

# Cederberg Municipality

## Annual Report



2017/18

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## MAYOR'S MESSAGE

It is a great pleasure to present to you the Annual Report of Cederberg Municipality for 2017/18.

Cederberg Municipality has for a 2<sup>nd</sup> consecutive year, achieved an unqualified with no findings (clean audit) opinion from the Auditor-General. This, is a clear indication that the long-term plans put into place to ensure clean governance and sound internal control measures, are succeeding. However, we need to remain focused on the effective delivery of core municipal services through the application of efficient and effective service delivery mechanisms, and the application of sound financial management principles. It is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

A turn-around strategy (financial plan) was implemented at the Municipality which specifically focused on cost containment measures and revenue enhancement. Turn-around strategies usually take about 3 years to reach its set goals. As Executive Mayor, I vigorously promote local economic development as part of our financial recovery plan. Various discussions were held with possible investors to invest in our region in achieving this.

We are of the opinion that the implementation of the turn-around strategy is effective, and Management will be able to reap the rewards of the said implementation within the next 2 financial years. We have also embarked on a more vigorous approach to revenue collections to optimize the collection of debt owed by consumers. As a further cost saving initiative, Council reduced its 4 directorates to 2 directorates with only 2 directors instead of 4.

My sincerest appreciation to the administration and fellow councillors for managing in extreme difficult financial conditions and for keeping their focus on our mandate.

*W J. Farmer*

*Executive Mayor: Cederberg Municipality*

## MUNICIPAL MANAGER OVERVIEW

The fact that we again managed an unqualified without findings' (clean audit) report from the Auditor -General for the 2017/18 financial year, bears testimony to our continuous efforts to stabilize the Municipality and to steer the organization in a positive direction. This second consecutive clean audit bears testimony to our efforts to improve internal control mechanisms and the promotion of clean governance and sound financial controls.

The 2017/18 Annual Report is hereby submitted to Council and the broader Cederberg community with a realization that there are a lot of room for service delivery improvement, backlogs to be addressed and new turn around plans to be implemented.

The main challenges of poverty, unemployment and inequality still remains and impact negatively on our revenue streams and together with infrastructure backlogs and financial sustainability remains a serious threat to the rendering of sustainable value- for- money services.

Cederberg is under severe financial constraints and an Integrated Financial Recovery Plan was implemented to ensure the financial viability and economic sustainability of the Municipality. The revenue collection capacity within the finance division must be improved in order to ensure us achieving our revenue target to maintain financial sustainability and predictable service delivery. This is evident in the service receivable bad debt book that is increasing, which are compounded by tough economic conditions.

As Accounting Officer, I would like to convey a word of thanks to the Speaker, Executive Mayor, Deputy-Mayor, Mayoral Committee members and councillors for their support under very difficult conditions.

A special word of thanks to my senior management, staff and our communities in their support and understanding of the challenges we face as a service-rendering organization.

In conclusion, the interest of our citizens should reign supreme above all other interest, in pursuit of fulfilling our constitutional mandate.

*Louis Volschenk*  
*Municipal Manager*

## CHAPTER 1

## EXECUTIVE SUMMARY

## 1.1 MUNICIPAL OVERVIEW

This report addresses the performance of the Cederberg Municipality in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the Council of the Municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2017/18 Annual Report reflects on the performance of the Cederberg Municipality for the period 1 July 2017 to 30 June 2018. The Annual Report is prepared in terms of Section 121(1) of the MFMA, in terms of which the Municipality must prepare an Annual Report for each financial year.

## 1.1.1 Vision and Mission

The Cederberg Municipality committed itself to the following vision and mission:

*Vision:*

*“Cederberg Municipality, your future of good governance, service excellence, opportunities and a better life”*

*Mission:*

We will achieve our vision by:

- Developing and executing policies and projects, which are responsive and providing meaningful redress
  - Unlocking opportunities with for economic growth and development for community prosperity
    - Ensure good governance, financial viability and sustainability
  - Ensure sustainable, efficient and effective service delivery in an environmental sustainable manner
- Promote quality services in a cost-effective manner through partnerships, information, knowledge management and connectivity.
  - Making communities safer
  - Advancing capacity building programs for both our staff and the community

## 1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### 1.2.1 Population

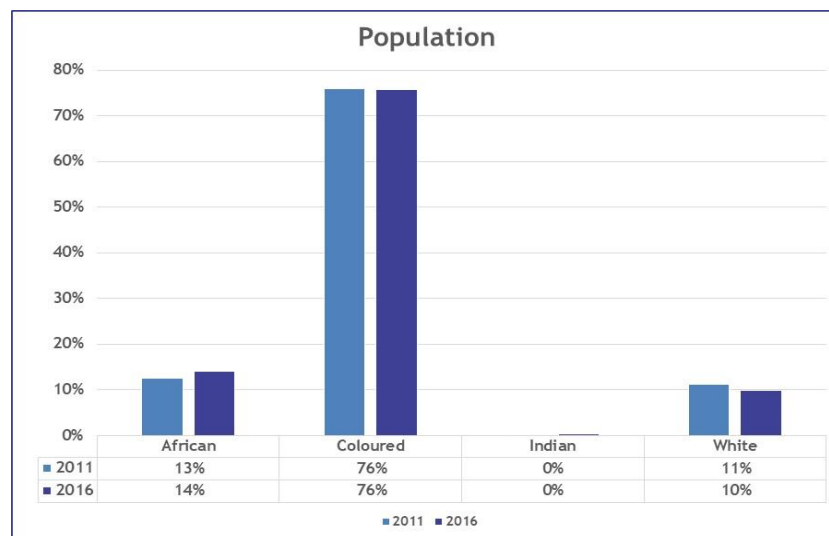
#### a) Total Population

The graph below indicates the total population within the municipal area:

Indicators	African		Coloured		White		Asian	
	2011	2017	2011	2017	2011	2017	2011	2017
Population size	5 970	7 830	36 087	42 214	5 326	5 534	116	161
Proportional share of total population	12.6%	14.0%	76.0%	75.7%	11.2%	9.9%	0.2%	0.3%
Number of households by population group	2 158	2 781	8 669	10 002	2 203	2 348	21	27
Year	African	Coloured	Indian	White	Total			
2011	5970	36,087	116	5,326	47,499			
2017	7830	42,214	161	5,534	55,739			

*Source: Quantec*

Table 1: Population



Graph 1: Population by Race



## 1.2.2 Demographic Information

### *Municipal Geographical Information*

The jurisdiction of the Cederberg Municipality covers an area of 8 007 km<sup>2</sup>, which constitutes 26% of the total area (31 119 km<sup>2</sup>) of the West Coast District municipality within which it lies. The Cederberg Municipality is in the northern segment of the district and wedged between the Matzikama municipality (to the north) and the Bergrivier Municipality (to the south). It is bordered to the east by the Hantam municipality in the Northern Cape province. Clanwilliam is the main town and is located more or less in the middle of the municipal area. The other settlements are Citrusdal, Graafwater, Leipoldtville, Wupperthal, Algeria, and the coastal towns of Elands Bay and Lamberts Bay.

The Cederberg municipal area is bisected by the N7 national road into a mountainous eastern part with the

land levelling out westwards towards the Atlantic Ocean as the western municipal boundary. Clanwilliam is situated about 230km north of Cape Town alongside the N7. This road has a north-south orientation and is the most prominent road link between towns (and rural areas) inside and outside the municipal area. Apart from the N7, the other prominent road is the R364. This road, with an east-west orientation, links Clanwilliam with Lamberts Bay past Graafwater to the west, and Calvinia in the Hantam municipal area to the east.

The table below lists some key points as summary of the geographic context within which integrated development planning for the municipality is performed:

Geographic summary	
Province name	Western Cape
District name	West Coast
Local municipal name	Cederberg Municipality
Main town	Clanwilliam
Location of main town	Central to the rest of the municipal area
Population size of main town (as a % of total population; 2011)	Slightly more than 15%
Major transport route	N7
Extent of the municipal area (km <sup>2</sup> )	8 007 km <sup>2</sup>
Nearest major city and distance between major town/city in the municipality	Cape Town (about 200 km)
Closest harbour and main airport outside the municipal area	Saldanha; Cape Town
Region specific agglomeration advantages	Agriculture; It is strategically located on the Cape-Namibia Corridor, and the N7 links the area with Cape Town (to the south) and the Northern Cape.
Municipal boundary: Most northerly point:	31° 50'37.82"S; 18° 27'5.76"E
Municipal boundary: Most easterly point:	32° 29'9.13"S; 19° 30'58.90"E
Municipal boundary: Most southerly point:	32° 52'40.60"S; 19° 7'14.37"E
Municipal boundary: Most westerly point:	32° 26'34.65"S; 18° 20'4.21"E

Table 2: *Geographical Context*

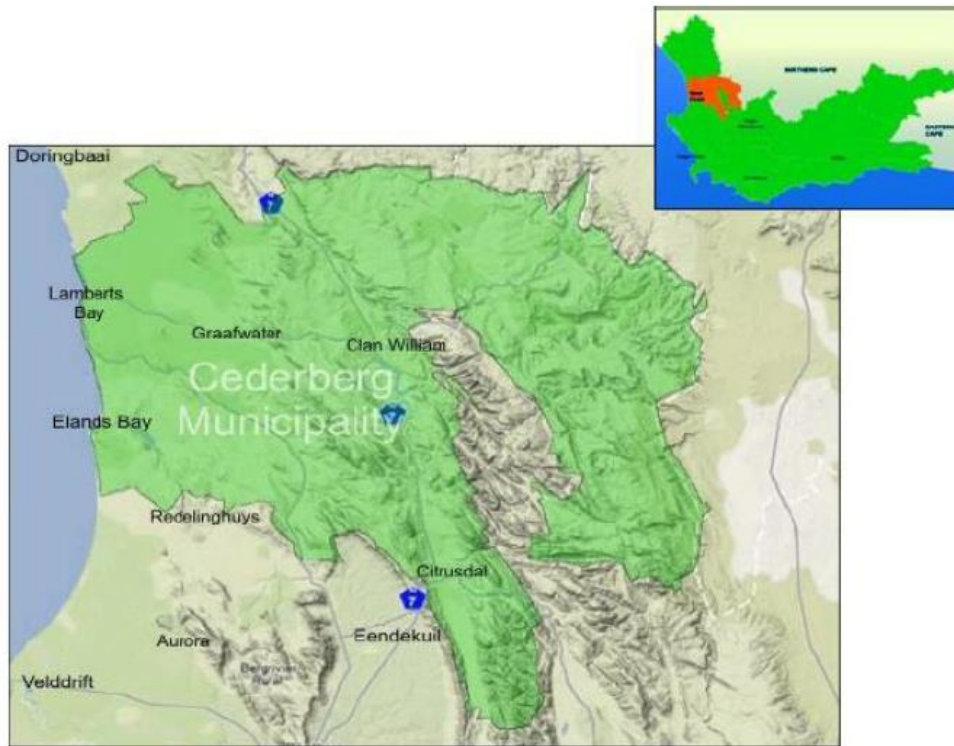


Figure 1: Cederberg Area Map

### Wards

The Cederberg Municipality consists of 6 electoral wards, with wards 1, 4 and 6 being the largest in terms of size. In the table below, the 6 wards are listed with the approximate number of persons in each ward, size of the ward and population density.

Ward	Description	Population	Size	Population density
1	Citrusdal (rural area)	9 849	1 769.7 km <sup>2</sup>	5.6 people per km <sup>2</sup>
2	Citrusdal (town)	7 178	41.2 km <sup>2</sup>	174.1 people per km <sup>2</sup>
3	Clanwilliam	7 674	264.7 km <sup>2</sup>	29.0 people per km <sup>2</sup>
4	Graafwater	8 515	1 650.4 km <sup>2</sup>	5.2 people per km <sup>2</sup>
5	Elands Bay, Lamberts Bay and Leipoldtville	9 141	1 113.0 km <sup>2</sup>	8.2 people per km <sup>2</sup>
6	Wupperthal	7 411	3 169.8 km <sup>2</sup>	2.3 people per km <sup>2</sup>

Table 3: Municipal Wards

## Towns

### Citrusdal



Citrusdal originated as a service centre for the agricultural sector in the Upper Oliphant's River Valley. The citrus industry is the main source of income in the town's hinterland. Because of the labour-intensive nature of the activity, the town experienced an influx of seasonal workers. Unemployment has increased along with a rise in population numbers. The local export economy is vulnerable to the fluctuating exchange rate of the Rand, and the concomitant decline in export value has negative implications for the economic base of the town. The nearby hot spring presents some tourism and recreation potential. However, only limited growth is expected here.

### Clanwilliam



Originated as a "central place" town in an agriculturally orientated environment on fertile land and surrounded with abundant water resources. This town currently fulfills the function of main administrative town for the municipal district, as well as being a service and

commercial centre for the surrounding population. The environment presents a diversified resource potential, i.e. the natural beauty of the Cederberg Wilderness area, the Clanwilliam dam, wild flowers, the rock art at Boesmanskloof and various heritage resources (e.g. near Wupperthal). Although the economic base of the town is embedded in the agricultural sector, tourism also became a growing component. Other sectors of the economy include light industries, especially with respect to the town's two most important export products, namely shoe making and Rooibos tea cultivation. Clanwilliam has good accessibility on the N7 route between Cape Town, Northern Cape and Namibia.

### Elands Bay



Elands Bay is to a certain extent an isolated settlement, which can partly be ascribed to the fact that the access routes to the town are mainly gravel roads. The town thus functions as a low order service center and holiday town that supplies mainly basic goods and services to its local inhabitants. The fishing industry forms the main economic base, but it is showing a declining trend as a consequence of the quota limitations on fishing for the local community. Agriculture, especially potato farming, makes a steady contribution to the economy. The town has also become known as one of the surfing venues in the world. In 2009, Baboon Point was declared a Provincial Heritage Site due to its unique value and significance as the history of the Khoisan. The

prominence of this point on the West Coast of South Africa, and the strong link to early evidence of Khoi and San interaction makes this area of national and international importance. To protect and use the site in a sustainable manner which can benefit Elands Bay and Cederberg community a conservation management plan is currently being developed. Heritage Western Cape, the provincial heritage resources authority and governing body responsible for the site is overseeing this process and has appointed Eco Africa Environmental Consultants.

## Graafwater



Graafwater is located halfway between Clanwilliam and Lamberts Bay. The town originated as a railway station, but this function is no longer a driving force. Most of the people living here are seasonal workers on the surrounding farms as agriculture provides the economic base. This Sandveld town serves only as a service point for the most basic needs of the immediately surrounding farms. Rooibos tea and potatoes are the most important agricultural products.

## Lamberts Bay

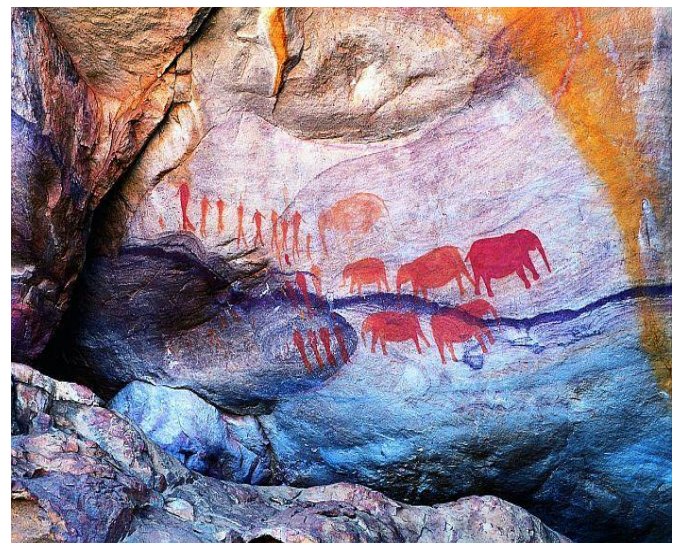
Lamberts Bay is a coastal town with its reason for existence linked to the fishing industry and the Harbour. The building of a processing factory for fishmeal, lobster packaging and potato chips led to sound growth that makes a substantial contribution to the town's economic base. The greatest asset of the



town is its impressive coastline and unique Bird Island, which is a favorite tourist destination.

## Wupperthal

This picturesque place has been a Moravian mission station since 1865. The village today consists of an old thatched Church, a store, and terraces of neat thatched-roofed little cottages. Excellent velskoen (known throughout the country) are made and tobacco is dried and worked into rolls (roltabak). The other main products of the area are dried fruit, dried beans and rooibos tea. Since 1995 development aid to Wupperthal has come in the form of grants, interest free loans and donations from various sources. Among projects that benefited from these was a 4X4 route around the district, a caravan park, two guesthouses, the revamping of a tea production facility and a needlework centre.



