Contract expired	13,322	-
Total	**349,145**	**-**
Remuneration of Director: Infrastructure and Engineering - V Felton		
Annual Remuneration	1,044,161	984,350
Car and Other Allowances	123,784	96,630
Company Contributions to UIF, Medical and Pension Funds	16,639	14,118
Total	**1,184,584**	**1,095,097**
Remuneration of Director: Corporate Services - K Moodley		
Annual Remuneration	887,883	984,350
Performance Bonus	-	178,200
Car and Other Allowances	118,491	113,796
Arbitration Award	-	264,387
Company Contributions to UIF, Medical and Pension Funds	29,559	15,488
Total	**1,035,934**	**1,556,221**
Remuneration of Director: Planning, Development and Tourism - F Mabusela		
Annual Remuneration	143,246	984,350
Bonus	-	-
Performance Bonus	-	129,869
Car and Other Allowances	34,000	100,731
Company Contributions to UIF, Medical and Pension Funds	18,392	15,488
Total	**195,638**	**1,230,438**
Summary of Remuneration of Section 57 Employees:		
All Managers	5,897,706	7,626,642
Total Remuneration of Section 57 Employees	**5,897,706**	**7,626,642**

	2018 R	2017 R
31 REMUNERATION OF COUNCILLORS		
Executive Mayor	604,077	590,296
Speaker	495,847	472,235
Executive Committee Members	2,724,077	2,656,332
Total for All Other Councillors	8,241,882	7,382,350
	12,065,883	**11,101,213**

In-kind Benefits

The Executive Mayor, Speaker and all the Mayoral committee members are full-time. The Mayor is provided with secretarial support and an office at the cost of the municipality.

32 DEPRECIATION AND AMORTISATION

	2018 R	2017 R
Depreciation: Property, Plant and Equipment	73,381,226	71,004,648
Amortisation: Intangible Assets	145,456	42,386
Total Depreciation and Amortisation	**73,526,682**	**71,047,034**

33 IMPAIRMENT LOSSES

	2018 R	2017 R
Impairment Losses on Fixed Assets	1,587,000	967,177
Impairment Losses on Financial Assets	59,829,231	23,812,318
Fair Value Adjustments	62,545	-
Total Impairment Losses	**61,478,776**	**24,779,495**

34 INTEREST, DIVIDENDS AND RENT ON LAND PAID

	2018 R	2017 R
Interest Paid	14,324,358	14,207,786
Borrowings	3,775,682	8,337,628
Finance Leases	796,045	-
Interest costs non-current Provisions	3,312,712	-
Overdue Accounts	6,439,919	5,870,158
Total Interest, Dividends and Rent on Land	**14,324,358**	**14,207,786**

34.1 Calculation of Cash Flow:

	2018 R	2017 R
Finance Cost Expenditure	3,775,682	8,337,628
Interest on Finance Leases	796,045	-
Actual Interest Payment on Payables	501,742	-
Total Payments for Finance Costs	**5,073,469**	**8,337,628**

35 BULK PURCHASES

	2018 R	2017 R
Electricity	184,880,508	185,413,050
Water	32,707,822	35,205,001
Total Bulk Purchases	**217,588,330**	**220,618,051**

36 CONTRACTED SERVICES

	2018 R	2017 R
Outsourced Services	7,036,639	3,213,826
Consultants and Professional Services	10,340,310	10,536,860
Contractors	18,115,505	72,868
Total Contracted Services	**35,492,455**	**13,823,555**

		2018 R	2017 R
36.1 Outsourced Services			
Burial Services		23,900	-
Business and Advisory		2,443,257	120,479
Catering Services		416,016	351,688
Cleaning Services		33,424	-
Drivers Licence Cards		323,257	-
Illegal Dumping		39,654	-
Internal Auditors		787,827	1,770,536
Litter Picking and Street Cleaning		40,591	-
Medical Services [Medical Health Services & Support]		400,959	354,523
Professional Staff		305,000	-
Refuse Removal		95,080	-
Security Services		591,860	516,859
Traffic Fines Management		1,427,767	-
Transport Services		108,047	99,741
		7,036,639	3,213,826
36.2 Consultants and Professional Services			
Business and Advisory		4,141,281	5,634,174
Infrastructure and Planning		1,456,570	399,545
Laboratory Services		564,758	403,343
Legal Cost		4,177,701	4,099,798
		10,340,310	10,536,860
36.3 Contractors			
Employee Wellness		4,580	23,513
Interior Decorator		8,426	-
Maintenance of Buildings and Facilities		1,973,118	-
Maintenance of Equipment		221,063	-
Maintenance of Unspecified Assets		15,893,662	-
Mint of Decorations		-	42,415
Pest Control and Fumigation		10,850	6,940
Transportation		3,808	-
		18,115,505	72,868
36.4 Calculation of Cash Flow:			
Expenditure for Inventory Consumed	Note 37	20,580,753	46,172,326
Expenditure for Contracted Services	Note 36	35,492,455	13,823,555
Expenditure for Bulk Purchases	Note 35	217,588,330	220,618,051
Opening Balance of Payables: Exchange Transactions	Note 15	128,559,171	144,042,974
Closing Balance of Payables: Exchange Transactions	Note 15	(126,624,642)	(128,559,171)
Opening Balance of Inventories	Note 2	(4,952,364)	(5,433,903)
Closing Balance of Inventories	Note 2	6,666,181	4,952,364
Total for Suppliers Paid		276,808,142	295,616,196

37 INVENTORY CONSUMED

	2018 R	2017 R
Consumables	7,402,856	5,965,994
Materials and Supplies	13,177,897	40,206,332
	20,580,753	46,172,326

38 TRANSFERS AND SUBSIDIES PAID

	2018 R	2017 R
Provincial Government	372,340	-
Total Transfers and Subsidies Paid	372,340	-

39 OPERATING LEASES

	2018 R	2017 R
Land	478,582	-
Machinery and Equipment	2,245,652	1,333,457
Transport Assets	1,300	-
Total for Operating Leases	2,725,534	1,333,457

40 OPERATIONAL COSTS

Included in General Expenses are the following:

	2018 R	2017 R
Achievements and Awards	1,608,413	-
Advertising, Publicity and Marketing	811,909	750,496
Bank Charges, Facility and Card Fees	588,874	826,265
Bargaining Council	2,661,654	2,238,873
Commission	697,557	4,253,772
Communication	4,246,632	4,760,976
Contribution to Provisions	500,000	-
Courier and Delivery Services	33	-
Deeds	(56,050)	-
Eskom Connection Fees	-	359,560
External Audit Fees	4,786,064	4,240,533
External Computer Service	3,889,707	1,007,531
Fines and Penalties	-	1,062,420
Hire Charges	17,059,990	12,263,946
Insurance Underwriting	2,164,842	2,416,705
Levies Paid - Water Resource Management Charges	-	131,386
Licences	3,340,716	687,053
Management Fee	3,368,870	1,278,404
Municipal Services	4,880,801	-
Personnel Agency Fees [Personnel Recruitment Costs]	-	78,355
Printing, Publications and Books	1,371,851	666,306
Professional Bodies, Membership and Subscription	11,911	6,252
Registration Fees	670,592	258,309
Remuneration to Ward Committees	1,133,615	312,589
Repayment of Forfeited Deposits	308,761	-
Resettlement Cost	61,729	-
Search Fees	90,072	72,795
Signage	9,122	70,611
Skills Development Fund Levy	1,425,362	2,127,983
Travel and Subsistence	982,475	670,036
Uniform and Protective Clothing	1,321,475	1,069,741
Vehicle Tracking	571,836	-
Workmen's Compensation Fund	986,348	1,349,184
Total Operational Costs	**59,495,162**	**42,960,080**