### Key Economic Activities

The Municipality is dependent on the following economic activities:

Key Economic Activities	Description
Agriculture and fishing	The biggest sector in the Cederberg Municipality is the agricultural and fishing sectors. It is well known that both these sectors are in decline due to fish stocks and the agricultural sector employing less people on a permanent basis and more people on a seasonal basis. The economy in Cederberg is highly seasonal with a huge influx of seasonal workers to harvest the citrus and grapes from January to July
Institutional, community, social and personal services	The second biggest employer in the Municipality is the institutional, community, social and personal services sectors with just over 20% of people employed
Tourism and agri-processing	The tourism (4%) and agricultural processing sectors are possibly the two sectors with the greatest chance to create sustainable jobs

Table 4: Key Economic Activities

## 1.3 SERVICE DELIVERY OVERVIEW

### 1.3.1 Basic Service Delivery Highlights

The table below specifies the basic service delivery highlights for the year:

Highlights	Description
Underground water exploration for Algeria	Equipping of borehole and pipeline for additional water provision for the Algeria community
Underground water exploration for Wuppertal	Equipping of borehole and pipeline for additional water provision for the Wuppertal community
Upgrade of the Lamberts Bay Waste Water Treatment Works (WWTW)	The upgrade of the Lamberts Bay WWTW to a conventional sludge activation facility were completed
Good progress with the Citrusdal WWTW re-allocation and upgrade	The upgrade and re-allocation of Citrusdal WWTW is 90% complete
Lamberts Bay housing project	Electrification of 134 informal houses in Lamberts Bay
Lamberts Bay switch station	Completion of the 11kV switching station in Lamberts Bay
High mast lights	Installation of 8 high mast lights at informal houses in Clanwilliam
Auditing of Waste Disposal Facilities (WDF)	A service provider was appointed to conduct an external audit of Clanwilliam, Citrusdal, Lamberts Bay and Elands Bay WDFs
Increase in the number of households serviced	New housing projects contributed to the increase in the number of households that received refuse removal services

Table 5: Basic Services Delivery Highlights

### 1.3.2 Basic Services Delivery Challenges

The table below specifies the basic service delivery challenges for the year:

Challenges	Actions to address
Water quality deterioration for bulk water supply systems without a conventional purification facility - Clanwilliam, Leipoldtville and Wuppertal escalated to poor performance on the Department of Water Services (DWS) Iris/Blue Drop System	Conduct feasibility studies and source funding to address infrastructural shortcomings
Scarcity of ground water in the Cederberg area	Draft a service level agreement with private land owners where ground water is present
Elands Bay oxidation ponds could not be upgraded as a result of funding restriction	Funding applications must be submitted to source the necessary funding
Graafwater oxidation ponds require upgrade with improved sludge digestion processes	Funding applications must be submitted to source the necessary funding
Clanwilliam WWTW requires upgrade to accommodate future development	Funding applications must be submitted to source the necessary funding
Funding required for the upgrade of the maximum demand of Clanwilliam	Budgetary provision must be made and funding applications submitted to source the necessary funding
Electrification of low-cost houses in Clanwilliam	A contractor must be appointed to conduct the electrification of houses
Budgetary constraints to maintain infrastructure	Budgetary provision must be made and funding applications submitted to source the necessary funding
Limited landfill space	Request the development of a regional WDF

Table 6: Basic Services Delivery Challenges

### 1.3.3 Proportion of Households with Access to Basic Services

The table below indicates the proportion of households with access to basic services:

KPI	Municipal Achievement	
	2016/17	2017/18
Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and billed for the service as at 30 June 2018	4 973	5 712
Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and billed for the service as at 30 June 2018	7 515	7 551
Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and billed for the service as at 30 June 2018	4 408	4 667
Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2018	5 023	5 537

Table 7: Households with Minimum Level of Basic Services

## 1.4 FINANCIAL HEALTH OVERVIEW

### 1.4.1 Financial Viability Highlights

The table below specifies the financial viability highlights for the year:

Highlights	Description
Clean audit achieved in 2016/17	The Municipality achieved a clean audit and is still progressing to maintain this status
Long-term Financial Strategy	Due to the growing poverty and people whom are jobless, all avenues to enhance the Municipality's revenue base has been investigated. A long-term financial strategy was compiled and adopted by Council
Replacement project for faulty water meters	Funding was received and faulty water meters were replaced in Clanwilliam and Citrusdal

Table 8: *Financial Viability Highlights*

### 1.4.2 Financial Viability Challenges

The table below specifies the financial viability challenges for the year:

Challenges	Action to address
Growing indigent base and influx in informal settlements	Strict verification process to register on Indigent Register and working closely with other Provincial and National Departments to address the growing indigent base
Struggling economy and growth	A long-term financial strategy was compiled and adopted by Council which include measures to address the issue
Implementing Municipal Standard Chart of Accounts (mSCOA)	Several challenges for the Municipality and service providers to integrate programmes and work streams. An action and project plan were compiled and closely adhered to

Table 9: *Financial Viability Challenges*

### 1.4.3 National Key Performance Indicators - Municipal Financial Viability and Management (Ratios)

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area namely Municipal Financial Viability and Management.

KPA & Indicator	2016/17	2017/18
Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2018 ((Total operating revenue-operating grants received)/debt service payments due within the year))	9.52%	9.41%
Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2018 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	20.92%	25.22%
Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2018 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	0.6	0

Table 10: National KPI's for Financial Viability and Management

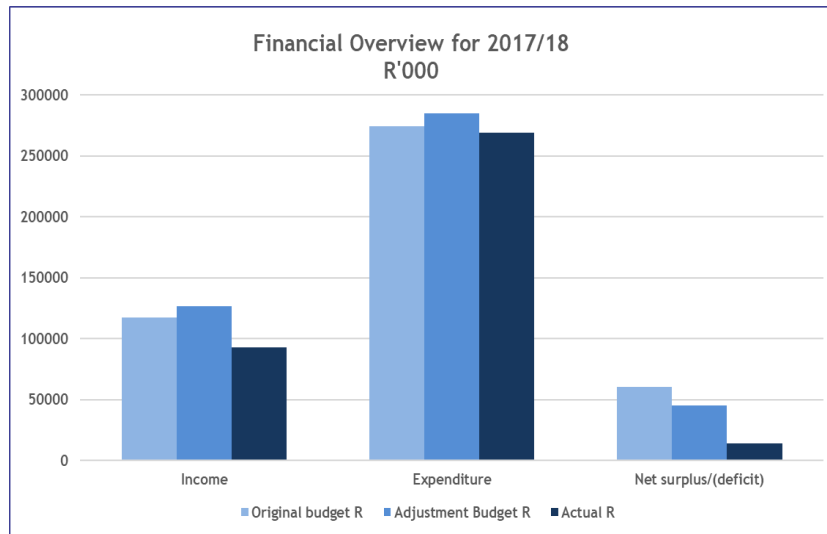
### 1.4.4 Financial Overview

The table below indicates the financial overview for the year:

Details	Original budget	Adjustment Budget	Actual
	R'000		
<b>Income</b>			
Grants	117 550	126 648	92 708
Taxes, Levies and tariffs	166 703	166 703	161 714
Other	50 191	36 991	28 822
<b>Sub Total</b>	<b>334 444</b>	<b>330 343</b>	<b>283 244</b>
Less Expenditure	274 267	284 884	269 324
<b>Net surplus/(deficit)</b>	<b>60 177</b>	<b>45 458</b>	<b>13 920</b>

Table 11: Financial Overview





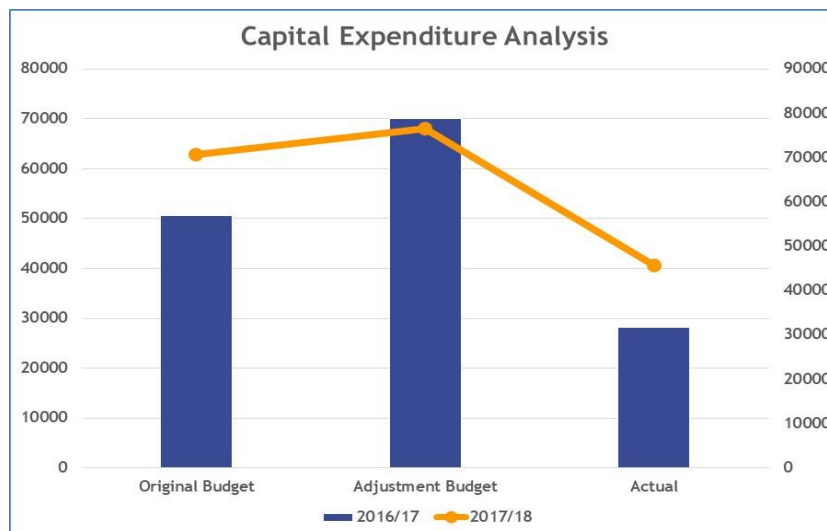
Graph 2: Financial Overview

1.4.5 Total Capital Expenditure

The table below indicates the total capital expenditure for the year:

Detail	2016/17	2017/18
	R'000	
Original Budget	50 560	70 635
Adjustment Budget	70 034	76 517
Actual	28 253	45 684
<b>% Spent</b>	<b>40%</b>	<b>60%</b>

Table 12: Total Capital Expenditure



Graph 3: Capital Expenditure Analysis

## 1.5 AUDITOR-GENERAL REPORT

### 1.5.1 Audited Outcomes

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. In short, the auditor-general checks the spending of public money by looking at whether it has been used ideally and for the purposes intended. This is done by annually checking all government spending. In turn, this can be described as an audit.

The Auditor-General's annual audit examines 3 areas:

- Fair presentation and absence of significant misstatements in financial statements
- Reliable and credible performance information for predetermined objectives
- Compliance with all laws and regulations governing financial matters

There can be 5 different outcomes to an audit, once the Municipality has submitted their financial statements to the Auditor-General, which can be simply defined as follow:

- **A clean audit:** The financial statements are free from material misstatements and there are no material findings on reporting on predetermined objectives or non-compliance with legislation.
- **Unqualified audit with findings:** The financial statements contain material misstatements. Unless we express a clean audit come, findings have been raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects.
- **Qualified audit opinion:** The financial statements contain material misstatements in specific amounts, or these insufficient evidences for us to conclude that specific amounts included in the financial statements are not materially misstated.
- **Adverse Audit Opinion:** The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements
- **Disclaimer of Audit opinion:** The auditee provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements

The table below indicates the audit opinion received in 2016/17 and 2017/18 financial years:

Year	2016/17	2017/18
Opinion received	Unqualified with no findings/ Clean Audit	Unqualified with no findings/ Clean Audit

Table 13: *Opinion Received*

## 1.6 2017/18 IDP/BUDGET PROCESS

The table below provides details of the 2017/18 IDP/Budget process:

No	Activity	Responsible person	Date
<b>Pre-Budgeting Processes/Tasks</b>			
1	Submit the Draft IDP/PMS/Budget Process Plan to Council	IDP/PMS	28 June 2016
2	Advertise Draft IDP/PMS/Budget Process Plan for public comments	IDP/PMS	5 July 2016
3	Make public the targets and indicators as set out in the SDBIP (no later than 14 days after the approval of the SDBIP) and submit to National & Provincial Treasury (no later than 10 days after the approval of the SDBIP)	IDP/PMS	6 July 2016
4	Submit monthly report on the budget for period ending 30 June 2016 within 10 working days to the Executive Mayor	Manager: Budget	14 July 2016
5	Senior Management to discuss the Draft/IDP/ PMS/Budget Process Plan	IDP/PMS	29 July 2016
6	IDP Task Team Meeting (Internal)	IDP/PMS	29 July 2016
7	Submit IDP/PMS/Budget Process Plan to Council for adoption	IDP/PMS	12 August 2016
8	Submission to Council re-establishment of Ward Committees	Public Participation	12 August 2016
9	Submit monthly report on the budget for period ending 31 July 2016 within 10 working days to the Executive Mayor	Manager Budget	15 August 2016
10	Council Induction Training	Municipal Manager	18 August 2016
11	Mayoral Legotla	Municipal Manager	29-30 August 2016
12	Table Annual Performance Report and Annual Financial Statements to Council	Municipal Manager	31 August 2016
13	Submit the Annual Performance Report and Annual Financial Statements to the Auditor-General	IDP/PMS CFO	31 August 2016
14	2015/2016 4 <sup>th</sup> Quarter Performance Report tabled to Council	IDP/PMS	31 August 2016
15	Signing of new Performance Agreements of Section 57 Managers	IDP/PMS	31 August 2016
16	IDP Task Team (Internal)	IDP/PMS	31 August 2016
17	Provincial IDP Managers Forum	IDP/PMS	1-2 September 2016
18	Advertisement of IDP/PMS/Budget Process Plan on website/local newspaper/notice boards	IDP/PMS	6 September 2016
19	Submit monthly report on the budget for period ending 31 August 2016 within 10 working days to Executive Mayor	Manager: Budget	14 September 2016
20	Advertise Dates of ward committee elections for geographical representatives	Public Participation	16 September 2016
21	Elections of Geographical Representatives	Public Participation	26 September 2016
22	IDP Task Team Meeting (Internal)	IDP/PMS	30 September 2016
23	IDP Public Meetings/Door to Door Campaigns to discuss the needs of the Communities	IDP/PMS & Public Participation	1-31 October 2016
24	Submit monthly report on the budget for period ending 30 September 2016 within 10 working days to the Executive Mayor	Manager: Budget	14 October 2016
25	IDP Representative Forum	IDP/PMS	20 October 2016
26	Submit 1 <sup>st</sup> Quarter Performance Report to Mayco	IDP/PMS	31 October 2016

No	Activity	Responsible person	Date
27	Submit to Council the list of ward committee members elected	Public Participation	31 October 2016
28	Meeting with ward committees to discuss the needs of the communities	Public Participation	31 October 2016
29	Submit monthly report on the budget for period ending 31 October 2016 within 10 working days to the Executive Mayor	Manager: Budget	14 November 2016
30	Workshop with Council to review the vision, mission and strategic objectives	Municipal Manager	14 November 2016
31	IDP Task Team Meeting (Internal)	IDP/PMS	29 November 2016
32	Provincial IDP Managers Forum	IDP/PMS	1-2 December 2016
33	IDP Representative Forum	IDP/PMS	08 December 2016
34	Submit monthly report on the budget for period ending 30 November 2016 within 10 working days to Executive Mayor	Manager: Budget	14 December 2016
35	Submit monthly report on the budget for period ending 31 December 2016 within 10 working days to the Executive Mayor	Manager: Budget	16 January 2017
36	Submit Mid-Year Budget & Performance Assessment Report to Executive Mayor (Section 72)	IDP/PMS & CFO	25 January 2017
37	Submit 2 <sup>nd</sup> Quarter Performance Report to Council	IDP/PMS	26 January 2017
38	Table Draft Annual Report 2015/2016 to Council	Municipal Manager	26 January 2017
39	Submit Mid-Year Budget & Performance Assessment to Council	IDP/PMS & CFO	26 January 2017
40	Submit Mid-Year Budget and Performance Report to Provincial Treasury, National Treasury and Department of Local Government	Municipal Manager	31 January 2017
41	Make Public the Mid-Year Budget and Performance Report	Municipal Manager	31 January 2017
42	Advertise the Draft Annual Report for public comments	IDP/PMS	31 January 2017
43	IDP Task Team Meeting (Internal)	IDP/PMS	31 January 2017
44	Submit monthly report on the budget for period ending 31 January 2017 within 10 working days to the Executive Mayor	Manager: Budget	14 February 2017
45	IDP Indaba 2	Municipal Manager	28 February 2017
46	Council considers and adopts 2016/2017 Adjustment Budget and potential revised 2016/17 SDBIP	Municipal Manager	28 February 2017
47	IDP Task Team Meeting (Internal)	IDP/PMS	31 January 2017
48	Provincial IDP Managers Forum	IDP/PMS	2-3 March 2017
49	Advertise the approved 2016/2017 Adjustment Budget and submit budget and B Schedule to National Treasury as required per legislation (within 10 working days)	Manager: Budget	14 March 2017
50	Submit monthly report on the budget for period ending 29 February 2017 within 10 working days to Executive Mayor	Manager: Budget	14 March 2017
51	Budget Steering Committee Meeting	CFO	16 March 2017
52	IDP Representative Forum Meeting	IDP/PMS	16 March 2017
53	Table Draft IDP/Budget/SDBIP to Council	Municipal Manager	28 March 2017
54	Table Oversight Report to Council	Municipal Manager	28 March 2017
55	Submit the draft IDP/SDBIP and budget to Department of Local Government, National and Provincial Treasury	IDP/PMS CFO	5 April 2017
56	Advertise the Draft IDP/SDBIP/Budget and other required documents and provide at least 21 days for public comments and submissions	IDP/PMS CFO	5 April 2017

No	Activity	Responsible person	Date
57	Make public the Oversight Report within 7 days of adoption (MFMA Sec 129)	IDP/PMS	8 April 2017
58	Submit the Annual Report and Oversight Report to the Provincial Legislature as per circular	IDP/PMS	5 April 2017
59	Submit monthly report on the budget for period ending 31 March 2017 within 10 working days to the Executive Mayor	Manager: Budget	14 April 2017
60	IDP/Budget Community Roadshow to consult the Draft IDP, SDBIP and Budget	IDP/PMS	10-28 April 2017
61	Submit 3 <sup>rd</sup> Quarter Performance Report to Treasury	IDP/PMS	28 April 2017
62	LG MTEC 3 IDP and Budget Assessments by Provincial Treasury Department of LC	Municipal Manager	29 April 2017
63	Submit monthly report on the budget for period ending 30 April 2017 within 10 working days to the Executive Mayor	Manager: Budget	12 May 2017
64	Budget Steering Committee Meeting	CFO	17 May 2017
65	IDP Representative Forum	IDP/PMS	17 May 2017
66	Submit 3 <sup>rd</sup> Quarter Performance Report to Council	IDP/PMS	25 May 2017
67	Council to adopt revised IDP and the budget (at least 30 days before the start of the budget year)	Municipal Manager	25 May 2017
68	Place the IDP, multi-year budget, all budget-related documents and all budget-related policies on the website	IDP/PMS CFO	1 June 2017
69	Submit a copy of the revised IDP to MEC for LG (within 10 days of the adoption of the plan)	IDP/PMS	1 June 2017
70	Submit approved budget to National and Provincial Treasuries (both printed and electronic formats)	CFO	1 June 2017
71	Give notice to the public of the adoption of the IDP (within 14 days of the adoption of the plan) and budget (within 10 working days)	IDP/PMS CFO	3 June 2017
72	Submit to the Executive Mayor the SDBIP for the budget year (no later than 14 days after the approval of the annual budget)	Municipal Manager	8 June 2017
73	Submit monthly report on the budget for period ending 31 May 2016 within 10 working days to the Executive Mayor	Manager: Budget	7 June 2017
74	Executive Mayor takes all reasonable steps to ensure that SDBIP is approved (within 28 days after approval of budget)	Municipal Manager	22 June 2017
<b>Community Participation Process</b>			
75	Ward 1 - Citrusdal farms public meeting	Ward Councillor	24 April 2017
76	Ward 2 - Citrusdal Town		24 April 2017
77	Ward 3 - Clanwilliam		2 May 2017
78	Ward 4 - Graafwater		21 April 2017
79	Ward 4 - Paleisheuwel		3 May 2017
80	Ward 5 - Elands Bay		8 May 2017
81	Ward 5 - Lamberts Bay		9 May 2017
82	Ward 5- Leipoldtville		4 May 2017
83	Ward 6 - Algeria		25 April 2017
84	Ward 6 - Wupperthal		25 April 2017
<b>Budget Preparatory Process</b>			

No	Activity	Responsible person	Date
85	Budget process plan approved by Council 2017/18	Executive Mayor	31 August 2016
86	Budget steering committee meeting took place	Executive Mayor	16 March 2017
<b>Budgetary Policies</b>			
87	Customer Care Improvement Policy EPWP Policy Funding and Reserves Policy Grants-In-Aid-Policy Indigent Support Policy Infrastructure Investment and Capital Policy Investment Policy Long-Term Financial Plan Policy Performance Management Framework Policy Petty Cash Policy Property Rates Policy Relocation Policy Supply Chain Management Policy Special Rating Arrears Policy Study Aid Policy Study Bursary Policy Tariff Rules Building Development Management Tariff Structure 2015/16 Tariff Rules Town Planning Tariff Structure for 2015/16 Tariff Structure Policy Travel and Subsistence Allowances Policy Virement Policy Accounting Policy to AFS Asset Management Policy Borrowing Policy Budget Policy Capital Contribution for Bulk Services Policy Creditors- Councillors and Staff Payment Policy Customer Care Credit Control and Debt Collection Policy Revenue Enhancement Policy Policy on the Writing-off of Irrecoverable Debt Property Rates By-law 2015 (To give effect to Property Rates Policy) Cash Management and Investment Policy The Municipal Finance Management Internship Policy Insurance Management Policy	Executive Mayor	31 March 2017
<b>Tabling of Budget</b>			
88	Draft Annual Report 2016/17 approved	Executive Mayor	12 December 2017
89	Draft budget approved by Council & Draft IDP 17/18 approved	Executive Mayor	29 March 2017
90	Final Budget approved by Council	Executive Mayor	25 May 2017
<b>Finalising</b>			
91	Final Annual report 2016/17 approved by Council	Executive Mayor	31 January 2018

Table 14: 2017/18 IDP/Budget Process

## CHAPTER 2

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

## 2.1 NATIONAL KEY PERFORMANCE INDICATORS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The following table indicates the municipality's performance in terms of the National Key Performance Indicator required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and Section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

Indicator	Unit of measurement	Municipal Achievement
		2017/18
The percentage of the municipal capital budget actually spent on capital projects by 30 June 2018 [(Amount actually spent on capital projects/ Amount budgeted for capital projects)x100]	% of capital budget spent on capital projects by 30 June 2018	59.98%

Table 15: National KPIs - Good Governance and Public Participation Performance

## 2.2 PERFORMANCE HIGHLIGHTS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The table below specifies the highlights for the year:

Highlights	Description
Obtain 100% funding for the completion and construction of the desalination plant in Lamberts Bay	An amount of R22 million and R6 million respectively have been secured from DWS and the Department of Local Government to complete the desalination plant. Date of completion is March 2019
Provision of housing	Infrastructure development and housing projects in Riverview (162 IRDP sites) and Lamberts Bay (492 IRDP sites) have started
Review and down-scaling of macro organogram	The macro structure has been down scaled from 4 directorates to 2 directorates with a cost saving of R2 million per annum
Strengthening of Council's finances by alienation of commonage land in Lamberts Bay	Economic development has been stimulated with the opening of the Ceder Mill Mall in Clanwilliam and identification of immovable assets and approval of the alienation thereof for industrial and residential development

Table 16: Good Governance and Public Participation Performance Highlights

## 2.3 CHALLENGES - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The table below specifies the challenges for the year:

Challenges	Actions to address
Financial sustainability	The review of immovable assets and alienation thereof, as well as the implementation of credit control measures and the development of a long-term Financial Plan
Obtain funding to secure much needed bulk electrification upgrade in Clanwilliam to stimulate further development	Formal applications have been submitted to relevant government institutions to secure funding parallel to the raising of the Clanwilliam Dam
Aged bulk infrastructure	Applications have been submitted to the relevant government institutions to secure funding
Control of the influx of illegal persons and improvement of informal settlement Khayelitsha Clanwilliam	Application for the funding to ensure monitoring and restructuring of the informal settlement and securing of basic services has been submitted to the Department of Human Settlements

Table 17: *Good Governance and Public Participation Challenges*

## 2.4 GOVERNANCE STRUCTURE

### 2.4.1 Political Governance Structure

The Council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Mayor and the Executive Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, councillors are also actively involved in community work and the various social programmes in the municipal area.

#### a) Council

The Municipal Council comprises of 11 elected councillors, made up from 6 ward councillors and 5 proportional representation councillors. The portfolio committees are made up of councillors drawn from all political parties. Below is a table that categorised the councillors within their specific political parties and wards for the 2017/18 financial year:

Name of Councillor	Capacity	Political Party	Ward representing or proportional
William Farmer	Speaker	DA	Ward 5
Jimmy Barnard	Executive Mayor	DA	Ward 4
Benjamin Zass	Deputy Executive Mayor	DA	Ward 3
Raymond Pretorius	Member: Mayoral Committee	DA	Ward 2
Rhoda Witbooi	Member: Mayoral Committee	DA	Ward 6
Jan Meyer	Chairperson of Municipal Public Accounts Committee	DA	Ward 1
Marianne Nel	Councillor	ANC	PR
Lorna Scheepers	Councillor	ANC	PR



Name of Councillor	Capacity	Political Party	Ward representing or proportional
Evelyn Majikejela	Councillor	ANC	PR
Nosiphiwo Qunta	Councillor	ANC	PR
Jonas White*	Councillor	ADC	PR
Francina Sokuyeka	Councillor	ADC	PR
*Jonas White was replaced by Francina Sokuyeka in February 2018			

Table 18: Council 2017/18

### b) Executive Committee

The Executive Mayor of the Municipality, Jimmy Barnard, assisted by the Executive Committee, heads the executive arm of the Municipality. The Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Mayor, delegated by the Council, and as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Mayor operates in concert with the Executive Committee.

The name and portfolio of each Member of the Executive Committee is listed in the table below at 30 June 2018:

Name of member	Capacity
Jimmy Barnard	Executive Mayor
Benjamin Zass	Deputy Executive Mayor
Raymond Pretorius	Member of Mayoral Committee
Rhoda Witbooi	Member of Mayoral Committee

Table 19: Executive Committee 2017/18

### c) Portfolio Committees

Section 80 committees are permanent committees that specialise in a specific functional area of the municipality and may in some instances make decisions on specific functional issues. They advise the executive committee on policy matters and make recommendations to Council. Section 79 committees are temporary and appointed by the executive committee as needed. They are usually set up to investigate a particular issue and do not have any decision-making powers. Just like Section 80 committees they can also make recommendations to Council. Once their *ad hoc* task had been completed, Section 79 committees are usually disbanded. External experts, as well as Councillors can be included on Section 79 committees.

The portfolio committees for the 2017/18 mayoral term and their Chairpersons are as follow:

Corporate & HR Services Committee	
Chairperson	Other members
Jan Meyer	Rhoda Witbooi
	Evelyn Majikejela
	Francina Sokuyeka
Infrastructure Services Committee	
Chairperson	Other members
Raymond Pretorius	Benjamin Zass
	Lorna Scheepers
Municipal Public Accounts Committee	
Chairperson	Other members
Jan Meyer	Francina Sokuyeka
	Nosiphiwo Qunta

Table 20: *Portfolio Committees*

#### d) *Political decision-taking*

Section 53 of the MSA stipulates inter alia that the respective roles and areas of responsibility of each political structure and political office bearer of the Municipality and of the Municipal Manager must be defined. The section below is based on the Section 53 role clarification.

##### *Municipal Council*

- governs by making and administrating laws, raising taxes and taking decisions that affect people's rights
- is a tax authority that may raise property taxes and service levies
- is the primary decision maker and takes all the decisions of the Municipality except those that are delegated to political structures, political office bearers, individual Councillors or officials
- can delegate responsibilities and duties for the purposes of fast and effective decision making
- must strive towards the constitutional objects of local government
- must consult the community with respect to local government matters
- is the only decision maker on non-delegated matters such as the approval of the IDP and budget

##### *Executive Mayor*

- is the executive and political leader of the Municipality and is in this capacity supported by the Executive Committee
- is the social and ceremonial head of the Municipality
- must identify the needs of the Municipality and must evaluate progress against key performance indicators
- is the defender of the public's right to be heard

- has many responsibilities with respect to the annual budget, the budget process, budget control and various other financial matters
- performs the duties and exercise the responsibilities that were delegated to him by the Council

#### *Executive Committee*

- its members are elected by the Mayor from the ranks of Councilors
- its functional responsibility area is linked to that of the Mayor to the extent that he must operate together with the members of the Executive Committee
- its primary task is to assist the Mayor in the execution of his powers - it is in fact an “extension of the once of Mayor”
- the committee has no powers of its own - decision making remains that of the Mayor

#### **2.4.2 Administrative Governance Structure**

The Municipal Manager is the Chief Accounting Officer of the Municipality. He is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which constitutes the Management Team, whose structure is outlined in the table below:

Name of Official	Position
Gerrit Matthyse	Municipal Manager (until 4 July 2017)
Louis Volschenk	Municipal Manager
Elrico Alfred	Director: Financial Services
Annalie McCallum (Contract terminated in April 2018)	Director: Corporate Services
Reginald Bent	Director: Community Services
Phemelo Majnei (Deployed to Area Manager in May 2018)	Director: Technical Services

Table 21: *Administrative Governance Structure*

## **COMPONENT B: INTERGOVERNMENTAL RELATIONS**

In terms of the Constitution of South Africa, all spheres of government and all organs of state within each sphere must co-operate with one another in mutual trust and good faith fostering friendly relations. They must assist and support one another; inform and consult one another on matters of common interest; coordinate their actions, adhering to agreed procedures and avoid legal proceedings against one another.

## 2.5 INTERGOVERNMENTAL RELATIONS

### 2.5.1 Intergovernmental Structures

To adhere to the principles of the Constitution as mentioned above the Municipality participates in the following intergovernmental structures:

Name of Structure	Members	Outcomes of Engagements/Topics Discussed
Cederberg Local Drug Action Committee (LDAC)	Cederberg Municipality, Department of Health, Department of Social Development (DSD), Cederberg NGO`s, West Coast District Municipality, Police	Collective effort to address substance abuse in Cederberg. Quarterly meetings to report on programs and projects
Cederberg Early Childhood Development (ECD) Forum launch	Cederberg Municipality; DSD; Grassroots; WCDM; ECD centres across Cederberg	Monitoring and evaluation of ECD activities. Partnership with Grassroots and DSD to ensure optimum involvement and assistance to Cederberg ECD centres

Table 22: *Intergovernmental Structures*

### 2.5.2 Joint projects and functions with Sector Departments

All the functions of government are divided between the different spheres namely National, Provincial and Local. The Municipality therefore share their area and community with other spheres of government and their various sector departments and has to work closely with national and provincial departments to ensure the effective implementation of various projects and functions. The table below provides detail of such projects and functions:

Name of Project/ Function	Expected Outcome/s of the Project	Sector Department/s involved
World Aids Day Launch of Cederberg External response policy with regard to HIV/AIDS	Draft document introduced to outline our responsibility as a partner to the HIV/AIDS pandemic	Cederberg Municipality; SALGA, Department of Health (DoH), CMAN (Cederberg Matzikama Aids Network), Police and Clanwilliam Library
Thusong outreaches in Graafwater February 2018 and Wupperthal June 2018	Create a one stop service point for the day. Different Government Departments under one roof	Cederberg Municipality, Department of Local Government, SASSA, DSD, DRDLR, IEC, DoH, DoA

Table 23: *Joint Projects and Functions with Sector Departments*

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 of the MSA refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose, it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

- the preparation, implementation and review of the IDP
- establishment, implementation and review of the performance management system
- monitoring and review of the performance, including the outcomes and impact of such performance

- preparation of the municipal budget

## 2.6 PUBLIC MEETINGS

### 2.6.1 Ward Committees

The ward committees support the ward councillor who receives reports on development, participate in development planning processes, and facilitate wider community participation. To this end, the Municipality constantly strives to ensure that all ward committees' function optimally with community information provision; convening of meetings; ward planning; service delivery; IDP formulation and performance feedback to communities.