40.1 Calculation of Cash Flow:

		2018 R	2017 R
Expenditure for Operational Costs	Note 40	(59,495,162)	(42,960,080)
Expenditure for Operating Leases	Note 39	(1,929,489)	(1,333,457)
Expenditure for Transfers and Subsidies Paid	Note 38	(372,340)	-
Opening Balance of Current Other Operating Provisions	Note 14	(2,741,534)	(3,292,190)
Closing Balance of Current Other Operating Provisions	Note 14	3,170,650	2,741,534
Opening Balance of Non-current Other Operating Provisions	Note 19	(62,465,810)	(58,880,970)
Closing Balance of Non-current Other Operating Provisions	Note 19	65,679,934	62,465,810
Correction of Prior Year Errors		-	520,204
Other non-cash movements		(363,124)	402,559
Total for Other Payments		**(58,516,877)**	**(40,336,590)**

40.2 Travel and Subsistence

	2018 R	2017 R
Domestic	**738,843**	**660,360**
Accommodation	293,569	-
Daily Allowance	19,013	-
Transport without Operator	296,731	660,360
Transport with Operator	129,529	-
Non-employees	**243,632**	**9,676**
	982,475	**670,036**

No other extra-ordinary expenses were incurred.

41 GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS

	2018 R	2017 R
Property, Plant and Equipment	(1,591,775)	(2,058,422)
Total Losses on Disposal of Capital Assets	**1,591,775**	**2,058,422**

	2018	2017
	R	R

42 CORRECTION OF ERROR AND RECLASSIFICATION OF ACCOUNTS

The municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

MSCOA is a standard chart of accounts which prescribes in which class of transactions or account balance certain transactions must be recorded. Prior to MSCOA, the allocation was done based on management's own judgement. In order to comply with MSCOA, certain of the prior year accounts had to be reclassified in order to ensure that the amounts disclosed in the AFS are comparable for both years. Since MSCOA is prescriptive, the current year regulated classification was used as the basis to reclassify certain accounts. In some instances, it was identified that management's previous judgement was indeed incorrect. This would usually be regarded as a prior period error. However, the effect of the incorrect judgement is merely a reclassification of the accounts. Since the incorrect classification does not impact the measurement of the underlying item, management applied judgement to refer to these movements of accounts as reclassifications.

The split between reclassifications and prior period errors are therefore provided to ensure that a clear distinction is made between movements identified during the implementation of MSCOA whilst items classified as errors are those items which were factual errors in the prior year, affecting the measurement of such items. The title reclassification does not exclude previous judgement errors, but is rather presented separately in order to allow users to understand that these changes were identified as a consequence of the exercise to implement MSCOA.

42.1 Reclassification of Accounts

As stated with the introductory paragraph, reclassifications does not relate to a factual error, nor does it impact the measurement of the underlying item. This merely relates to a change in disclosure classification, details of which can be viewed below:

42.1.1 Reclassification of Revenue

The effect of the reclassifications are as follows:

	Prior Year 2016/17 Audited	Reclassifications	Restated Amount 2016/17
Property Rates	148,074,778	-	148,074,778
Fines	10,551,532	(10,551,532)	-
Fines, Penalties and Forfeits	-	10,600,474	10,600,474
Licences and Permits - Non-exchange	6,877,409	1,504,361	8,381,770
Transfers and Subsidies	144,304,831	4,000	144,308,831
Interest, Dividends & Rent on Land Non-Exchange	-	1,511,366	1,511,366
Public Contributions and Donations	4,000	(4,000)	-
Service Charges	337,383,571	(1,418,100)	335,965,472
Sales of Goods and Rendering of Services	-	6,860,161	6,860,161
Rental from Fixed Assets	1,505,650	-	1,505,650
Interest, Dividends & Rent on Land Exchange	-	14,409,095	14,409,095
Interest Earned - External Investments	7,776,128	(7,776,128)	-
Interest Earned - Outstanding Debtors	8,144,334	(8,144,334)	-
Operational Revenue	12,566,040	(6,995,365)	5,570,675
	677,188,273	-	677,188,273

Prior year amounts of items in Revenue included in the Statement of Financial Performance have been reclassified as indicated below:

	Fines	Fines, Penalties and Forfeits	License and Permits - Non Exchange
Balance previously reported	**10,551,532**	**-**	**6,877,409**
Fines reclassified to Fines, Penalties and Forfeits as per MSCOA	(10,551,532)	10,551,532	-
Law Enforcement Revenue Reclassified from Operational Revenue to Fines, Penalties and Fo	-	48,942	-
Service Charges reclassified to Licenses and Permits	-	-	1,504,361
Restated Balance now reported	**-**	**10,600,474**	**8,381,770**

	Transfers and Subsidies	Interest, Dividends and Rent on Land - Non Exchange	Public Contribution and Donations
Balance previously reported	**144,304,831**	**-**	**4,000**
Public Contributions and Donations has been reclassified to Transfers and Subsidies	4,000	-	(4,000)
Interest reclassified to Interest, Dividends and Rent on Land - Non Exchange	-	1,511,366	-
Restated Balance now reported	**144,308,831**	**1,511,366**	**-**

	Service Charges	Sales of Goods and Rendering of Services	Interest, Dividends and Rent on Land - Exchange
Balance previously reported	**337,383,571**	**-**	**-**
Service Charges reclassified to Licenses and Permits	(1,504,361)	-	-
Interest External Investments reclassified to Interest, Dividends and Rent on Land - Exc	-	-	7,776,128
Interest Outstanding Debtors reclassified to Interest, Dividends and Rent on Land - Exc	-	-	6,632,968
Operational Revenue reclassified to Service Charges	86,261		
Operational Revenue reclassified to Sales of Goods and Rendering of Services		6,860,161	
Restated Balance now reported	**335,965,472**	**6,860,161**	**14,409,095**

	Interest Earned - External Investments	Interest Earned - Outstanding Debtors	Operational Revenue
Balance previously reported	**7,776,128**	**8,144,334**	**12,566,040**
Law Enforcement Revenue Reclassified from Operational Revenue to Fines, Penalties and Forfeits			(48,942)
Interest External Investments reclassified to Interest, Dividends and Rent on Land - Exc	(7,776,128)	-	-
Interest Outstanding Debtors reclassified to Interest, Dividends and Rent on Land - Exc	-	(6,632,968)	
Interest reclassified to Interest, Dividends and Rent on Land - Non Exchange		(1,511,366)	
Operational Revenue reclassified to Service Charges			(86,261)
Operational Revenue reclassified to Sales of Goods and Rendering of Services			(6,860,161)
Restated Balance now reported	**-**	**-**	**5,570,675**