#### a) Ward 1: Citrusdal (Farms)

Name of representative	Capacity representing
Louween Bok	ALG
Susanna Douries	Health and Welfare
Karools Farao	Churches
Kido Owies	Crime
Jeanetta Titus	Women, Elderly and Disabled
Royleen Frans	Farm Workers
Gertro Douries	Sport and Culture
Frederik Lenee	Geographic and Housing
Malie Titus	Rural Development

Table 24: Ward 1 Committee Members

#### b) Ward 2 Citrusdal (Town Area)

Name of representative	Capacity representing
Abraham Lategan	Geographic
Willem Andrew	Crime
Petrus Smith	Education and Youth
Jolanda Basson	Tourism
Anitha Kotze	Women, Elderly and Disabled
Charles Ningi	Geographic
Roelf Hugo	Chamber of Commerce
Nicolaas Waterboer	Churches
Jawano Zimri	Sport and Culture
Shireez Hector	Health

Table 25: Ward 2 Committee Members

#### c) Ward 3 Clanwilliam

Name of representative	Capacity representing
Shaun Conradie	Education and Youth
Wellington Nkebetwane	Community - Khayelitsha
Elizabeth Witbooi	Women, Elderly and Disabled
Riaan van Zyl	Economic Development and Tourism
Daniel Ludick	Crime
Peet Viljoen	Community - Clanwilliam
Nickey Crosney	Sport
Ilse Lochner	Chamber of Commerce
Johannes Beukes	Health
Louisa Swartz	Churches

Table 26: Ward 3 Committee Members

## d) Ward 4 Graafwater

Name of representative	Capacity representing
Will Mouton	Geographic - Graafwater North
Maria Strauss	Geographic - Graafwater South
Ilze Phipson	Hwalth and Welfare
Maria Zass	Small Farmers
Margaritha Strauss	Churches
Christo Hammers	Sport
Andre Coetzee	Chamber of Commerce
BJ Burger	Crime
Jonathan van der Westerhuizen	Rural and Economic
Elvino Sass	Education and Youth

Table 27: Ward 4 Committee Members

## e) Ward 5 Lamberts Bay, Elands Bay and Leipoldtville

Name of representative	Capacity representing
Sarah Foentjies	Education
Annalize Friesley	Youth
Arend de Waal	Chamber of Commerce
Neels Mostert	Geographic
Willem Auret	Health
Jeff Schalk	Geographic
Winston Abrahams	Sport
Gerrit Alfred	Geographic
Henry Arangie	Crime
Getrude Angle	Geographic

Table 28: Ward 5 Committee Members

## f) Ward 6 Wupperthaland Algeria

Name of representative	Capacity representing
Ricardo Hoorn	Geographic
Brenda Farmer	Geographic
Magrieta Afrika	Geographic
Amelia Koopman	Geographic
Malvern Fabrik	Geographic
Megan Salomo	Geographic
Renee Veloen	Geographic
Gregory Koopman	Geographic
Richolene Coetzee	Geographic
Barnett Cornellison	Geographic

Table 29: Ward 6 Committee Members

## 2.6.2 Representative Forums

## a) Labour Forum

The table below specifies the members of the Labour Forum for the 2017/18 financial year:

Name of representative	Capacity
Councillor Raymond Preotius	Chairperson
Councillor Rhoda Witbooi	Member
Louis Voslchenk	Municipal Manager
Elrico Alfred	Chief Financial Officer
Reginald Bent	Director: Community Services
Annalie McCallum (Contract terminated April 2018)	Director: Corporate Services
Bino Farmer	SAMWU Shopsteward
Dinah Saiset	SAMWU Shopsteward
Mlungiseleli Bele	SAMWU Shopsteward
Kallie Watt	IMATU Shopsteward
Shirley-Ann Mouton	IMATU Shopsteward
Michael Swarts	IMATU Shopsteward
Hilda Klaassen	IMATU Shopsteward
Henry Witbooi	Manager: Human Resources
Enrico Sampson	HR Practitioner: Labour Relations
Jessica Cloete	Committee Services Officer

Table 30: Labour Forum

## COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

### 2.7 RISK MANAGEMENT

In terms of Section 62 of the MFMA (1)(c)(i) *“the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure- that the municipality has and maintains effective, efficient and transparent systems - of financial and risk management and internal control;”...*

The management of risk is the process by which the Accounting Officer, the CFO and the other senior management of a Municipality will pro-actively, purposefully and regularly, but at least annually, identify and define current as well as emerging business, financial and operational risks and identify appropriate, business and cost effective methods of managing these risks within the Municipality, as well as the risk to the stakeholders.

#### Purpose and Scope

This policy addresses key elements of the risk management framework to be implemented and maintained by the Municipality, which will allow for the management of risks within defined risk/return parameters, risk appetite and tolerances as well as risk management standards. As such, it provides a framework for the effective identification, evaluation, management measurement and reporting of the Municipality's risks.

#### Objectives

The objective of the risk policy is to ensure that a strategic plan is developed that should address the following:

- an effective risk management architecture
- a reporting system to facilitate risk reporting
- an effective culture of risk assessment

The role of the service departments is to identify, review and manage their risks on an ongoing basis, making risk management an integral or natural part of the organisational processes and procedures. Risk management should be embedded in the organisation, it becomes an intrinsic part of business planning and decision making - there is no direction taken without looking at potential risks.

The table below include the top risks of the Municipality:

Risk	Current Controls	Residual Risk Exposure	Risk Owner
Lack of financial viability and economic sustainability	3-year strategic plan	Within risk appetite	All Directorates - All Directors
Inability to provide timely and effective services to the community	Masterplans and asset register	Within risk appetite	Technical Service Manager PMU



Risk	Current Controls	Residual Risk Exposure	Risk Owner
Poor retention of staff to deliver effective services	<ul style="list-style-type: none"> <li>Skills Development Policy implemented</li> <li>Advertise of positions</li> </ul>	Within risk appetite	Financial & Administrative Service
Inability to deliver projects due to lack of financial resources and current government funding model	Received MIG funds to implement the water and stormwater pipes	Within risk appetite	Technical Service Manager PMU
Uncontrolled growth of informal settlements	<ul style="list-style-type: none"> <li>Relocation of informal settlements</li> <li>Funds received from Department of Human Settlements</li> </ul>	Below risk appetite	Integrated Development Service
Loss of income and/or legal fines for the non-compliance of landfill sites in the region	<ul style="list-style-type: none"> <li>Establish Intern Municipal Cooperation Forum</li> <li>Memorandum of Agreement between municipalities and the district</li> </ul>	Below risk appetite	Technical Service Manager PMU
Increase in poverty, unemployment, inequality and crime	<ul style="list-style-type: none"> <li>Intergovernmental interventions</li> <li>EPWP/CWP/ Cooperatives</li> </ul>	Within risk appetite	All departments
Cost of compliance, under-funded mandates and insufficient equitable share	Legal instruments as MOA, MOU etc.	Within risk appetite	Office of the Municipal Manager
Outstanding implementation of task evaluation as per new organisational structure	New organisational and outcome of TASK evaluation	Within risk appetite	Financial & Administrative Service
Inability to provide the community with water services	Water and electricity meters- audit conducted	Exceeds risk tolerance	Technical Service Manager PMU
Risk of power failures and possible safety concerns due to overloading of network	Audit conducted on the electricity supply	Exceeds risk tolerance level	Technical Service Manager PMU

Table 31: Top Risks

The role of the Risk Committee is to provide timely and useful enterprise risk management report to the Audit Committee of the Municipality. The report contains the current top risks of the Municipality, which includes:

- the key strategic and financial risks facing the Municipality (all extreme and high-risk exposures)
- the key operational risks per strategic goal (top 5 risks per objective as per risk exposure from high to low)

Further detail of the roles of the Risk Committee is included in the approved Risk Committee Charter.

Name of Committee Member	Capacity
Louis Volschenk	Municipal Manager
Craig Sheldon	Risk/Legal/Compliance Section Head
Joylyon Goeieman	Internal Auditor
Clarissa Somers	Technical Services Manager PMU
Elrico Alfred	Chief Financial Officer (CFO)
Annalie McCallum (Contract terminated April 2018)	Director Corporate Services

Table 32: Risk Committee

## 2.8 ANTI-CORRUPTION AND ANTI-FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, Section 112(1)(m)(i) identify 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 a supply chain management system to minimize the likelihood of corruption and fraud.

### a) *Developed Strategies*

Name of strategy	Developed (Yes/No)	Date adopted
Fraud and Corruption Prevention Policy	Yes	30 May 2018
Fraud and Corruption Prevention Strategy	Yes	30 May 2018

Table 33: *Strategies*

### b) *Implementation of Strategies*

Strategies to implement	Key Risk Areas	Key measures to curb corruption and fraud
Code of Ethics	Use of consultants where not necessary	The new organogram makes provision for a Risk Officer. Position will be filled before November 2018
Whistle Blowing Policy	Inadequate risk management capacity	The Internal Audit Department is in charge of the whistle blowing hotline. Incidence reporting register/database is in place. Awareness workshops will take place before December 2018

Table 34: *Implementation of the Strategies*

## 2.9 AUDIT COMMITTEE

Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must -

(a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to -

- internal financial control
- risk management
- performance Management
- effective Governance

The Audit Committee have the following main functions as prescribed in section 166 (2)(a-e) of the MFMA and the Local Government Municipal and Performance Management Regulation:

### a) *Functions of the Audit Committee*

- To advise the Council on all matters related to compliance and effective governance

- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation
- Respond to the council on any issues raised by the Auditor-General in the audit report
- To review the quarterly reports submitted to it by the internal audit
- To evaluate audit reports pertaining to financial, administrative and technical systems
- The compilation of reports to Council, at least twice during a financial year
- To review the performance management system and make recommendations in this regard to Council
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimised
- To review the annual report of the Municipality
- Review the plans of the internal audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available
- Provide support to the internal audit function
- Ensure that no restrictions or limitations are placed on the internal audit section
- Evaluate the activities of the internal audit function in terms of their role as prescribed by legislation

#### b) *Members of the Audit Committee*

The following table indicates the members of the audit committee:

Name of representative	Capacity
Pieter Strauss	Chairperson
Leone Arendse	Member
Marjory Linnert	Member

Table 35: *Members of the Audit Committee*

## 2.10 PERFORMANCE AUDIT COMMITTEE

The Municipal Planning and Performance Management Regulations require that the Performance Audit Committee is comprised of a minimum of three members, the majority of whom are external (neither a Councillor nor an employee) of the Municipality. Section 14(2)(b) of the Municipal Planning and Performance Management Regulations further stipulates that the performance audit committee must include at least one person who has expertise in performance management. It is also a requirement of the regulations in Section 14(2)(d) that the Council of a municipality designate neither a member of the Performance Audit Committee who is neither a Councillor nor an employee of the Municipality as the chairperson of the committee.

In terms of Section 166(4)(a) of the MFMA, an Audit Committee must consist of at least three persons with appropriate experience, of who the majority may not be in the employ of the Municipality.

Section 166(5) of the MFMA, requires that the members of an Audit Committee must be appointed by the Council of the Municipality. One of the members, not in the employ of the Municipality, must be appointed as the chairperson of the committee. No Councillor may be a member of an Audit Committee.

Both the Municipal Planning and Performance Management Regulations and the MFMA, indicate that three is the minimum number of members needed to comprise a Performance Audit Committee. While the regulations preclude the appointment of a councillor as chairperson of the Performance Audit Committee, the MFMA excludes the involvement of a councillor in the composition of a Performance Audit Committee entirely.

Section 14(3)(a) of the Municipal Planning and Performance Management Regulations requires that the Performance Audit Committee of a Municipality must meet at least twice during each financial year. However, additional special meetings of the Performance Audit Committee may be called for by any member of the committee, where sufficient justification exists in terms of Section 14(3)(b) of the Municipal Planning and Performance Management Regulation.

#### a) *Functions of the Performance Audit Committee*

In terms of Section 14(4)(a) of the Municipal Planning and Performance Management Regulations the performance audit committee has amongst others the responsibility to -

- i) review the quarterly reports produced and submitted by the internal audit process;
- ii) review the Municipality's performance management system and make recommendations in this regard to the Council of the Municipality; and
- iii) at least twice during each financial year submit a performance audit report to the Council of the Municipality.

#### b) *Members of the Performance Audit Committee*

The following table indicates the members of the Performance Audit Committee:

Name of representative	Capacity
Pieter Strauss	Chairperson
Leone Arendse	Member
Majory Linnert	Member

Table 36: *Members of the Performance Audit Committee*

## 2.11 COMMUNICATION

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa, 1996 and other statutory enactments all impose an obligation on local government and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

Good customer care is clearly of fundamental importance to any organisation. A successful communication strategy therefore links the people to the Municipality's programme for the year.

Below is a communication checklist of the compliance to the communication requirements:

### Newsletters

Type of Newsletter	Distributed
Internal	Quarterly
External	Quarterly

Table 37: *Newsletter*

### Awareness Campaigns

Topic	Dates	Target Groups
Madiba Day	18 July	Community

Table 38: *Awareness Campaigns*

### Additional Communication Channels Utilised

Channel	Yes/No
SMS system	Yes
Call system and whatsapp	Yes

Table 39: *Additional Communication Channels Utilised*

## 2.12 WEBSITE

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of Section 75 of the MFMA and Section 21A and B of the MSA as amended.

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. It is a communication tool that should allow easy and convenient access to relevant information. The municipal website should serve as an integral part of the Municipality's communication strategy.

The table below gives an indication about the information and documents that are published on our website.

Description of information and/or document	Yes/No
<b>Municipal contact details (Section 14 of the Promotion of Access to Information Act)</b>	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
<b>Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)</b>	
Draft Budget 2017/18	Yes

Description of information and/or document	Yes/No
Adjusted Budget 2017/18	Yes
Asset Management Policy	Yes
Customer Care, Credit control & Debt collection Policy	Yes
Indigent Policy	Yes
Investment & Cash Management Policy	Yes
Rates Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
Virement Policy	Yes
Travel and Subsistence Policy	Yes
SDBIP 2017/18	Yes
Budget and Treasury Office Structure	No
<b>IDP and Public Participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)</b>	
Reviewed IDP for 2017/18	Yes
IDP Process Plan for 2017/18	Yes
<b>Supply Chain Management (Sections 14(2), 33, 37 &amp; 75(1)(e)&amp;(f) and 120(6)(b) of the MFMA and Section 18(a) of the National SCM Regulation)</b>	
List of capital assets that have been disposed	Yes
Long term borrowing contracts	Yes
SCM contracts above R30 000	Yes
Section 37 of the MFMA; No 56 of 2003 (Unsolicited Bids/Contracts)	Yes
Public invitations for formal price quotations	Yes
<b>Reports (Sections 52(d), 71, 72 &amp; 75(1)(c) and 129(3) of the MFMA)</b>	
Annual Report of 2016/17	Yes
Oversight reports	Yes
Mid-year budget and performance assessment	Yes
Quarterly Reports	Yes
Monthly Budget Statement	Yes
<b>Local Economic Development (Section 26(c) of the MSA)</b>	
LED Strategy	Yes
LED Policy Framework	No
Economic Profile	No
LED projects	Yes
<b>Performance Management (Section 75(1)(d) of the MFMA)</b>	
Performance Agreements for employees appointed as per S57 of MSA	Yes

Table 40: Website Checklist

## CHAPTER 3

This chapter provides an overview of the key service achievements of the municipality that came to fruition during 2017/18 in terms of the deliverables achieved compared to the key performance objectives and indicators in the IDP.

### 3.1 OVERVIEW OF PERFORMANCE WITHIN ORGANISATION

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor measure and review performance indicators to ensure effectiveness and the impact of service delivery by the municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether meet its strategic goals, set by the organisation and its employees are met.

The Constitution of SA, Section 152, dealing with the objectives of Local government paves the way for performance management with requirements for an "accountable government". The democratic values and principles in terms of Section 195(1) are also linked with the concept of performance management. With reference to the principles of inter alia:

- the promotion of efficient, economic and effective use of resources,
- Accountable public administration
- To be transparent by providing information,
- To be responsive to the needs of the community,
- And to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery Budget Implementation Plan (SDBIP).

In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning. Monitoring, Measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players. "Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation as well as the external service providers and the Municipal Entities. This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

### 3.1.1 Legislative Requirements

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In terms of Section 46(1)(a) of the MSA, a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the Municipality for the following financial year and measures that were or are to be taken to improve performance.

### 3.1.2 Organisational Performance

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Strategic performance indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an on-going basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlights the strategic performance in terms of the Municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the National Key Performance Areas, performance on the National Key Performance Indicators prescribed in terms of Section 43 of the MSA and an overall summary of performance on municipal services.

### 3.1.3 Performance Management System used in the financial year 2017/18

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#### *a) Adoption of a Performance Management Framework*

The municipality drafted a performance framework in the 2013/14 financial year and it was approved by Council on 29 May 2014.

#### *b) The IDP and the Budget*

The reviewed IDP for 2017/18 and the budget for 2017/18 were approved by Council on 30 May 2017. The IDP process and the performance management processes are integrated. The IDP fulfils the planning stage of performance management. Performance Management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

#### *c) The Service Delivery Budget Implementation Plan*

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the service delivery budget implementation plan (SDBIP) at directorate and departmental levels. The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and Budget.



The MFMA Circular No. 13 prescribes that:

- The IDP and budget must be aligned
- The budget must address the strategic priorities
- The SDBIP should indicate what the municipality is going to do during next 12 months
- The SDBIP should form the basis for measuring the performance against goals set during the budget/IDP processes.

The SDBIP were prepared as per legislation and the Top Layer SDBIP was approved by the Executive Mayor on 13 June 2017. The Top Layer SDBIP was revised with the Adjustment Budget in terms of Section 26(2)(c) of the Municipal Budget and Reporting Regulations and an adjusted Top Layer SDBIP was approved by the Council on 28 February 2018.

#### *d) The Municipal Scorecard (Top Layer SDBIP)*

The municipal scorecard (Top Layer SDBIP) consolidate service delivery targets set by Council/senior management and provide an overall picture of performance for the Municipality as a whole, reflecting performance on its strategic priorities. Components of the Top Layer SDBIP include:

- One-year detailed plan, but should include a three-year capital plan
- The 5 necessary components include:
  - Monthly projections of revenue to be collected for each source
  - Expected revenue to be collected NOT billed
  - Monthly projections of expenditure (operating and capital) and revenue for each vote
  - Section 71 format (Monthly budget statements)
  - Quarterly projections of service delivery targets and performance indicators for each vote
  - Non-financial measurable performance objectives in the form of targets and indicators
  - Output NOT input / internal management objectives
  - Level and standard of service being provided to the community
  - Ward information for expenditure and service delivery
  - Detailed capital project plan broken down by ward over three years

The following diagram illustrates the establishment, components and review of the municipal scorecard (Top Layer SDBIP):

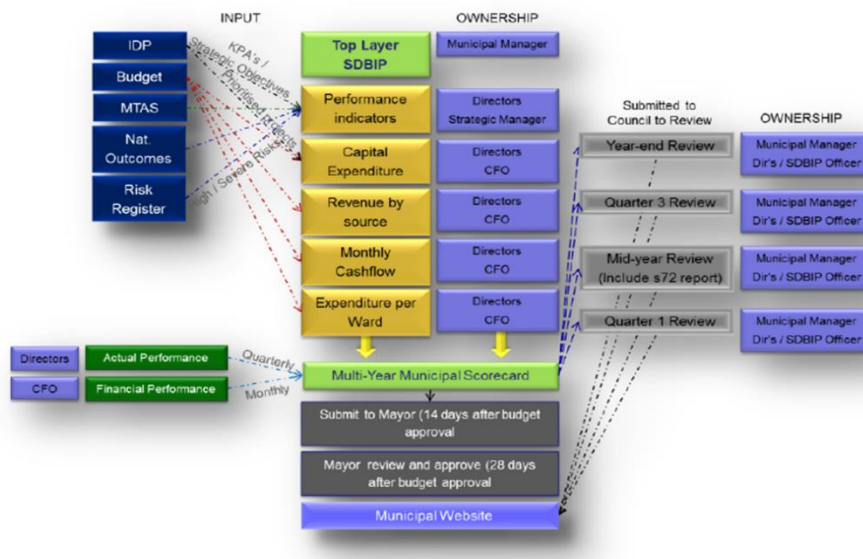


Figure 1: Components of the Municipal Scorecard (Top Layer)

Top Layer KPI's were prepared based on the following:

- Key Performance Indicators (KPI's) for the programmes/activities identified to address the strategic objectives as documented in the IDP
- KPI's identified during the IDP and KPI's that need to be reported to key municipal stakeholders
- KPI's to address the required National Agenda Outcomes, priorities and minimum reporting requirements

**e) Actual Performance**

The Municipality utilizes an electronic web-based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- The actual result in terms of the target set
- The output/outcome of achieving the KPI
- The calculation of the actual performance reported (if %)
- A performance comment
- Actions to improve the performance against the target set, if the target was not achieved

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.

### 3.1.4 Performance Management

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#### (a) *Organisational Performance*

The organisational performance is monitored and evaluated via the SDBIP and the performance process can be summarised as follows:

- The Top Layer SDBIP was approved on 17 June 2017
- The web-based system sent automated e-mails to the users of the system as a reminder for updating their actual performance against key performance indicator targets every month for the previous month's performance
- Additionally, the performance system administrator reminded all departments on a monthly basis to update their actual performance on the web-based system

#### (b) *Individual Performance Management - Municipal Managers and Managers directly accountable to the Municipal Manager*

The MSA prescribes that the Municipality must enter into performance-based agreements with all s57 managers and that performance agreements must be reviewed annually. This process and the format are further regulated by Regulation 805 (August 2006). The performance agreements for the 2017/18 financial were signed during 28 July 2017.

The appraisal of the performance in terms of the signed agreements takes place twice per annum as regulated. The appraisal was done by an evaluation panel as indicated in the signed performance agreements and in terms of Regulation 805 and consisted of the following people:

- Executive Mayor
- Portfolio Chairperson
- Municipal manager
- Chairperson of the Performance Audit Committee
- Municipal Manager from another municipality

## 3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2017/18

### 3.2.1 Strategic Service Delivery Budget Implementation Plan (Top Layer)

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The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section should provide an overview on the strategic achievement of a municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer (strategic) SDBIP is the Municipality's strategic plan and shows the strategic alignment between the different documents (IDP, Budget and Performance Agreements).

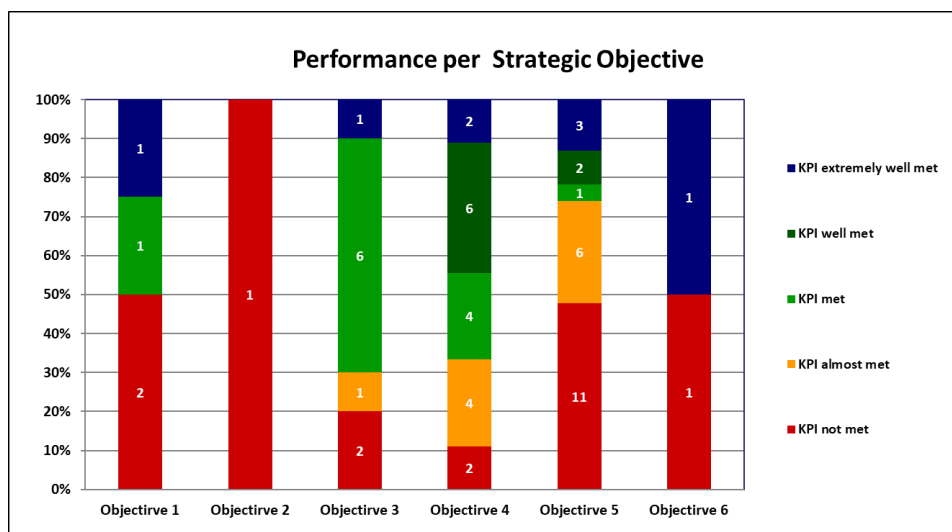
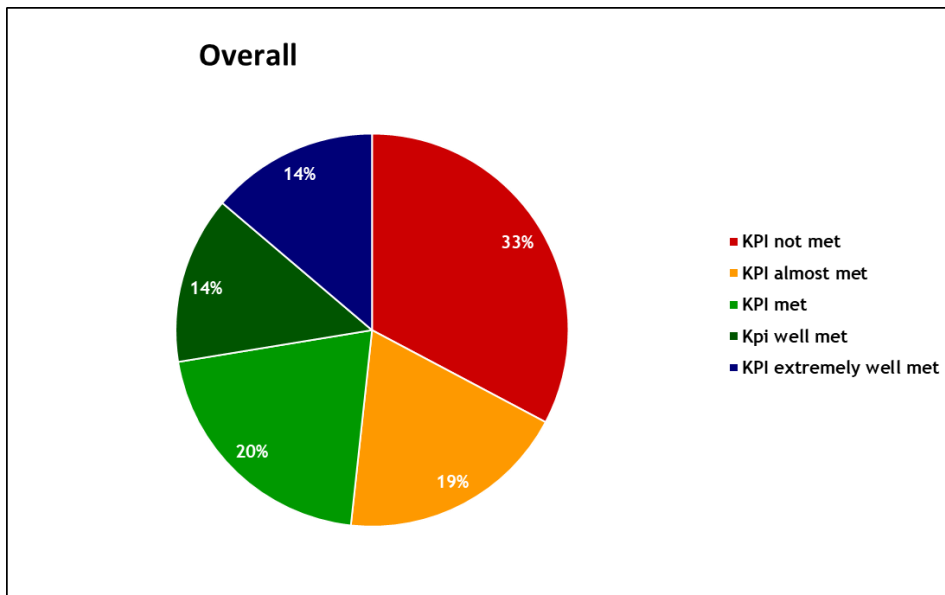
In the paragraphs below the performance achieved is illustrated against the Top layer SDBIP according to the IDP (strategic) objectives.

The following table explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (kpi's) of the SDBIP is measured:

Category	Colour	Explanation
KPI Not Met	R	0% > = Actual/Target < 75%
KPI Almost Met	O	75% > = Actual/Target < 100%
KPI Met	G	Actual/Target = 100%
KPI Well Met	G2	100% > Actual/Target < 150%
KPI Extremely Well Met	B	Actual/Target > = 150%

Figure 2: SDBIP Measurement Criteria

The overall performance results achieved by the Municipality in terms of the Top Layer SDBIP are indicated in the tables and graphs below:



Graph 4: Top Layer SDBIP per Strategic Objectives

Measurement Category	Objective 1	Objective 2	Objective 3	Objective 4	Objective 5	Objective 6	Total
	Facilitate, expand and nurture sustainable economic growth and eradicate poverty	Enable a resilient, sustainable, quality and inclusive living environment and human settlements i.e. Housing development and informal settlement upgrade	Good Governance, Community Development & Public Participation	Implement strategies to ensure financial viability and economically sustainability	Improve and sustain basic service delivery and infrastructure development	To facilitate social cohesion, safe and healthy communities	
KPI Not Met	2	1	2	2	11	1	19
KPI Almost Met	0	0	1	4	6	0	11
KPI Met	1	0	6	4	1	0	12
KPI Well Met	0	0	0	6	2	0	8
KPI Extremely Well Met	1	0	1	2	3	1	8
<b>Total</b>	<b>4</b>	<b>1</b>	<b>10</b>	<b>18</b>	<b>23</b>	<b>2</b>	<b>58</b>

Table 41: Top Layer SDBIP per Strategic Objectives

## a) Facilitate, expand and nurture sustainable economic growth and eradicate poverty

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL13	Create 100 jobs opportunities in terms of EPWP by 30 June 2018	Number of job opportunities created in terms of EPWP	All	109	0	0	0	100	100	175	B
TL27	Develop three LED policies (Investors Incentive Policy / Informal Trading Policy / Events Policy) and submit to Council for approval by 30 June 2018	Number of policies submitted to Council for approval	All	New Key Performance Indicator for 2017/18	0	0	0	3	3	2	R
<b>Corrective action</b>		The outstanding policy will be finalised and submitted to Council by November 2018									
TL28	Alienate Ramskop Nature Garden by 30 June 2018	Ramskop Nature Garden alienated by 30 June 2018	All	New Key Performance Indicator for 2017/18	0	0	0	1	1	0	R
<b>Corrective action</b>		The revised offer from the bidder will be submitted to BEC by September 2018									
TL29	Establish a LED "one stop shop" in Citrusdal by 30 June 2018	LED "one stop shops" established	All	New Key Performance Indicator for 2017/18	0	0	0	1	1	1	G

Table 42: Facilitate, expand and nurture sustainable economic growth and eradicate poverty

b) *Enable a resilient, sustainable, quality and inclusive living environment and human settlements i.e. Housing development and informal settlement upgrade*

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL25	Service 185 sites in Lamberts Bay by 30 June 2018	Number of sites serviced	5	New Key Performance Indicator for 2017/18	0	0	0	185	185	0	R
<b>Corrective action</b>		The project will be completed in the 2018/19 financial year									

Table 43: *Enable a resilient, sustainable, quality and inclusive living environment and human settlements i.e. Housing development and informal settlement upgrade*

c) *Good Governance, Community Development & Public Participation*

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL14	The number of people from employment equity target groups employed in the three highest levels of management in compliance with the equity plan as at 30 June 2018	Number of people employed	All	4	0	0	0	1	1	0	R
<b>Corrective action</b>		The position will be filled from 1 July 2018									
TL15	The percentage of the municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2018[(Actual amount spent on training/total operational budget)x100]	% of the municipality's personnel budget actually spent on training by 30 June 2018 (Actual amount spent on training/total personnel budget)x100	All	0.27%	0%	0%	0%	1%	1%	0.84%	O
<b>Corrective action</b>		Three-year Turnaround Strategy improvement year on year									
TL16	Complete the annual Risk Assessment and submit the strategic and operational risk register to the Risk Committee by 31 March 2018	Strategic and operational risk register submitted to the Audit Committee	All	1	0	0	1	0	1	1	G
TL17	Develop and submit the risk based audit plan for 2018/19 to the Audit Committee by 30 June 2018	Risk based audit plan submitted to the Audit Committee	All	1	0	0	0	1	1	0	R
<b>Corrective action</b>		RBAP will be considered at the Audit Committee meeting held on 29 August 2018									
TL18	Draft the annual performance report for 2016/17 and submit to the Auditor-General by 31 August 2017	Annual performance report for 2016/17 drafted and submitted to the Auditor-General	All	1	1	0	0	0	1	1	G

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL19	Compile and submit the draft annual report for 2016/17 to Council by 31 January 2018	Draft annual report for 2016/17 submitted to Council	All	1	0	0	1	0	1	1	G
TL20	Compile and submit the final annual report and oversight report for 2016/17 to Council by 31 March 2018	Final annual report and oversight report for 2016/17 submitted to Council	All	1	0	0	1	0	1	1	G
TL21	Submit the final reviewed IDP to Council by 31 May 2018	Final IDP submitted to Council	All	1	0	0	0	1	1	1	G
TL51	Review the Standing Rules of Order and submit to Council for approval by 30 September 2017	Reviewed Standing Rules of Order submitted to Council for approval	All	1	1	0	0	0	1	1	G
TL52	Finalise the job descriptions for all staff members and submit for Task evaluation by 30 June 2018 [(Total number of job descriptions finalised/Total number of staff members)x100]	% of Job descriptions finalised and submitted for task evaluation	All	38.80%	0%	0%	0%	100%	100%	163%	B

Table 44: Good Governance, Community Development &amp; Public Participation

## d) Implement strategies to ensure financial viability and economically sustainability

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL1	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2018 [(Amount actually spent on capital projects/ Amount budgeted for capital projects)x100]	% of capital budget spent on capital projects by 30 June 2018	All	40%	10%	20%	60%	90%	90%	59.98%	R
<b>Corrective action</b>		Implementation of the procurement plans to ensure that target is met									
TL2	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and billed for the service as at 30 June 2018	Number of residential properties which are billed for water or have pre paid meters	All	4,973	4,950	4,950	4,950	4,950	4,950	5,603	G2
TL3	Number of formal residential properties connected to the	Number of residential properties which are billed for electricity	All	7,515	7,615	7,615	7,615	7,615	7,615	7,525	O

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18							
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
	municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and billed for the service as at 30 June 2018	or have pre paid meters (Excluding Eskom areas)										
<b>Corrective action</b>		Target will be revised and the KPI must be monitored closely										
TL4	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and billed for the service as at 30 June 2018	Number of residential properties which are billed for sewerage	All	4,408	4,315	4,315	4,315	4,315	4,315	4,624	G2	
TL5	Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2018	Number of residential properties which are billed for refuse removal	All	5,023	4,950	4,950	4,950	4,950	4,950	5,479	G2	
TL6	Provide free basic water to indigent households as per the requirements in the indigent policy as at 30 June 2018	Number of households receiving free basic water	All	2,012	2,000	2,000	2,000	2,000	2,000	1,936	O	
<b>Corrective action</b>		The Municipality's Indigent Support Policy were revised to house owners only. With the audit a lot of customers in Elands Bay did not qualify as they are not home owners but tenants. The Municipality has appointed a Service Provider by COGTA to do an analysis of our indigent customer base										
TL7	Provide free basic electricity to indigent households as per the requirements in the indigent policy as at 30 June 2018	Number of households receiving free basic electricity	All	1,984	1,950	1,950	1,950	1,950	1,950	2,005	G2	
TL8	Provide free basic sanitation to indigent households as per the requirements in the indigent policy as at 30 June 2018	Number of households receiving free basic sanitation services	All	1,903	1,900	1,900	1,900	1,900	1,900	1,859	O	
<b>Corrective action</b>		The Municipality's Indigent Support Policy were revised to house owners only. With the audit a lot of customers in Elands Bay did not qualify as they are not home owners but tenants. The Municipality has appointed a Service Provider by COGTA to do an analysis of our indigent customer base										
TL9	Provide free basic refuse removal to indigent households as per the requirements in the indigent policy as at 30 June 2018	Number of households receiving free basic refuse removal	All	2,012	2,000	2,000	2,000	2,000	2,000	1,939	O	



Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
<b>Corrective action</b>		The Municipality's Indigent Support Policy were revised to house owners only. With the audit a lot of customers in Elands Bay did not qualify as they are not home owners but tenants. The Municipality has appointed a Service Provider by COGTA to do an analysis of our indigent customer base									
TL10	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2018 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% of debt coverage	All	9.52%	0%	0%	0%	45%	45%	9.41%	B
TL11	Financial viability measured in terms of the outstanding service debtors as at 30 June 2018 (Total outstanding service debtors/ revenue received for services)	% of outstanding service debtors	All	20.92%	0%	0%	0%	30%	30%	25.22%	B
TL12	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2018 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash	All	0.6	0	0	0	1	1	0	R
<b>Corrective action</b>		A Turn-around Strategy (financial plan) was implemented an approved by Council on 31 May 2018 with the main focuses on cost containment measures and revenue enhancement. The strategies will take about 3 years to reach its set goals									
TL54	Spent 90% of the Financial Management Grant by 30 June 2018 [(Total actual grant expenditure/Total grant allocation received)x100]	% of FMG grant spent	All	100%	10%	40%	70%	90%	90%	100%	G2
TL55	Submit financial statements to the Auditor-General by 31 August 2017	Approved financial statements submitted to the Auditor-General	All	1	1	0	0	0	1	1	G
TL56	Achievement of a payment percentage of 85% quarterly ((Gross Debtors Closing Balance	Payment % achieved	All	88.19%	85%	85%	85%	85%	85%	85.08%	G2

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
	+ Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue) x 100										
TL57	Achieve an unqualified audit opinion by 31 March 2018 for the 2016/17 financial year	Unqualified Audit opinion received	All	1	0	0	1	0	1	1	G
TL58	Submit the draft main budget to Council for approval by 31 March 2018	Draft main budget submitted to Council for approval	All	1	0	0	1	0	1	1	G
TL59	Submit the adjustments budget to Council for approval by 28 February 2018	Adjustment budget submitted to Council for approval	All	1	0	0	1	0	1	1	G

Table 45: Implement strategies to ensure financial viability and economically sustainability

## e) Improve and sustain basic service delivery and infrastructure development

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL30	Spend 90% of the capital budget on phase 3 of the Lamberts Bay Housing Bulk Electricity Upgrade by 30 June 2018 [(Total expenditure on the project/ Approved budget for the project)x100]	% of capital budget spent	5	100%	0%	20%	55%	90%	90%	100.06%	G2
TL31	Spend 90% of the approved maintenance budget for electricity services by 30 June 2018 [(Total expenditure on maintenance/ Approved budget for maintenance)x100]	% maintenance budget spent	All	86.67%	25%	40%	65%	90%	90%	86.46%	O
<b>Corrective action</b>		Implementation of procurement plans to ensure that target is met									
TL32	Complete phase 4 of the provision of roads and storm water infrastructure services for Citrusdal by 30 June 2018	Phase 4 of the project completed	2	109%	0	0	0	1	1	0	R
<b>Corrective action</b>		Revised DBIP will be submitted to Council									
TL33	Spend 90% of the maintenance budget for roads and stormwater by 30 June 2018 [(Total expenditure on maintenance/ Approved	% maintenance budget spent	All	105.98%	5%	25%	70%	90%	90%	87.12%	O

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
	budget for maintenance)x100]										
<b>Corrective action</b>		Implementation of procurement plans to ensure that target is met									
TL34	Complete phase 2 of the WWTW in Lamberts Bay by 30 June 2018	Project completed	5	New Key Performance Indicator for 2017/18	0	0	0	1	1	0	R
<b>Corrective action</b>		The project will be complete September 2018									
TL35	Complete the Citrusdal WWTW by 30 June 2018	Project completed	2	New Key Performance Indicator for 2017/18	0	0	0	1	1	0	R
<b>Corrective action</b>		Additional funding is required to complete the full scope of the work. The Municipality is unable to do the mechanical work without an electrical connection									
TL36	Spend 90% of the approved maintenance budget for waste water by 30 June 2018 [(Total expenditure on maintenance/ Approved budget for maintenance)x100]	% maintenance budget spent	All	106.69%	5%	25%	70%	90%	90%	97.82%	G2
TL37	Spend 100% of the MIG grant by 30 June 2018 [(Total expenditure on MIG Grant/ Approved MIG allocation)x100]	% of budget spent	All	73.80%	5%	25%	70%	100%	100%	90%	O
<b>Corrective action</b>		Revised DPIP to be submitted to Council to ensure 100% spending. 56% of MIG were spent as at 31March 2018									
TL38	90% spent of the capital budget for the construction of the desalination plant - Lamberts Bay by 30 June 2018 [(Total expenditure on project/ Approved budget for the project)x100]	% of budget spent departmental	5	12.40%	0%	0%	0%	90%	90%	12%	R
<b>Corrective action</b>		Roll-Over Application Approved on 13 August 2018. To complete the construction of the desalination plant - Lamberts Bay during the 2018/2019 financial year									
TL39	95% of the water samples comply with SANS 241 micro biological parameters {(Number of water samples that comply with SANS 241 indicators/Number of water samples tested)x100}	% of water samples complying with SANS 241 micro biological parameters	All	86.30%	95%	95%	95%	95%	95%	82%	O
<b>Corrective action</b>		The following actions will apply to address the continuous water quality failures: 1) Clanwilliam: To commence with the WTW project to enable us to purify the water to acceptable standards. 2) Algeria and Wuppertal: To upgrade the chlorination dosing systems to eliminate all malignant substances. 3) Leipoldtville: Iron precipitation jeopardising the overall chemical quality compliance and the removal of iron is required									
TL40	Spend 90% of the approved maintenance	% maintenance budget spent	All	108.98%	5%	25%	70%	90%	90%	81.83%	O

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18							
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
	budget for water by 30 June 2018 [(Total expenditure on maintenance/ Approved budget for maintenance)x100]											
<b>Corrective action</b>		Implementation of procurement plans to ensure that target is met										
TL41	Report bi-annually to Council during the 2017/18 financial year on the progress made with the implementation of the regional dump site plan as per agreement with West Coast DM	Number of report submitted	All	1	0	1	0	1	2	2		G
TL42	Spend 90% of the capital budget allocated towards the construction of a new WTW in Clanwilliam by 30 June 2018 [(Total expenditure on project/ Approved budget for the project)x100]	% of capital budget spent	3	New Key Performance Indicator for 2017/18	0%	0%	50%	90%	90%	50%		R
<b>Corrective action</b>		Application for the waiver of the counter funding submitted to Department Water and Sanitation										
TL43	Spend 90% of the capital budget approved for the upgrade of roads in Clanwilliam by 30 June 2018 [(Total expenditure on project/ Approved budget for the project)x100]	% of capital budget spent	3	New Key Performance Indicator for 2017/18	5%	25%	65%	90%	90%	0%		R
<b>Corrective action</b>		Original Budget was R 400 000.00. Adjustment of R 400 000.00 downward during adjustment budget therefore no spending										
TL44	Spend 90% of the capital budget approved for the upgrade of roads in Cederberg by 30 June 2018 [(Total expenditure on project/ Approved budget for the project)x100]	% of capital budget spent	All	New Key Performance Indicator for 2017/18	5%	25%	65%	90%	90%	47.20%		R
<b>Corrective action</b>		Implementation of procurement plans to ensure that target is met										
TL45	Complete the construction of a 1.5 Megalitre reservoir in Graafwater by 30 June 2018	Project completed	4	New Key Performance Indicator for 2017/18	0	0	0	1	1	0		R
<b>Corrective action</b>		Contractor on site. Progress according to program. Plan completion February 2019										
TL46	Replace 150 water meters by 30 June 2018	Number of water meters replaced	All	New Key Performance Indicator for 2017/18	0	0	0	150	150	356		B
TL47	Spend 90% of the capital budget approved for the upgrade of the	% of capital budget spent	All	New Key Performance	5%	25%	65%	90%	90%	0%		R

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18							
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
	electricity network within Cederberg by 30 June 2018 [(Total expenditure on project/ Approved budget for the project)x100]			Indicator for 2017/18								
<b>Corrective action</b>		Implementation of procurement plans to ensure that target is met										
TL48	Spend 90% of the capital budget approved for the replacement of street lights in Cederberg by 30 June 2018 [(Total expenditure on project/ Approved budget for the project)x100]	% of capital budget spent	All	New Key Performance Indicator for 2017/18	5%	25%	65%	90%	90%	70.64%		O
<b>Corrective action</b>		Implementation of procurement plans to ensure that target is met										
TL49	Purchase land for the development of night shelters and creches by 30 June 2018	Land purchased	4	New Key Performance Indicator for 2017/18	0	0	0	1	1	0		R
<b>Corrective action</b>		KPI is an unfunded mandate of the Municipality. The Municipality referred the matter to local NGO`s as the land was made available in the SDF for night shelters and creches										
TL50	Upgrade 40 detached toilets in Graafwater by 30 June 2018	Number of toilets upgraded	4	New Key Performance Indicator for 2017/18	0	0	0	40	40	0		R
<b>Corrective action</b>		R500 000 budget in the 2018/19 financial year and further commitments for future financial years										
TL60	Limit unaccounted for water to less than 15% by 30 June 2018 {(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold (incl free basic water) / Number of Kilolitres Water Purchased or Purified x 100}	% unaccounted water	All	12.76%	0%	18%	0%	15%	15%	11.60%		B
TL61	Limit unaccounted for electricity to less than 13% by 30 June 2018 {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold (incl Free basic electricity)) / Number of Electricity Units Purchased and/or Generated) x 100}	% unaccounted electricity	All	6.20%	20%	18%	16%	13%	13%	6.15%		B

Table 46: Improve and sustain basic service delivery and infrastructure development

f) *To facilitate social cohesion, safe and healthy communities*

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL23	Spend 90% of the approved project budget for the upgrade of the Clanwilliam sport fields by 30 June 2018 {(Actual expenditure divided by the total approved project budget) x 100}	% of budget spent	3	New Key performance Indicator for 2017/18	0%	20%	65%	90%	90%	65.84%	R
<b>Corrective action</b>		Implementation of procurement plans to ensure that target is met									
TL24	Spend 90% of the approved project budget for the upgrade of community facilities by the end of June 2018 {(Actual expenditure divided by the total approved project budget) x 100}	% of budget spent	All	73%	0%	20%	65%	90%	90%	648.78%	B

Table 47: *To facilitate social cohesion, safe and healthy communities*3.2.2 **Service Providers Strategic Performance**

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. A service provider:

- means a person or institution or any combination of persons and institutions which provide a municipal service to or for the benefit of the local community
- means an external mechanism referred to in Section 76(b) which provides a municipal service for a municipality
- service delivery agreement means an agreement between a municipality and an institution or person mentioned in Section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

During the year under review the Municipality did not appoint any service providers who provided a municipal service to or for the benefit of the local community on behalf of the Municipality and therefore this report contains no such details. All other contract appointments are regularly monitored and ensured, that the requirements of the contract are complied with.

### 3.2.3 Municipal Functions

#### a) Analysis of Functions

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function Yes / No
<b>Constitution Schedule 4, Part B functions:</b>	
Air pollution	No
Building regulations	Yes
Child care facilities	Yes
Electricity and gas reticulation	Yes
Fire fighting services	MOU with District
Local tourism	Yes
Municipal airports	Yes
Municipal planning	Yes
Municipal health services	No
Municipal public transport	Yes
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 this Constitution or any other law	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
<b>Constitution Schedule 5, Part B functions:</b>	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlors and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes

Municipal Function	Municipal Function Yes / No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Table 48: *Functional Areas*

### 3.3 COMPONENT A: BASIC SERVICES

This component includes basic service delivery highlights and challenges, includes details of services provided for water, waste water (sanitation), electricity, waste management, housing services and a summary of free basic services.

#### 3.3.1 WATER PROVISION

##### a) Introduction to Water Services

Water is probably the most fundamental and indispensable of natural resources - fundamental to life, the environment, food production, hygiene and power generation. Poverty reduction and improved water management are inextricably linked. Section 4B of the Constitution lists water and sanitation services limited to portable water supply systems and domestic waste water and sewerage disposal systems as a local government function. Basic water is defined as 25 litres of potable water per day supplied within 200 metres of a household. As a result of the drought situation in the Western Cape Cederberg Municipality was compelled to conduct an assessment of the various bulk water supply systems. Surface water provision was at risk and assistance from the Department of Local Government was requested. With their funding support, exploration of boreholes was initiated.

##### b) Highlights: Water Services

The table below specifies the highlights for the year:

Highlights	Description
Underground water exploration for Algeria	Equipping of borehole and pipeline for additional water provision for the Algeria community
Underground water exploration for Wuppertal	Equipping of borehole and pipeline for additional water provision for the Wuppertal community

Table 49: *Water Services Highlight*



## c) Challenges: Water Services

The table below specifies the challenges for the year:

Description	Actions to address
Water quality deterioration for bulk water supply systems without a conventional purification facility - Clanwilliam, Leipoldtville and Wuppertal escalated to poor performance on the DWS Iris/Blue Drop System	Conducting feasibility studies and source funding to address infrastructural shortcomings
Scarcity of ground water in Cederberg area	Draft a service level agreement with private land owners where ground water is present

Table 50: Water Services Challenges

## d) Service Delivery Levels: Water Services

Below is a table that specifies the different water service delivery levels per households for the financial years 2016/17 and 2017/18:

Description	2016/17	2017/18
	Actual	Actual
<b>Household</b>		
<b><u>Water: (above minimum level)</u></b>		
Piped water inside dwelling	4 850	4 960
Piped water inside yard (but not in dwelling)	1 272	1 410
Using public tap (within 200m from dwelling)	111	111
Other water supply (within 200m)	0	0
<b>Minimum Service Level and Above Sub-total</b>	<b>6 233</b>	<b>6 481</b>
<b>Minimum Service Level and Above Percentage</b>	<b>85.1%</b>	<b>84.4%</b>
<b><u>Water: (below minimum level)</u></b>		
Using public tap (more than 200m from dwelling)	1 100	1 200
Other water supply (more than 200m from dwelling)	0	0
No water supply	0	0
<b>Below Minimum Service Sub-total</b>	<b>1 100</b>	<b>1 200</b>
<b>Below Minimum Service Level Percentage</b>	<b>15%</b>	<b>15.6%</b>
<b>Total number of Households (formal and informal)</b>	<b>7 325</b>	<b>7 681</b>
<i>Include informal settlements</i>		

Table 51: Water Service Delivery Levels: Households

## e) Employees: Water Services

The following table indicates the staff composition for this division:

Employees: Water Services					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	14	15	14	1	6.67
4 - 6	2	2	2	0	0
7 - 9	3	9	7	2	22.22
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>19</b>	<b>26</b>	<b>23</b>	<b>3</b>	<b>11.54</b>

Table 52: Employees: Water Services

## f) Capital: Water Services

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
<b>Total All</b>	<b>9 371 930</b>	<b>21 135 504</b>	<b>5 526 691.48</b>	<b>42%</b>
Upgrading Graafwater water scheme	8 771 930	8 771 9930	1 795 331.94	80%
Boreholes Algeria	0	97 725	85 462.00	13%
Clanwilliam boreholes	0	3 074 783	1 250 746.63	59%
Citrusdal boreholes	0	3 848 696	1 412 696.83	63%
Desalination	0	3 879 130	525 039.25	86%
Equipment meter replacement	600 000	603 240	457 414.83	24%
Jan Dissel pump station upgrade	0	240 000	0	100%
Jan Dissel pipeline	0	500 000	0	100%
Graafwater borehole exploration	0	120 000	0	100%

Table 53: Capital Expenditure 2017/18: Water Services

### 3.3.2 WASTE WATER (SANITATION) PROVISION

The Department of Water and Sanitation commenced with the regulation of water services in South Africa as early as 2004, but intensified this approach with the introduction of the much celebrated incentive-based regulatory approaches which includes the Green Drop and the newly introduced No Drop Certification programmes. These programmes excelled beyond expectations since it stimulated politicians. Despite the good efforts it remains a massive challenge for Cederberg Municipality to comply with all standards set by the Local Government. The funding requirement to address the infrastructure backlogs in the waste water sector deteriorates every year as a result of an increase of the inflation rate. However, section 4B of the Constitution lists water and sanitation services limited to potable water supply systems, domestic waste water and sewerage disposal systems as a local government function. Cederberg Municipality would like to enhance the backlog eradication in order to improve the overall compliance in operations and management.