Fines:
The prior year amounts for Fines has been reclassified to Fines, Penalties and Forfeits to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Fines, Penalties and Forfeits:
Fines, Penalties and Forfeits is a new category to the Financial Performance due to the Implementation of MSCOA.
The prior year amounts for Fines has been reclassified to Fines, Penalties and Forfeits to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Law Enforcement Revenue has been reclassified from Operational Revenue to Fines, Penalties and Forfeits to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Licenses and Permits - Non-Exchange:
Service Charges for Mooring Fees and Riperian Levy has been reclassfied to Licenses and Permits to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Transfers and Subsidies:
The prior year amounts for Public Contributions has been reclassfied to Transfers and Subsidies to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Interest, Dividends and Rent on Land - Non Exchange:
The prior year amounts for Interest on Rates has been reclassified from Interest Earned - Outstanding Debtors to Interest, Dividends and Rent on Land - Non Exchange to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Public Contribution and Donations:
Public Contributions has been reclassfied to Transfers and Subsidies to more accurately disclose the nature of the transaction, and in accordance with

Service Charges:
Service Charges for Mooring Fees and Riperian Levy has been reclassfied to Licenses and Permits to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Prior year amounts for Connection Fees has been reclassfied from Operational Revenue to Service Charges to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Sales of Goods and Rendering of Services:
Prior year amounts for Operational Revenue has been reclassfied to Sales of Goods and Rendering of Service to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Interest, Dividends and Rent on Land - Exchange:
Prior year amounts for Interest Earned - External Investments has been reclassified to to Interest, Dividends and Rent on Land - Exchange to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Prior year amounts included in Interest Earned - Outstanding Debtors has been reclassified to to Interest, Dividends and Rent on Land - Exchange to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Interest Earned - External Investments:
Prior year amounts for Interest Earned - External Investments has been reclassified to to Interest, Dividends and Rent on Land - Exchange to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Interest Earned - Outstanding Debtors:
Prior year amounts included in Interest Earned - Outstanding Debtors has been reclassified to to Interest, Dividends and Rent on Land - Exchange to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

The prior year amounts for Interest on Rates has been reclassified from Interest Earned - Outstanding Debtors to Interest, Dividends and Rent on Land - Non Exchange to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Operational Revenue:
Prior year amounts for Connection Fees has been reclassfied from Operational Revenue to Service Charges to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Prior year amounts for Operational Revenue has been reclassfied to Sales of Goods and Rendering of Service to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

42.1.2 Reclassification of Expenditure

The effect of the Reclassifications are as follows:

	Prior Year 2016/17 Audited	Reclassification	Restated Amount 2016/17
Employee Related Costs	228,043,152	(3,459,518)	224,583,634
Remuneration of Councillors	11,101,213	-	11,101,213
Depreciation and Amortisation	71,047,034	-	71,047,034
Impairment Losses	24,779,495	-	24,779,495
Repairs and Maintenance	34,087,476	(34,087,476)	-
Finance charges - external funding	15,490,893	(15,490,893)	-
Interest, Dividends and Rent on Land	-	14,207,786	14,207,786
Bulk Purchases	220,618,051	-	220,618,051
Contracted Services	13,293,251	530,304	13,823,555
Inventory Consumed	-	46,172,326	46,172,326
Transfers and Subsidies Paid	1,080,000	(1,080,000)	-
Operating Leases		1,333,457	1,333,457
Operational Costs	51,086,065	(8,125,986)	42,960,080
Loss on Disposal of PPE	2,058,422	-	2,058,422
	672,685,052	**-**	**672,685,052**

Prior year amounts of items in Expenditure included in the Statement of Financial Performance have been restated as indicated below:

	Employee Related Costs	Repairs and Maintenance	Finance charges - external funding
Balance previously reported	**228,043,152**	**34,087,476**	**15,490,893**
Employee Related Costs Reclassified to Operational Costs	(3,459,518)	-	-
Repairs and Maintenance Reclassified to Inventory Consumed	-	(33,200,259)	-
Repairs and Maintenance Reclassified to Operational Costs	-	(887,217)	-
Finance Charges reclassified to Interest, Dividends and Rent on Land	-	-	(14,207,786)
Finance Charges reclassified to Operating Leases	-	-	(1,283,107)
Restated Balance now reported	**224,583,634**	**-**	**-**

	Interest, Dividends and Rent on Land	Contracted Services	Inventory Consumed
Balance previously reported	**-**	**13,293,251**	**-**
Finance Charges reclassified to Interest, Dividends and Rent on Land	14,207,786	-	-
Repairs and Maintenance Reclassified to Inventory Consumed	-	-	33,200,259
Operational Costs reclassified to Inventory Consumed	-	-	12,972,067
Transfers and Subsidies reclassified to Contracted Services	-	1,080,000	-
Contracted Services transferred to Operational Costs	-	(549,696)	-
Restated Balance now reported	**14,207,786**	**13,823,555**	**46,172,326**

	Transfers and Subsidies Paid	Operating Leases	Operational Costs
Balance previously reported	**1,080,000**	**-**	**51,086,065**
Transfers and Subsidies reclassified to Contracted Services	(1,080,000)	-	-
Finance Charges reclassified to Operating Leases	-	1,283,107	-
Employee Related Costs Reclassified to Operational Costs	-	-	3,459,518
Repairs and Maintenance Reclassified to Operational Costs	-	-	887,217
Operational Costs reclassified to Inventory Consumed	-	-	(12,972,067)
Operational Costs reclassified to Operating Leases	-	50,350	(50,350)
Contracted Services transferred to Operational Costs	-	-	549,696
Restated Balance now reported	**-**	**1,333,457**	**42,960,080**

Employee Related Costs:
Prior Year Amounts for UIF and SDL included in Employee Related Cost has been reclassified to Operational Costs to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Repairs and Maintenance:
The prior year amounts for Repairs and Maintenance has been reclassfied to Inventory Consumed and Operational Costs to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Finance charges - external funding:
The prior Year Amounts for Finance Charges - External Funding has been reclassified to Interest, Dividends and Rent on Land and to Operating Leases to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Interest, Dividends and Rent on Land:
Prior Year Amounts for Finance Charges - External Funding has been reclassified to Interest, Dividends and Rent on Land to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Contracted Services:
The prior year amounts for Transfers and Subsidies paid were reclassified to Contracted Services to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Prior year amounts for Contracted Services was reclassified to Operational Costs to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Inventory Consumed:
Prior year amounts for Repairs and Maintenance has been reclassfied to Inventory Consumed to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Prior year amounts for Other Expenditure has been reclassfied to Inventory Consumed to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Transfers and Subsidies Paid:
The prior year amounts for Transfers and Subsidies paid were reclassified to Contracted Services to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Operating Leases:
Prior Year Amounts for Finance Charges - External Funding has been reclassified to Operating Leases to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Prior Year Amounts for Bush Clearing Equipment included in Operational Costs has been reclassified to Operating Leases to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Operational Costs:
Prior Year Amounts for UIF and SDL included in Employee Related Cost has been reclassified to Operational Costs to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Prior year amounts for Repairs and Maintenance has been reclassfied to Operational Costs to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Prior year amounts for Contracted Services was reclassified to Operational Costs to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Prior Year Amounts for Bush Clearing Equipment included in Operational Costs has been reclassified to Operating Leases to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