#### a) Highlights: Waste Water (Sanitation) Provision

The table below specifies the highlights for the year:

Highlights	Description
Upgrade of the Lamberts Bay Waste Water Treatment Works (WWTW)	Upgrade of the Lamberts Bay WWTW to a conventional sludge activation facility were completed
Good progress with the Citrusdal WWTW re-allocation and upgrade	Upgrade and re-allocation of Citrusdal WWTW is 90% complete

Table 54: Waste Water (Sanitation) Provision Highlight

#### b) Challenges: Waste Water (Sanitation) Provision

The table below specifies the challenges for the year:

Description	Actions to address
Elands Bay oxidation ponds could not be upgraded as a result of funding restriction	Funding applications must be submitted to source the necessary funding
Graafwater oxidation ponds require upgrade with improved sludge digestion processes	Funding applications must be submitted to source the necessary funding
Clanwilliam WWTW requires upgrade to accommodate future development	Funding applications must be submitted to source the necessary funding

Table 55: Waste Water (Sanitation) Provision Challenges

## c) Service Delivery Levels: Waste Water (Sanitation) Provision

Below is a table that specifies the different sanitation service delivery levels per household for the financial years 2016/17 and 2017/18:

Description	2016/17	2017/18
	Actual	Actual
<b>Household</b>		
<b>Sanitation/Sewerage: (above minimum level)</b>		
Flush toilet (connected to sewerage)	4 408	4 665
Flush Toilet (with Septic tank)	514	514
Chemical Toilet	20	20
Pit Toilet (ventilated)	0	0
Other toilet provisions (above minimum service level)	379	379
<b>Minimum Service Level and Above Sub-Total</b>	<b>5 321</b>	<b>5 578</b>
<b>Minimum Service Level and Above Percentage</b>	<b>72.68%</b>	<b>72.65%</b>
<b>Sanitation/Sewerage: (below minimum level)</b>		
Bucket Toilet	0	0
Other Toilet provisions (below minimum service level)	0	0
No toilet provisions	2 000	2 100
<b>Below Minimum Service Level Sub-Total</b>	<b>2 000</b>	<b>2 100</b>
<b>Below Minimum Service Level Percentage</b>	<b>27.32%</b>	<b>27.35%</b>
<b>Total number of households</b>	<b>7 321</b>	<b>7 678</b>

Table 56: Waste Water (Sanitation) Provision Service Delivery Levels

## d) Employees: Waste Water (Sanitation) Provision

The following table indicates the staff composition for this division:

<b>Employees: Sanitation Services</b>					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	14	15	14	1	7
4 - 6	2	2	2	0	0
7 - 9	3	9	7	2	22
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0

Employees: Sanitation Services					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
<b>Total</b>	<b>19</b>	<b>20</b>	<b>23</b>	<b>3</b>	<b>15</b>

Table 57: *Employees Waste Water (Sanitation) Provision*

#### e) Capital: Waste Water (Sanitation) Provision

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
<b>Total All</b>	<b>550 000</b>	<b>539 270</b>	<b>325 576.57</b>	<b>40%</b>
Infrastructure Sanitation Services Clanwilliam	0	21 320	18 424	14%
Infrastructure Sanitation Services Graafwater flash toilets	250 000	250 000	0	100%
Sewerage equipment	300 000	267 950	307 152.57	-15%

Table 58: *Capital Expenditure 2017/18: Waste Water (Sanitation) Provision*

### 3.3.3 ELECTRICITY

#### a) Introduction to Electricity

Local Government plays a very important role in the provision of electricity. Section 153 of the Constitution places the responsibility on municipalities to ensure the provision of services to communities in a sustainable manner for economic and social support.

#### *Service Backlogs*

The Municipality cannot allow any development in Clanwilliam due to a shortage of electricity from the Eskom bulk intake point. Negotiations between Eskom and the Municipality is on-going to solve this problem.

#### *Infrastructure*

The Municipality is responsible for the distribution of electricity in all urban areas including Clanwilliam, Citrusdal, Lamberts Bay, Elands Bay and Graafwater. Eskom distributes electricity to the areas not serviced by the Municipality.

## b) Highlights: Electricity

The table below specifies the highlights for the year:

Highlights	Description
Lamberts Bay housing project	Electrification of 134 informal houses in Lamberts Bay
Lamberts Bay switch station	Completion of the 11 kv switching station in Lamberts Bay
High mast lights	Installation of 8 high mast lights at informal houses in Clanwilliam

Table 59: Electricity Highlights

## c) Challenges: Electricity

The table below specifies the challenges for the year:

Description	Actions to address
Funding required for the upgrade of the maximum demand of Clanwilliam	Budgetary provision must be made and funding applications submitted to source the necessary funding
Electrification of low cost houses in Clanwilliam	A contractor must be appointed to conduct the electrification of houses

Table 60: Electricity Challenges

## d) Service Delivery Levels: Electricity

The table below specifies the service delivery levels for the year:

Description	Households	
	2016/17	2017/18
	Actual	Actual
	No.	No.
	<b>Households</b>	
Electricity	7 515	9 233
Total number of households	8 500	10 099
<i>Number of debtors according to the billing system</i>		

Table 61: Electricity Service Delivery Levels

## e) Employees: Electricity

The following table indicates the staff composition for this division:

Employees: Electricity Services					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	6	9	6	3	33.33
7 - 9	3	6	3	3	50
10 - 12	3	3	3	0	0
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>13</b>	<b>19</b>	<b>13</b>	<b>6</b>	<b>31.58</b>

Table 62: Employees: Electricity Services

## f) Capital: Electricity

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
<b>Total All</b>	<b>5 218 772</b>	<b>5 368 762</b>	<b>4 391 830.58</b>	<b>18%</b>
Replacement of Streetlights Clan William Main Road	0	229 990	199 990	13%
Electricity Upgrade Network	800 000	500 000	0	100%
Replacement of Streetlights Cederberg	400 000	375 000	264 903.51	29%
Streetlights Graafwater	10 000	71 000	41 557.89	41%
High Mass Light Clanwilliam	0	400 000	351 093.11	12%
Integrated National Electrification Programme	3 508 772	3 508 772	3 511 007.39	0.06%
Electrical Engineering Equipment	500 000	284 000	23 278.68	92%

Table 63: Capital Expenditure 2017/18: Electricity

### 3.3.4 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

#### a) Introduction to Waste Management

The fragmented and uncoordinated way pollution and waste has been dealt with, as well as insufficient resources to implement and monitor existing legislation, contributes largely to the unacceptably high levels of pollution and waste in South Africa. Through the promulgation and implementation of various pieces of policies, legislation, standards and guidelines, as well as the implementation of co-operative governance as envisaged in the Constitution this situation will be improved. The current fragmentation, duplication and lack of co-ordination will be eliminated.

Pollution and waste management is not the exclusive preserve of government. The private sector and civil society have crucial roles to play. The fostering of partnerships between government and the private sector is a prerequisite for sustainable and effective pollution and waste management to take place. Similarly, the spirit of partnerships and co-operative governance between organs of state is equally important due to the cross cutting nature of pollution and waste management.

#### b) Highlights: Waste Management

The table below specifies the highlights for the year:

Highlights	Description
Auditing of Waste Disposal Facility (WDF)	A service provider was appointed to conduct an external auditing of Clanwilliam, Citrusdal, Lamberts Bay and Elands Bay WDFs
Increase in number of households serviced	New housings projects contributed to the increase in the number of households that received refuse removal services

Table 64: *Waste Management Highlights*

#### c) Challenges: Waste Management

The table below specifies the challenges for the year:

Description	Actions to address
Budgetary constraints to maintain infrastructure	Budgetary provision must be made and funding applications submitted to source the necessary funding
Limited landfill space	Request the development of a regional WDF

Table 65: *Waste Management Challenges*



## d) Service Delivery Levels: Waste Management

The table below specifies the service delivery levels for the year:

Description	Households	
	2016/17	2017/18
	Actual	Actual
	No.	No.
<b><i>Solid Waste Removal: (Minimum level)</i></b>		
Removed at least once a week	4 944	5 703
<b><i>Minimum Service Level and Above sub-total</i></b>	<b>4 944</b>	<b>5 703</b>
<b><i>Minimum Service Level and Above percentage</i></b>	<b>100%</b>	<b>100%</b>
<b><i>Solid Waste Removal: (Below minimum level)</i></b>		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	0	0
<b><i>Below Minimum Service Level sub-total</i></b>	<b>0</b>	<b>0</b>
<b><i>Below Minimum Service Level percentage</i></b>	<b>0%</b>	<b>0%</b>
<b>Total number of households</b>	<b>4 944</b>	<b>5 703</b>

Table 66: Waste Management Service Delivery Levels

## e) Employees: Waste Management

The following table indicates the staff composition for this division:

Employees: Solid Waste Services					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	28	36	32	4	11.11
4 - 6	5	11	6	5	45.45
7 - 9	3	10	8	2	20
10 - 12	0	1	0	1	100
13 - 15	1	1	0	1	100
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>37</b>	<b>59</b>	<b>46</b>	<b>13</b>	<b>22.03</b>

Table 67: Employees: Waste Management

## f) Capital: Waste Management

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	120 000	52 000	20 600	60%
Refuse Equipment	120 000	52 000	20 600	60%

Table 68: Capital Expenditure 2017/18: Waste Management

## 3.3.5 HOUSING

## a) Introduction to Housing

## Housing need:

The need for an integrated residential development approach that address the whole spectrum of residential needs has been identified and the following main income categories have been considered:

- Subsidy housing R0 - R3 500 per month
- GAP housing R3 501-R15 000

Given the strategic decision to focus on subsidy and gap housing, the needs can be summarized as follows:

Subsidy	5 272
Gap	1 167

Table 69: Housing needs

## b) Highlights: Housing

The table below specifies the highlights for the year:

Highlights	Description
Approval of the Citrusdal, River View Housing Project	163 sites are in the process of being serviced
Approval of the Lamberts Bay Housing Project	168 houses are currently in the planning phase

## c) Challenges: Housing

The table below specifies the challenges for the year:

Description	Actions to address
Influx of illegal residents in River View and Khayelitsha	The Municipality appointed a security company to assist with the monitoring and break down of illegal structures to prevent the influx of illegal residents
No housing developments in Clanwilliam due to a shortage of bulk electricity	Negotiations are underway between Eskom and the Municipality to resolve this issue
Increase of 19% in the waiting list for Cederberg Municipal Area. The increase in number on the waiting list is because of people moving into the area because of job opportunities	The Municipality is investigating possibilities to remedy the situation

Description	Actions to address
in the agriculture sector, as well as the possibility of the rising of the dam wall	

Table 70: *Housing Challenges*

#### d) Service Delivery Levels

The following table shows the increase in the number of people on the housing waiting list. There are currently approximately 6 439 households on the waiting list.

Financial year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2016/17	5 385	1%
2017/18	6 439	19.5%

Table 71: *Housing Waiting List*

A summary of houses built, includes:

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2016/17	536	536	100	0	0
2017/18	1 323	0	0	0	0

Table 72: *Houses Built and Sites Services*

#### e) Employees: Housing

The following table indicates the staff composition for this division:

Employees: Housing					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	2	3	2	1	33
10 - 12	1	1	1	0	0
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>20</b>

Table 73: *Employees: Housing*

### 3.3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

#### a) Introduction

The table indicates the percentage of indigent households that have access to free basic municipal services. In accordance with the approved Indigent Policy of the Municipality, all households earning less than R2 800 per month will receive the free basic services as prescribed by national policy. The table, furthermore, indicates the total number of indigent households and other households that received free basic services in the past two financial years.

The table below indicates that 29.86% of the total number of households received free basic services in 2017/18 financial year:

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2016/17	2 247	1 984	99%	2 012	100%	1 950	97%	2 012	100%
2017/18	2 005	2 005	100%	1 936	97%	1 859	93%	1 939	97%

Table 74: Free Basic Services to Indigent Households

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value
			R			R			R
2016/17	1 984	50	140 864	7 515	120	77 869	22	120	168 004
2017/18	2 005	50	128 625	9 233	120	92 634	22	120	178 080

Table 75: Free Basic Electricity Services to Indigent Households

Water						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	R value per HH	Value
			R			R
2016/17	2 012	6	780 612	4 937	25	17 432
2017/18	1 936	6	874 803	4 960	25	28 956

Table 76: Free Basic Water Services to Indigent Households

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	R value per HH	Value
			R			R
2016/17	1 950	152	3 348	4 408	152	7 191
2017/18	1 859	162	3 564	4 665	162	11 528

Table 77: Free Basic Sanitation Services to Indigent Households

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value	No. of HH	R value per HH	Value
			R			R
2016/17	2 012	1	379 684	5 023	1	5 609
2017/18	1 939	1	428 819	5 703	1	8 114

Table 78: Free Basic Refuse Removal Services to Indigent Households

Financial Performance 2017/18: Cost to Municipality of Free Basic Services Delivered				
Services Delivered	2016/17	2017/18		
	Actual	Budget	Adjustment Budget	Actual
	R			
Water	822 183	780 611	874 803	1 054 218
Sanitation	3 349 400	3 348 043	3 563 762	3 518 565
Electricity	183 600	168 004	187 052	195 350
Refuse	403 025	379 684	428 819	563 913

Table 79: Cost to Municipality of Free Basic Services Delivered

## 3.4 COMPONENT B: ROAD TRANSPORT

### 3.4.1 ROADS AND STORMWATER

#### a) Introduction to Roads and Stormwater

Cederberg Municipality has a Pavement Management System (PMS) which was compiled in 2013. This document comprises of network level proposals for the maintenance of paved and unpaved roads in the municipal area, through an assessment of the network based on methodical visual ratings of each road section. Although it was envisaged that the PMS would be updated every two years, there is still a major backlog in the total length of the network which requires upgrading or rehabilitation. This backlog is as a result of limited funding provisions for operations and maintenance of infrastructure over the years.

The total length of our paved network is 101 km. The average condition of the network can be rated as poor to very poor, with more than 50% of the surfacing in the poor to very poor category.

The total unpaved network is 18 km. The average condition of the unpaved network can be rated as fair to poor.

The Citrusdal Upgrade Roads and Stormwater Infrastructure Project was registered with the Municipal Infrastructure Grant (MIG) following prioritisation through the PMS. The total project estimate at project registration was R61 180 161. The MIG registered amount is R38 543 501, which requires counter-funding by the Municipality of R22 636 660. Only R17 781 285 has been spent to date on the project due to the inadequate annual MIG allocation.

In the financial year under review, another phase of this Citrusdal multi-year roads and stormwater project was implemented and R5 603 722 was spent on the following upgrades:

- Graveyard Road (360m): Upgraded from gravel to premix including paved sidewalks and 160m of stormwater upgrade
- Cederberg Academy Road (247m): Upgraded from gravel to cape seal road including 247m of stormwater upgrades and a subsoil drain
- Nieuwoudt Street: 162m of 1500x900 stormwater culverts

It is a challenge to secure sufficient funding for the maintenance of our roads, therefore the Municipality utilises the Expanded Public Works Programme (EPWP) for most of the yearly maintenance programmes. Approximately R2.4 million was spent on the maintenance and rehabilitation of roads in the 2017/18 financial year.

The Municipality's stormwater drainage network consists of 31 km of a piped system and open drainage channels. The drainage system of Citrusdal is the poorest and this is being addressed with the MIG project currently being implemented. Maintenance and cleaning of the existing stormwater system is conducted on an annual basis to alleviate blockages that cause flooding.