42.1.3 Reclassification of Statement of Financial Position

The effect of the Reclassifications are as follows:

	Prior Year 2016/17 Audited	Reclassification	Restated Amount 2016/17
Current Assets			
Inventories	4,952,364	-	4,952,364
Receivables from Exchange Transactions	42,558,781	(98,669)	42,460,112
Receivables from Non-exchange Transactions	30,901,952	98,669	31,000,621
VAT Receivable	11,288,813	-	11,288,813
Cash and Cash Equivalents	84,253,706	-	84,253,706
Operating Lease Receivables	281,727	-	281,727
Current Portion of Long-term Receivables	3,000	-	3,000
Non-Current Assets			
Property, Plant and Equipment	2,010,676,430	-	2,010,676,430
Intangible Assets	62,225	-	62,225
Investment Property	285,199,244	-	285,199,244
Long-term Receivables	64,751	-	64,751
Current Liabilities			
Consumer Deposits	10,273,091	3,293,933	13,567,024
Provisions	22,644,269	-	22,644,269
Payables from Exchange Transactions	115,326,930	12,912,271	128,239,200
Payables from Non-exchange Transactions	16,206,204	(16,206,204)	0
Unspent Conditional Grants and Receipts	6,726,723	-	6,726,723
Current Portion of Long-term Liabilities	8,599,901	-	8,599,901
Non-Current Liabilities			
Long-term Liabilities	32,567,197	-	32,567,197
Non-current Provisions	62,465,810	-	62,465,810
Employee Benefit Liabilities	92,444,000	-	92,444,000
Net Assets			
Accumulated Surplus / (Deficit)	2,102,988,868	-	2,102,988,868
	-	**0**	**0**

Opening balances and prior year amounts of items in the Statement of Financial Position have been restated as indicated below:

	Receivables from Exchange Transactions	Receivables from Non-exchange Transactions
Balance previously reported	**42,558,781**	**30,901,952**
Receivables from Non-Exchange transferred to Receivables from Exchange	(98,669)	98,669
Restated Balance now reported	**42,460,112**	**31,000,621**

	Consumer Deposits	Payables from Exchange Transactions	Payables from Non-exchange Transactions
Balance previously reported	**10,273,091**	**115,326,930**	**16,206,204**
Payables Non-Exchange Transactions reclassified to Consumer Deposits	3,293,933	-	(3,293,933)
Payables Non-Exchange Transactions reclassified to Payables Exchange Transactions	-	12,912,272	(12,912,272)
Restated Balance now reported	**13,567,024**	**128,239,201**	**(0)**

Receivables from Exchange Transactions:
Certain prior period amounts for receivables from Non-Exchange Transactions has been reclassified to Receivables from Exchange transactions to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Receivables from Non-exchange Transactions:
Certain prior period amounts for receivables from Non-Exchange Transactions has been reclassified to Receivables from Exchange transactions to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Consumer Deposits:
Prior period amounts for Payables From Non-Exchange Transactions, specifically related to Hall Deposits, has been reclassified to Consumer Deposits to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Payables from Exchange Transactions:
Prior period amounts for Payables From Non-Exchange Transactions has been reclassified to Payables from Exchange Transactions to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Payables from Non-exchange Transactions:
Prior period amounts for Payables From Non-Exchange Transactions, specifically related to Hall Deposits, has been reclassified to Consumer Deposits to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

Furthermore other prior period amounts for Payables From Non-Exchange Transactions has been reclassified to Payables from Exchange Transactions to more accurately disclose the nature of the transaction, and in accordance with MSCOA.

42.2 Correction of Prior Period Errors

42.2.1 Correction of Statement of Financial Position

The effect of the Correction of Error is as follows:

	Restated amount after Reclassifications	Correction of Error	Restated Amount 2016/17
Current Assets			
Inventories	4,952,364	-	4,952,364
Receivables from Exchange Transactions	42,460,112	-	42,460,112
Receivables from Non-exchange Transactions	31,000,620	-	31,000,620
VAT Receivable	11,288,813	-	11,288,813
Cash and Cash Equivalents	84,253,706	-	84,253,706
Operating Lease Receivables	281,727	-	281,727
Current Portion of Long-term Receivables	3,000	-	3,000
Non-Current Assets			
Property, Plant and Equipment	2,010,676,430	(520,203)	2,010,156,227
Intangible Assets	62,225	-	62,224
Investment Property	285,199,244	-	285,199,244
Long-term Receivables	64,751	-	64,751
Current Liabilities			
Consumer Deposits	13,567,024	-	13,567,024
Provisions	22,644,269	-	22,644,269
Payables from Exchange Transactions	128,239,201	319,970	128,559,172
Payables from Non-exchange Transactions	0	-	0
Unspent Conditional Grants and Receipts	6,726,723	(319,970)	6,406,753
Current Portion of Long-term Liabilities	8,599,901	-	8,599,901
Non-Current Liabilities			
Long-term Liabilities	32,567,197	-	32,567,197
Non-current Provisions	62,465,810	-	62,465,810
Employee Benefit Liabilities	92,444,000	-	92,444,000
Net Assets			
Accumulated Surplus / (Deficit)	2,102,988,866	(520,203)	2,102,468,663
	-	**-**	**-**

Opening balances and prior year amounts of items in the Statement of Financial Position have been restated as indicated below:

	Unspent Conditional Grants and Receipts	Payables from Exchange Transactions	Property, Plant and Equipment
Restated Balance after Reclassifications	**6,726,723**	**128,239,201**	**2,102,988,866**
Prior period correction of PPE to Accumulated Surplus			(520,203)
Reclassification of Unspent Grants to Payables from Exchange Transactions	(319,970)	319,970	
Restated Balance now reported	**6,406,753**	**128,559,171**	**2,102,468,663**

Property, Plant and Equipment:
Certain prior year amounts for Property, Plant and Equipment has been corrected as per the annually reviewed and revised Asset Register.

Payables from Exchange Transactions:
Prior period amounts for Unspent Grants and Payables from Exchange Transactions has been restated to accurately disclose the nature of transaction related to Housing Grants.

Unspent Conditional Grants and Receipts:
Prior period amounts for Unspent Grants and Payables from Exchange Transactions has been restated to accurately disclose the nature of transaction related to Housing Grants.

43 CHANGE IN ACCOUNTING ESTIMATES

43.1 Depreciation Expenditure:

The useful life of the certain items of Property, Plant and Equipment was revised during the current financial year. The effect of the revision has decreased the depreciation charge in the current financial years by R2,455,613 and changed the depreciation in the future period as set out in the below table:

Change in Depreciation per period	2018	2019	2020	2021	2022
Intangible Assets	(6 726)	-278	2 603	2 307	2 095
Property, Plant and Equipment	(2 455 613)	(2 260 035)	(1 811 680)	(471 999)	4 234 247

44 CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the Year	-1,978,303	4,503,220
Adjustment for:		
Correction of Prior Year Errors	-	520,204
Non-Cash Interest on Debtors	-6,784,176	-8,144,334
Non-Cash Interest on Payables and Provisions	9,752,632	5,870,158
Depreciation and Amortisation	73,526,682	71,047,034
Less: Insurance Payout, classified as Investing Activities	-747,758	-2,208,211
Interest on Finance Leases	796,045	-
Impairment Losses on Property, Plant and Equipment	61,478,776	24,779,495
Losses / (Gains) on Disposal of Property, Plant and Equipment	1,591,775	2,058,422
Movement in Current Employee Benefit Liabilities	704,000	994,810
Movement in Current Staff Benefit Provisions	405,203	1,180,708
Movement in Non-current Employee Benefit Liabilities	3,857,000	1,398,000
Movement in Current Other Operating Provisions	429,116	-550,656
Movement in Non-current Other Operating Provisions	3,214,124	3,584,840
Reversal of Fines Debtors prior year	-25,099,061	-
Bad Debts Written-off	-11,345,215	-10,954,627
Operating surplus before working capital changes	**110,122,861**	**94,298,566**
Decrease/(Increase) in Inventories	-1,713,817	481,539
Decrease/(Increase) in Receivables from Exchange Transactions	-20,343,922	-2,989,616
Decrease/(Increase) in Receivables from Non-exchange Transactions	-11,271,806	-5,505,345
Decrease/(Increase) in VAT Receivable	-11,424,658	-6,906,860
Decrease/(Increase) in Operating Lease Receivables	12,602	-2,924
Increase/(Decrease) in Consumer Deposits	1,673,845	682,761
Increase/(Decrease) in Payables from Exchange Transactions	-1,934,529	-15,294,984
Increase/(Decrease) in Payables from Non-exchange Transactions	-0	52,857
Increase/(Decrease) in Conditional Grants and Receipts	534,755	-1,114,802
Other non-cash movements	-363,124	402,559
Cash generated by / (utilised in) Operations	**65,292,206**	**64,103,750**

	2018	2017
	R	R

45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

45.1 Unauthorised Expenditure

	2018 R	2017 R
Reconciliation of Unauthorised Expenditure:		
Opening balance	81,408,523	369,440,187
Unauthorised Expenditure current year	-	-
Approved by Council or condoned	(81,408,523)	(288,031,664)
To be recovered – contingent asset (see Note 59)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Unauthorised Expenditure awaiting authorisation	**-**	**81,408,523**

45.2 Fruitless and Wasteful Expenditure

	2018 R	2017 R
Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	35,338,187	34,805,555
Fruitless and Wasteful Expenditure current year	501,742	532,632
Fruitless and Wasteful Expenditure identified in current year relating to prior years	-	-
Expenditure investigated and approved by Council	-	-
To be recovered	-	-
Fruitless and Wasteful Expenditure awaiting condonement	**35,839,929**	**35,338,187**

Incident	Disciplinary Steps / Criminal Proceedings
Interest and penalties on late payment of trade creditors. - R501,742 (2017: R532,632)	*Currently None - subject to possible future investigation*

45.3 Irregular Expenditure

To management's best of knowledge instances of note indicating that Irregular Expenditure was incurred during the year under review were not revealed.

	2018 R	2017 R Restated
Reconciliation of Irregular Expenditure:		
Opening balance	98,868,934	92,593,022
Irregular Expenditure current year	2,399,573	6,275,913
Condoned or written off by Council	(2,569,294)	-
Irregular Expenditure awaiting condonement	**98,699,214**	**98,868,934**

Incident	Disciplinary Steps / Criminal Proceedings
Invalid deviations - R2,399,573 (2017: R6,275,913)	*Under Investigation. To be submitted to Council for condonement.*

46 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

46.1 Contributions to organised local government - SALGA

	2018 R	2017 R
Opening Balance	-	-
Council Subscriptions	2,578,034	2,238,873
Amount Paid - current year	(2,578,034)	(2,238,873)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	**-**	**-**

46.2 Audit Fees

	2018 R	2017 R
Opening Balance	809,157	2,307,621
Current year Audit Fee	4,091,413	4,240,533
Amount Paid - current year	(4,900,570)	(5,738,997)
Amount Paid - previous years		
Balance Unpaid (included in Creditors)	**-**	**809,157**

46.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 5. All VAT returns have been submitted by the due date throughout the year.

46.4 PAYE, Skills Development Levy and UIF

	2018 R	2017 R
Opening Balance	-	2,518,209
Current year Payroll Deductions	33,184,866	28,400,250
Amount Paid - current year	(33,184,866)	(30,918,459)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	**-**	**-**

46.5 Pension and Medical Aid Deductions

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	57,001,741	53,183,020
Amount Paid - current year	(57,001,741)	(53,183,020)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	**-**	**-**

46.6 Councillor's arrear Consumer Accounts

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

46.7 Non-Compliance with the Municipal Finance Management Act

No known matters existed at the reporting date.

46.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

30 June 2018

Department	Tenderer	Reason	Amount
Finance	Various (3)	Various reason like impracticality/ urgency/ Continuity and alignment	368,550
Infrastructure & Engineering	Various (66)	Various reason like impracticality/ urgency/ Preferred supplier	8,653,678
Corporate Services	Various (7)	Various reason like impracticality/ urgency/ Sole Supplier	255,125
Community Services	Various (15)	Various reason like Sole Supplier impracticality/ urgency/ Preferred supplier	952,809
Planning, Dvelopment & Tourism (Strategic	Various (2)	Impracticality	95,543
		Total:	10,325,705

30 June 2017

Department	Tenderer	Reason	Amount
Finance	Various (96)	Various reasons such as impracticality/ urgency/ Preferred supplier/ Original Equipment Manufacturer	5,896,775
Infrastructure, Planning & Development	Various (15)	Various reason such as impracticality/ urgency/ Preferred supplier	1,499,106
Administration, Monitoring & Evaluation	Various (1)	Various reason such as impracticality/ urgency/ Preferred supplier	1,166,801
Social Services	Various (10)	Various reason such as Sole Supplier authorised by govt departments/ impracticality/ urgency/ Preferred supplier	592,223
		Total:	9,154,905

46.9 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

Material Electricity and Water Losses were as follows and are not recoverable:

Electricity:

		Lost Units	Tariff	Value
30 June 2018	Unaccounted Electricity Losses	21,681,312	1.0010	21,702,333
30 June 2017	Unaccounted Electricity Losses	35,453,122	0.7862	27,873,245

Electricity Losses occur due to *inter alia*, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

	2018 R	2017 R
Volumes in kWh/year:		
System Input Volume	203,602,562	203,652,576
Billed Consumption	165,633,045	168,199,454
Unaccounted	37,969,517	35,453,122
Normal distribution losses - 8% of electricity purchases	(16,288,205)	(16,292,206)
	21,681,312	19,160,916
Percentage Distribution Loss	10.65%	9.41%

Water:

		Lost Units	Tariff	Value
30 June 2018	Unaccounted Water Losses	2,918,337	6.2700	26,836,952
30 June 2017	Unaccounted Water Losses	3,643,263	5.7400	20,912,330

Water Losses occur due to *inter alia*, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repaired as soon as they are reported.

	2018 R	2017 R
Volumes in Kl/year:		
System Input Volume	8,239,954	9,471,235
Billed Consumption	5,321,617	5,827,972
Distribution Loss	2,918,337	3,643,263
Percentage Distribution Loss	35.42%	38.47%

47 COMMITMENTS FOR EXPENDITURE

47.1 Capital Commitments

Commitments in respect of Capital Expenditure:		
- Approved and Contracted for:-	**54,598,299**	**29,220,511**
Infrastructure	44,956,275	9,882,449
Community	3,484,959	9,739,376
Other	6,157,066	9,598,686
This expenditure will be financed from:		
Internal and Grant funding	54,598,299	29,220,511
	54,598,299	**29,220,511**

48 FINANCIAL INSTRUMENTS

48.1 Classification

FINANCIAL ASSETS:
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

Financial Assets	Classification		
Long-term Receivables			
Staff Related Long Term Receivables	Amortised cost	64,751	-
Receivables from Exchange Transactions			
Electricity	Amortised cost	21,333,306	18,540,058
Refuse	Amortised cost	954,760	554,213
Sewerage	Amortised cost	2,396,110	2,172,425
Merchandising, Jobbing and Contracts	Amortised cost	-	-
Other Service Charges	Amortised cost	14,969,536	15,346,900
Water	Amortised cost	8,924,365	5,944,016
Housing Selling Scheme	Amortised cost	1,350	1,350
Other Debtors	Amortised cost	1,168	1,168
Prepayments and Advances	Amortised cost	2,730,843	(100,018)
Control, Clearing and Interface Accounts	Amortised cost	518,922	-
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	Amortised cost	-	-
Receivables from Non-exchange Transactions			
Property Rates	Amortised cost	19,877,465	17,574,176
Insurance Claims	Amortised cost	(197,344)	-
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	Amortised cost	-	-
Fines	Amortised cost	5,620,106	13,426,444
LGSETA Interns	Amortised cost	1,216,938	-
Over Payment of Contractors	Amortised cost	(1)	-

Cash and Cash Equivalents			
Call Deposits	Amortised cost	90,054,858	78,566,856
Short-term Portion of Investments	Amortised cost	-	-
Bank Balances	Amortised cost	4,259,846	5,694,930
Cash Floats and Advances	Fair value	421	(8,079)
Current Portion of Long-term Receivables			
Staff Related Long Term Receivables	Amortised cost	3,000	3,000

SUMMARY OF FINANCIAL ASSETS

Financial Assets at Amortised Cost:

Long-term Receivables	Staff Related Long Term Receivables	64,751	-
Receivables from Exchange Transactions	Electricity	21,333,306	18,540,058
Receivables from Exchange Transactions	Refuse	954,760	554,213
Receivables from Exchange Transactions	Sewerage	2,396,110	2,172,425
Receivables from Exchange Transactions	Other Service Charges	14,969,536	15,346,900
Receivables from Exchange Transactions	Water	8,924,365	5,944,016
Receivables from Exchange Transactions	Property Rental Debtors	-	-
Receivables from Exchange Transactions	Housing Selling Scheme	1,350	1,350
Receivables from Exchange Transactions	Other Debtors	1,168	1,168
Receivables from Exchange Transactions	Prepayments and Advances	2,730,843	(100,018)
Receivables from Exchange Transactions	Control, Clearing and Interface Accounts	518,922	-
Receivables from Exchange Transactions	Unauthorised, Irregular, Fruitless and Wast	-	-
Receivables from Non-exchange Transactions	Property Rates	19,877,465	17,574,176
Receivables from Non-exchange Transactions	Insurance Claims	(197,344)	-
Receivables from Non-exchange Transactions	Unauthorised, Irregular, Fruitless and Wasteful Expenditure	-	-
Receivables from Non-exchange Transactions	Fines	5,620,106	13,426,444
Receivables from Non-exchange Transactions	LGSETA Interns	1,216,938	-
Receivables from Non-exchange Transactions	R/D Cheques	-	-
Receivables from Non-exchange Transactions	UIF Refund	-	-
Receivables from Non-exchange Transactions	Over Payment of Contractors	(1)	-
Receivables from Non-exchange Transactions	Accrued Income	-	-
Current Portion of Long-term Receivables	Staff Related Long Term Receivables	3,000	3,000
Current Portion of Long-term Receivables	Sporting and Other Bodies	-	-
Cash and Cash Equivalents	Call Deposits	90,054,858	78,566,856
Cash and Cash Equivalents	Bank Balances	4,259,846	5,694,930
Cash and Cash Equivalents	Short-term Portion of Investments	-	-
		172,729,979	157,725,517

Financial Assets at Fair Value:

Non-current Investments	Listed Investments	-	-
Cash and Cash Equivalents	Cash Floats and Advances	421	(8,079)
		421	(8,079)
Total Financial Assets		**172,730,400**	**157,717,438**

FINANCIAL LIABILITIES:

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

Financial Liabilities	**Classification**		
Long-term Liabilities			
Development Bank of South Africa	Amortised cost	23,087,100	30,289,375
Finance Lease Liability	Amortised cost	513,296	2,277,822
Operating Lease Liability	Amortised cost	-	-

Payables from Exchange Transactions			
Advance Payments	Amortised cost	16,129,451	14,716,787
Bonus	Amortised cost	(86,664)	-
Leave Accrual	Amortised cost	-	-
Other Payables	Amortised cost	14,372,085	7,542,409
Retentions	Amortised cost	2,841,657	3,098,325
Salary Related Payables	Amortised cost	559,307	12,619,947
Trade Creditors	Amortised cost	92,808,806	90,581,703
Current Portion of Long-term Liabilities			
Development Bank of South Africa	Amortised cost	7,179,508	6,444,933
Finance Lease Liability	Amortised cost	1,764,527	2,154,968

SUMMARY OF FINANCIAL LIABILITIES

Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Development Bank of South Africa	23,087,100	30,289,375
Long-term Liabilities	Finance Lease Liability	513,296	2,277,822
Long-term Liabilities	Operating Lease Liability	-	-
Payables from Exchange Transactions	Advance Payments	16,129,451	14,716,787
Payables from Exchange Transactions	Bonus	(86,664)	-
Payables from Exchange Transactions	Leave Accrual	-	-
Payables from Exchange Transactions	Other Payables	14,372,085	7,542,409
Payables from Exchange Transactions	Retentions	2,841,657	3,098,325
Payables from Exchange Transactions	Salary Related Payables	559,307	12,619,947
Payables from Exchange Transactions	Trade Creditors	92,808,806	90,581,703
Current Portion of Long-term Liabilities	Development Bank of South Africa	7,179,508	6,444,933
Current Portion of Long-term Liabilities	Finance Lease Liability	1,764,527	2,154,968
		159,169,073	169,726,269
Total Financial Liabilities		**159,169,073**	**169,726,269**

48.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash
The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Long-term Investments
The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

Loan Receivables/Payables
Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and Other Receivables/Payables
The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

Other Financial Assets and Liabilities
The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term Liabilities
The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2018, as a result of the short-term maturity of these assets and liabilities.

The Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	30 June 2018		30 June 2017	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL ASSETS				
Measured at Amortised Cost:	172,729,979	172,729,979	157,725,517	157,725,517
Long-term Receivables	64,751	64,751	-	-
Receivables from Exchange Transactions	51,830,360	51,830,360	42,460,112	42,460,112
Receivables from Non-exchange Transactions	26,517,164	26,517,164	31,000,620	31,000,620
Current Portion of Long-term Receivables	3,000	3,000	3,000	3,000
Call Deposits	90,054,858	90,054,858	78,566,856	78,566,856
Bank Balances	4,259,846	4,259,846	5,694,930	5,694,930
Measured at Fair Value	421	421	(8,079)	(8,079)
Cash and Cash Equivalents	421	421	(8,079)	(8,079)
Total Financial Assets	172,730,400	172,730,400	157,717,438	157,717,438
FINANCIAL LIABILITIES				
Measured at Amortised Cost:	159,169,073	159,169,073	169,726,269	169,726,269
Development Bank of South Africa	23,087,100	23,087,100	30,289,375	30,289,375
Finance Lease Liability	513,296	513,296	2,277,822	2,277,822
-Payables from Exchange Transactions	126,624,642	126,624,642	128,559,171	128,559,171
-Current Portion of Long-term Liabilities	8,944,035	8,944,035	8,599,901	8,599,901
Bank Overdraft	-	-	-	-
Total Financial Liabilities	159,169,073	159,169,073	169,726,269	169,726,269
Total Financial Instruments	13,561,327	13,561,327	(12,008,832)	(12,008,832)
Unrecognised Gain / (Loss)		-		-

No Financial Instruments of the municipality have been reclassified during the year.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-
Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-
Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-
Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

48.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2017.

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 20 and the Statement of Changes in Net Assets.

	2018 R	2017 R
Gearing Ratio		
The gearing ratio at the year-end was as follows:		
Debt	32,544,431	41,167,098
Cash and Cash Equivalents	(65,172)	8,079
Net Debt	32,479,259	41,175,177
Equity	2,101,010,573	2,102,468,664
Net debt to equity ratio	**1.55%**	**1.96%**

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

48.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

48.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:
- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk
Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk
Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk
Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 48.8 to the Annual Financial Statements.

48.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 48.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

48.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

48.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 48.8 below:

Cash and Cash Equivalents:

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

• Surplus for the year ended 30 June 2018 would have increased / decreased by R892,882 (30 June 2017: R814,217). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

48.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties, except for Northern Province Academy of Sport and Department of Water and Forestry Affairs for which there is uncertainty about the collectivity. They have been included in the Provision for Impairment of Consumer Debtors.

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Long-term Receivables	19,000	67,751
Receivables from Exchange Transactions	144,779,143	124,435,221
Receivables from Non-exchange Transactions	71,534,437	60,262,631
Bank, Cash and Cash Equivalents	94,315,125	84,253,706
Maximum Credit and Interest Risk Exposure	**310,647,704**	**269,019,309**

The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:

	%	%
Consumer Debtors:		
- Household	0.00%	59.55%
- Industrial / Commercial	0.00%	6.03%
- National and Provincial Government	0.00%	1.46%
- Other Classes	0.00%	17.81%
Other Debtors:		
- Other not Classified	16.48%	13.59%
Total Credit Risk	**16.48%**	**98.43%**

Bank and Cash Balances		
Current Investments	90,054,858	78,566,856
Bank Accounts	4,259,846	5,694,930
Cash Equivalents	421	(8,079)
Total Bank and Cash Balances	**94,315,125**	**84,253,706**

Credit quality of Financial Assets:
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Long-term Receivables		
Group 3	19,000	67,751
Total Long-term Receivables	**19,000**	**67,751**
Receivables from Exchange Transactions		
Counterparties without external credit rating:-		
Group 2	48,559,491	43,055,996
Total Receivables from Exchange Transactions	**48,559,491**	**43,055,996**
Receivables from Non-exchange Transactions		
Group 1	10,573,780	16,555,986
Total Receivables from Non-exchange Transactions	**10,573,780**	**16,555,986**

	2018	2017
	R	R

49 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.
All councillors belong to the Pension Fund for Municipal Councillors.
Employees belong to a variety of approved Pension and Provident Funds as described below.
These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-
(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
(iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.
The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R8,635,000 (2017: R-2,312,000) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.
The total expense recognised in the Statement of Financial Performance of R8,635,000 (2017: R-2,312,000) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. As at 30 June 2018, contributions of R8 000 (30 June 2017: R8 000) due in respect of the 2017/18 (2016/17) reporting period had not been paid over to the plans. The amounts were paid over subsequent to the reporting date (see Note 45.5).

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED BENEFIT SCHEMES
Government Employees Pension Fund (GEPF):
The scheme is subject to an tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2006.

The statutory valuation performed as at 30 June 2006 revealed that the fund had a surplus of R0,0 (30 June 2004: deficit of R12,8) million, with a funding level of 100,0% (30 June 2004: 96,5%). The contribution rate paid by the members (7,00%) and the municipalities (13,00%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Employees Pension Fund:
The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 28 February 2014.

The net assets available for benefits were R5 715 557 193.
The statutory valuation performed as at 28 February 2014 revealed that the net assets of the fund were R0,0 (28 February 2011: R552,8) million, with a funding level of 100,0% (28 February 2011: 107,9%). The contribution rate paid by the members (7,50%) and Council (15,00%, 18,00% and 22,00%) is not sufficient to fund the benefits accruing from the fund in the future and there is a shortfall in the future employer contribution rate of 12,80% (28 February 2011: 8,10%).

The fund is closed for membership and no new members are allowed to join the fund.

No further information could be obtained.

National Fund for Municipal Workers - Pension Fund:
The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2013.

The scheme's assets amounted to R6 981,5 (2012: R5 646,4) million at 30 June.

The fund does not have any reserves or surpluses which can be allocated to members' fund records.

The last valuation performed for the period ended 31 March 2006 revealed that the fund had a shortfall of R205 million, with a funding level of 83%. This will be taken into account in determining future surcharges, to be met by increased employer contributions. These surcharges are as follows:
- From 1 July 2006 14%
- From 1 July 2007 17%

The above-mentioned surcharge is payable until 1 July 2010. This position will be monitored on an annual basis.
The statutory valuation performed as at 30 June 2013 revealed that the fund had a deficit of 65,2 (30 June 2012: deficit R63,6) million, with a funding level of 99,07% (30 June 2012: 98,89%). The contribution rate paid by the members (minimum of 2,00% to 5,00%) and the municipalities (minimum of 2,00% to 5,00%) is sufficient to fund the benefits accruing from the fund in the future.

The monthly deductions for cost were sufficient to cover the expenses incurred over the valuation period. The Trustees, with the support of the Valuator, must continue to monitor the position on an annual basis.

No further information could be obtained.

Joint Municipal Pension Fund (previously Transvaal Municipal Pension Fund)**:**
The scheme is subject to a bi-annual actuarial valuation. The last statutory valuation was performed as at 30 September 2007.

The statutory valuation performed as at 30 September 2007 revealed that the fund had a surplus of R82,1 (31 December 2005: shortfall of R44,2) million, with a funding level of 123,7% (31 December 2005: unknown). The contribution rate paid by the members (9,00%) and municipalities (22,00%) has a shortfall of 0,90%, but can be covered by the available margin in the fund.
The last valuation performed for the period ended 31 March 2006 revealed that the fund had a shortfall of R205 million, with a funding level of 83%. This will be taken into account in determining future surcharges, to be met by increased employer contributions. These surcharges are as follows:
- From 1 July 2006 14%
- From 1 July 2007 17%

The above-mentioned surcharge is payable until 1 July 2010. This position will be monitored on an annual basis.

	2018	2017
	R	R

The fund is closed for membership and no new members are allowed to join the fund.

No information could be obtained.

DEFINED CONTRIBUTION SCHEMES

Cape Joint Pension Fund:
The scheme is subject to an annual actuarial valuation which is not the responsibility of the Municipality. The last statutory valuation was performed as at 30 June 2012.
Defined Benefit Scheme
The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2012 disclosed an actuarial valuation amounting to R3 014 878 (2011: R2 971 150) million, with a net accumulated deficit of R18 287 (2011: R58 935) million, with a funding level of 99.4% (2011: 104.1%).
Defined Contribution Scheme
The actuarial valuation report at 30 June 2012 indicated that the defined contribution scheme of the fund is in a sound financial position, with a assets amounting to R 421 900 (2011: R386 570) million, net investment reserve of R21 231 (2011: R15 285) million and a funding level of 105.3% (2011: 104.1%).

Council contribute to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Cape Joint Retirement Fund:
The scheme is subject to an annual actuarial valuation which is not the responsibility of the Municipality. The last statutory valuation was performed as at 30 June 2012.
The statutory valuation performed as at 30 June 2012 revealed that the assets of the fund amounted to R10 775 599 and R546 059 (30 June 2011: R9 930,837 in total) million, with funding levels of 99.9% and 108% (2011: 100,3% and 116,9%) for the Share Account and the Pensions Account respectively. The contribution rate paid by the members (7,50%) and the municipalities (19,50%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Councillors Pension Fund:
The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2012.
The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future. The actuarial valuation of the fund was undertaken at 30 June 2005 and reported a funding ratio of 147.3%.
The statutory valuation performed as at 30 June 2012 revealed that the net assets of the fund were R1 183,5 (30 June 2009: R1 123,7) million, with a funding level of 99,5% (30 June 2009: 102,0%). The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.
The deficit of R6,4 (2009: surplus R22,5) million is regarded as relatively insignificant in the context of the fund. There is a strong possibility that SARS may reverse penalties and interest in the order of R10,3 million which will result in a fully funded position.
The next statutory valuation was due at 30 June 2009, but an extension has been granted until 31 December 2010.
As reported by the Actuaries, the Fund was following an appropriate investment strategy duiring the valuation period.
No further information could be obtained.

National Fund for Municipal Workers - Provident Fund:
The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 01 July 2010.
The net assets available for benefits were R4 191 (2008: R3 617) million.
The statutory valuation performed as at 1 July 2010 revealed that the fund had a deficit of R9,6 (1 July 2008: R6,3) million, with a funding level of 99,77% (1 July 2008: 99,83%). The contribution rate paid by the members (2,00% to 5,00%) and the municipalities (2,00% to 7,00%) is sufficient to fund the benefits accruing from the fund in the future.

None of the above mentioned plans are State Plans.

50 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

50.1 Compensation of Related Parties

Name of Related Person	Designation	Description of Related Party Relationship	2018	2017
S. Meleni	Official	Wife of councillor Meleni	266,195	233,358
M. Jenneker	Official	Daughter of the Manager Expenditure	262,380	226,519
N. Baartman	Official	Daughter of the Manager Asset & Fleet	-	250,847
B. Marais	Official	Son of the Manager Technical Services	361,707	300,039

50.2 Purchases from Related Parties

The municipality bought goods from the following companies, which are considered to be Related Parties:

Company Name	Related Person	Municipal Capacity	Nature of relationship	Purchases for the Year	Purchases for the Year
Central Bridge Trading 436 CC	Z. Tshume	Official	Wife of the director	187,781	134,311
Faulkner Bouers	B. Faulkner	Official	Director is the uncle of this employees	82,250	-
Kwa Nandipha Catering	P. Dondashe	Official	Husband of director	41,632	140,339
Algoatime	J. Beda	Official	Husband of the director	125,458	65,970
Amahle Waste Recycling	NI Dela (Emp 1959)	Ward Committee Member	NI Dela is the director/owner of the company	30,700	-
Mesrazest	J Hammond	Official	Brother in Law of Director	277,230	-
Infraforce Africa (Pty) Ltd	E. Sekula	Official	Owner was employed at KLM	254,795	-
Mgqandu & Coco Trading	C. Mgqandu	Official	Husband of Director	75,480	-
21st Century Contractors & Transport	S. Prinsloo	Official	Wife of Director	39,174	-
Alvivect (Prt) Ltd	N Zode	Official	Wife of the Director	-	404,484
Total Purchases				**1,114,499**	**745,104**

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

	2018 R	2017 R
51 CONTINGENT LIABILITIES		
51.1 Court Proceedings and investigations	**34,235,243**	**35,343,388**
1. Various claims arising from alleged negligence by the Municipality due to damages sustained by the Plaintiffs.	13,735,243	10,033,113
2. Various claims due to municipal administrative matters under dispute or investigation	20,500,000	22,874,000
3. Various claims by the current or terminated employees due to unfair labour practices	-	2,436,275
52 CONTINGENT ASSETS		
52.1 Insurance Claims:	**1,285,896**	**1,271,590**
(i) Lost / Damaged Assets:	1,285,896	1,271,590

The municipality has claims outstanding against its Insurers for lost and/or damaged assets. The management believe that it is probable that the claims will be successful and that compensation of R1,285,896 (2017: R1,271,590) will be recovered.

53 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any In-kind Donations and Assistance during the year under review.

54 PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the year under review.

55 EVENTS AFTER THE REPORTING DATE

On 30 August 2018, Council approved a write-off of irregular expenditure amounting to R34,212,314, incurred for the period 1 July 2010 to 30 June 2016, in accordance with section 32 (2)(b) of the MFMA.

56 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of the implementation of MSCOA, and Prior Period Errors (Note 42).

57 GOING CONCERN ASSESSMENT

Management considered the following matters relating to the Going Concern:

(i) On 31 May 2018 the Council adopted the 2018/19 to 2020/21 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an on-going inflow of revenue to support the on-going delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.