#### b) Highlights: Roads and Stormwater

The table below specifies the highlights for the year:

Highlight	Description
Resealing of roads in Graafwater	Resealing of Lambrechts Single Road (800m) and Erasmus van Zyl Street (100m)
Paving of sidewalks	Block paving of sidewalks was completed in Lamberts Bay
Pothole repairs	General pothole repairs were conducted with available budget in all towns
Rehabilitation of main road in Clanwilliam	Casting of 520m <sup>2</sup> of concrete in the main road of Clanwilliam
Slurry seal of streets in Clanwilliam	Slurry seals were completed for Visser Street (100m), Mark Street (65m) and Crystal Waters Street (7m)
EPWP work opportunities	17 EPWP work opportunities were created on road projects involving the maintenance of roads and paving works. Elands Bay (3 workers) Lamberts bay (3 workers) Graafwater (4 workers), Clanwilliam (4 workers) and Citrusdal (3 workers)

Table 80: Roads Highlights

#### c) Challenges: Roads and Stormwater

The table below specifies the challenges for the year:

Description	Actions to address
Outdated Pavement Management System	Sections of the Pavement Management System must be updated and budgetary provision must be made to implement the plan

Description	Actions to address
Insufficient funding to maintain ageing infrastructure	Budgetary provision must be made for the maintenance of infrastructure
Unpaved sidewalks contribute to the clogging of the stormwater drainage system	Projects for paving of sidewalks are to be registered for funding

Table 81: Roads Challenges

#### d) Service Delivery Levels and Statistics: Roads

The table below specifies the service delivery levels for the year:

Gravel Road Infrastructure: Kilometres				
Year	Total gravel roads (km)	New gravel roads constructed (km)	Gravel roads upgraded to tar (km)	Gravel roads graded/maintained (km)
2016/17	19	0	0	2
2017/18	18	0	0.61	2

Table 82: Gravel Road Infrastructure

Tarred Road Infrastructure: Kilometres					
Year	Total tarred roads (km)	New tar roads (km)	Existing tar roads re-tarred (km)	Existing tar roads re-sheeted (km)	Tar roads maintained (km)
2016/17	100	0	0	1	4
2017/18	101	0.61	0	1.1	4

Table 83: Tarred Road Infrastructure

The table below shows the costs involved for the maintenance and construction of roads within the municipal area:

Financial year	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
	R'000	R'000	R'000	R'000	R'000	R'000
2016/17	0	2 520	270	0	0	550
2017/18	0	5 000	200	0	0	2 000

Table 84: Cost of Construction/Maintenance of Roads

## e) Services Delivery Levels and Statistics: Stormwater

The table below shows the total kilometers of stormwater system maintained and upgraded, as well as the kilometers of new stormwater pipes installed:

Stormwater Infrastructure: Kilometres				
Year	Total stormwater measures (km)	New stormwater measures (km)	Stormwater measures upgraded (km)	Stormwater measures maintained (km)
2016/17	30	0	0	3
2017/18	31	0.6	0	3

Table 85: Waste Water (Stormwater) Services Delivery Statistics

Table 86: The table below indicates the amount of money spend on storm water projects:

Stormwater Measures			
Year	New	Upgraded	Maintained
2016/17	0	0	270 000
2017/18	600 000	0	240 000

Table 87: Waste Water (Stormwater) Services Delivery Statistics - Financials

## f) Employees: Roads

The following table indicates the staff composition for this division:

Employees: Roads					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	14	20	16	4	20
4 - 6	7	24	15	9	37.50
7 - 9	3	7	6	1	14.29
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>24</b>	<b>41</b>	<b>37</b>	<b>14</b>	<b>34.15</b>

Table 88: Employees: Roads



## g) Employees: Waste Water (Stormwater)

The following table indicates the staff composition for this division:

Employees: Waste Water (Stormwater)					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	9	4	5	56
4 - 6	0	0	0	0	0
7 - 9	0	1	1	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>10</b>	<b>5</b>	<b>5</b>	<b>50</b>

Table 89: Employees: Waste Water (Stormwater)

### 3.5 COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT (LED)

#### 3.5.1 PLANNING

##### a) Introduction to Planning

Land use planning for Cederberg Municipality is handled by the Department of Town Planning and Building Control. The 2016/17 planning challenges rolled-over to the 2017/18 financial year due to budget constraints. Furthermore, the appointed Candidate Planner is in the process of obtaining his professional qualification. However, the Cederberg Municipality has approved and adopted the Cederberg Spatial Development Framework in December 2017.

##### b) Highlights: Planning

The table below specifies the highlights for the year:

Highlights	Description
Adoption of the Cederberg Spatial Development Framework (SDF)	Council approved the Cederberg SDF 2017-2022
Obtained a mandate from Council to adopt a process to implement an integrated zoning scheme	Council granted the requested mandate to adopt a process to implement an integrated zoning scheme (as required by SPLUMA and LUPA legislations)
Obtained Council's approval in respect of the introduction of proposed amendments to the existing by-law on municipal land use planning	Council granted the introduction of proposed amendments to the existing by-law on municipal land use planning in order to improve/amend Cederberg's by-law

Table 90: Planning Highlights

## c) Challenges: Planning

The table below specifies the challenges for the year:

Description	Actions to address
Lack of human resources	Provision must be made to appoint an administrative assistant, a building control officer and a qualified professional town planner
Limited network capabilities with regards to reliable internet access and updating relevant data	The IT department should facilitate the upgrade of the network to enhance internet access
Limited printing and scanning facilities	Budgetary provision must be made to procure an A0/A1 scanner and printer

Table 91: Planning Challenges

## d) Service Delivery Levels: Planning

The table below specifies the service delivery levels for the year:

Applications for Land Use Development				
Detail	Formalisation of Townships		Rezoning	
	2016/17	2017/18	2016/17	2017/18
Planning application received	0	0	69	103
Applications not approved	0	0	0	0
Applications closed	0	0	68	98
Applications outstanding at year end	0	0	1	5
Awaiting DEA&DP decision	0	0	1	0

Table 92: Applications for Land Use Development

Type of service	2016/17	2017/18
Building plans application processed	194	190
Total surface (m <sup>2</sup> )	29 664	17 975
Approximate value	R173 539 280	R80 887 500
Residential extensions	17 076m <sup>2</sup>	9 269m <sup>2</sup>
Land use applications processed	69	98

Table 93: Additional Performance Town Planning and Building Control

e) **Employees: Planning**

The following table indicates the staff composition for this division:

Employees: Planning					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	2	2	2	0	0
13 - 15	1	2	1	1	50
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>25</b>

Table 94: *Employees: Planning*

### 3.5.2 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

Local Economic Development (LED) is a cross-cutting discipline and is reliant upon all the departments within the Municipality in order to be successful. The Municipality has recognised the importance of LED as a vehicle for growth and poverty alleviation and has committed itself to create an enabling environment within which economic growth and development can be achieved.

The Cederberg Municipality LED Unit is working hard to create institutional capacity and the necessary policies and procedures to ensure that LED becomes ingrained in the way that we do things in the Municipality.

a) **Highlights: LED**

The table below includes the highlights with the implementation of the LED Strategy:

Highlights	Description
Development of LED Implementation Plan	An implementation plan was developed with timelines and activities per ward. Although not all the objectives were met, the implementation plan provided a solid framework and guide in respect of creating practical solutions to matters affecting economic development and job creation
LED One Stop Shop / Library Business Zone	The Library Business Zone (LBZ) was launched in Citrusdal in May 2018, with a view to become a resource for SMME's and entrepreneurs
Development of Informal Trade Policy	The Informal Trade Policy addresses many key issues in respect of informal trading within the Municipality, including events, law enforcement and the creation of structures to organise informal trading in the municipal area

Table 95: *LED Highlights*

## b) Challenges: LED

The table below includes the challenges with the implementation of the LED Strategy:

Description	Actions to address
Lack of financial and human resources	A number of catalytic interventions do require financial resources and suitably skilled personnel to implement them. These challenges to be addressed through budgeting process and review of the organisational structure
The drought that was experienced across the Western Cape Province had a very negative effect on economic development. The agricultural sector, as well as tourism, was severely affected	It is important to identify industries that are less vulnerable to environmental conditions and create mechanisms for the struggling industries to survive the difficult conditions

Table 96: Challenges LED

## c) Employees: LED

Employees: LED					
Job Level (T-grade)	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	3	3	3	0	0
10 - 12	0	0	0	0	0
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>

Table 97: Employees: LED

## 3.5.3 TOURISM

## a) Introduction to Tourism

The Cederberg Integrated Tourism Development and Marketing Strategy that was developed in 2013 continuous to serve as the guide for all the activities of this department.

Tourism is one of the main growth and job-creating sectors in the local economy. The strategy will guide the enhancement of existing tourism products and develop new sustainable tourism commodities to achieve an optimum mix that will attract specific market

Five strategic objectives were identified:

Strategic Objective	Sub-Objective
<p><b>1. Tourism Development:</b> Unlock the true tourism potential of the Cederberg through the development of a range of new and existing tourism products, experiences and events that fulfil visitor requirements and maximize income, contributing to local economic development and growth.</p>	<p><b>1.1 Community Based Tourism:</b> Mainstream community based tourism initiatives by implementing a portfolio of marketable tourism products and services in hitherto marginalized, rural communities of the Cederberg e.g. Elands Bay and Wuppertal.</p> <p><b>1.2 Catalytic Tourism Development Projects:</b> Identify and develop new and existing portfolio of high-profile catalytic tourism products that will enhance the profile of the Cederberg as a national tourism destination of note.</p> <p><b>1.3 Extreme Sports Tourism:</b> Develop the Cederberg's extreme and adventure sports potential as a vibrant tourism sub-sector in the region.</p> <p><b>1.4 Niche Tourism:</b> Develop viable niche tourism sectors specifically birding, mountain biking routes, cultural and heritage routes, botanical/herb-tourism and agro-tourism.</p> <p><b>1.5 Events Tourism:</b> Develop an exciting, well-planned portfolio of major and community events that stimulates inclusive economic growth, job-creation and promotes social cohesion and community development.</p>
<p><b>2 Tourism Transformation:</b> Create conditions conducive for genuine, bottom-up tourism transformation and specifically the inclusion of previously disadvantaged areas and individuals in the Cederberg Tourism Association industry.</p>	<p><b>2.1 Institutional Arrangements:</b> Review and improve the current local tourism institutional arrangements in line with national policy guidelines.</p> <p><b>2.2 Representativeness:</b> Develop and implement a realistic blueprint for participation and inclusion of all sectors of the community with a stake in tourism.</p> <p><b>2.3 Compliance with relevant legislation:</b> Establish a mechanism that will facilitate and enforce applicable laws and regulations in the local tourism industry i.e. Tourism BEE Codes, BBBEE prescripts and others.</p>
<p><b>3 Tourism Marketing:</b> Market and promote the Cederberg area as a world class, year-round, outdoor-adventure and cultural tourism destination.</p>	<p><b>3.1 Digital destination marketing strategy:</b> Develop and implement a cutting-edge digital marketing strategy based on a cost-effective and efficient electronic marketing portal and website.</p> <p><b>3.2: Media exposure:</b> Exploit the region's media exposure to increase tourist numbers.</p> <p><b>3.3 Information Portal:</b> Develop a comprehensive information portal where users can access current and accurate regional tourism and related information.</p> <p><b>3.4 Communication strategy:</b> Develop an internal and external communication plan to improve lines of communication to fast track tourism development.</p>
<p><b>4. Tourism Funding and Resource Mobilization:</b> Develop and implement a sustainable tourism funding and resource model in support of Cederberg's development, growth and marketing objectives.</p>	<p><b>4.1 Funding of LTO:</b> Review and strengthen the current Municipal-LTO funding model in order to maximize marketing and development return on investment.</p> <p><b>4.2 Resource Mobilization:</b> Lobby national and provincial government, public entities, international funders and private companies to become partners in tourism development and marketing.</p>
<p><b>5. Tourism Monitoring and Evaluation:</b> Develop and implement a practical Monitoring and Evaluation system to monitor, review and assess the progress in tourism development and marketing.</p>	<p><b>5.1 Tourism Research Intelligence:</b> Set up a reliable tourism research and intelligence unit linked to a monitoring and evaluation component.</p> <p><b>5.2 Source reliable tourism marketing statistics and development data</b> that will assist in evaluating current initiatives and provide options for future developments.</p>

Table 98: Tourism Strategic Objectives

b) **Highlights: Tourism**

The table below includes the highlights with the implementation of the Tourism Strategy:

Highlights	Description
Cederberg continues to play host to big and growing events	Various events such as the Freshpak Fitness Festival, Vans Surfing Festival, Oh Dam Jazz Festival were hosted in the area
Launching of the Cederberg Circuit Cycling Route in Citrusdal	Cycling and extreme sports are key components of the Tourism Strategy

Table 99: *Highlights: Tourism*

c) **Challenges: Tourism**

The table below includes the challenges with the implementation of the Tourism Strategy:

Description	Actions to address
Slow pace of tourism transformation	Amendments to the service level agreement between the Municipality and the Local Tourism Organisations (LTO) regarding development and transformational aspects
Lack of cohesion and integration between various local tourism associations regarding marketing	Cederberg Tourism to play a stronger coordinating role, also creating the regional tourism identity as opposed to each town promoting themselves individually
Over-reliance on local tourism offices as mere information desks	Local tourism offices to become more multi-functional, rendering value-added services, eg booking office. Use of social media and tourism related apps will decrease dependency on information offices

Table 100: *Challenges: Tourism*

d) **Employees: Tourism**

Employees: Tourism					
Job Level (T-grade)	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	1	0	1	100
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>100</b>

Table 101: *Employees: Local Economic Development*

### 3.6 COMPONENT D: COMMUNITY AND SOCIAL SERVICES

#### 3.6.1 LIBRARIES

##### a) Introduction to Libraries

Cederberg Municipality have 7 libraries and 1 wheelie wagon. The libraries are in the following areas:

Town	Number of libraries
Citrusdal	2
Clanwilliam	1
Graafwater	1
Lamberts Bay	1
Elands Bay	1
Wupperthal	1
Algeria	1 Wheelie Wagon

Table 102: Libraries in the Municipal Area

##### b) Highlights: Libraries

The table below specifies the highlights for the year:

Highlight	Description
Wheelie wagons	Algeria Library received 2 wheelie wagons
New library buildings	Elandsbay Bay's new library opened in July 2017
Library for the blind projects	Clanwilliam received equipment for the library of the blind project and it has been setup

Table 103: Libraries Highlights

##### c) Challenges: Libraries

The table below specifies the challenges for the year:

Description	Actions to address
Suppliers not listed on the database is a huge problem	Suppliers needs to register on the database. Forms should be distributed to these suppliers to complete
Decrease in allocation of province	Must be addressed in budget meetings with Western Cape Provincial Library Services

Table 104: Libraries Challenges

## d) Service Statistics for Libraries

The table below specifies the service statistics for the year:

Service statistic	2016/17	2017/18
Library members	4 385	5 548
Books circulated	112 800	127 681
Exhibitions held	125	128
Internet users	5 328	4 125
New library service points or Wheelie Wagons	None	2
Children programs	50	58
Visits by school groups	200	89
Book group meetings for adults	0	0
Primary and Secondary Book Education Sessions	10	10

Table 105: Service Statistics for Libraries

## e) Employees: Library Services

The following table indicates the staff composition for this division:

Employees: Libraries					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0
4 - 6	8	8	8	0	0
7 - 9	0	0	0	0	0
10 - 12	7	7	7	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>0</b>	<b>0</b>

Table 106: Employees: Libraries



## f) Capital: Library Services

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Total All	45 000	45 000	19 593.65	56%
MRFG equipment	45 000	45 000	19 593.65	56%

Table 107: Capital Expenditure: Libraries

## 3.6.2 CEMETERIES

## a) Highlights: Cemeteries

The table below specifies the highlights for the year:

Highlights	Description
EPWP cleaning programmes	Cleaning and upkeep of cemetery through EPWP programme
Land was availed to extend the existing cemeteries in Graafwater and Clanwilliam	Land was availed to extent the cemeteries, as the maximum capacity was reached
Clanwilliam ablution facilities was upgraded	Ablution facilities was refurbished and beautified

Table 108: Cemeteries Highlights

## b) Challenges: Cemeteries

The table below specifies the challenges for the year:

Description	Actions to address
Alignment of graves is a challenge due to undeveloped plots sold and buyers having to develop the plots themselves	The municipal tariff must include the development of the graves in order to address the issue
No ablution facilities for Graafwater, Citrusdal and Lamberts Bay	Funding applications must be submitted to obtain funding for build ablution facilities
Vandalism of cemeteries	Clanwilliam Cemetery ablution facility was historically vandalized, but recent upgrades addressed the issue. More security measure must be put in place to prevent vandalism
The Citrusdal Cemetery soil is rocky and not suitable for the digging of graves	Alternative suitable land options should be investigated
Capacity for cemeteries is limited	The option to extend cemeteries or to procure alternative land must be investigated
Replace fencing at Graafwater Cemetery	Funding applications must be submitted to obtain funding for the replacement of the fence

Table 109: Cemeteries Challenges

### c) Service Statistics for Cemeteries

The table below specifies the service delivery levels for the year:

Type of service	2016/17	2017/18
Burials	13	316

Table 110: Service Statistics for Cemeteries

## 3.7 COMPONENT G: SECURITY AND SAFETY

This component includes: traffic; law enforcement; fire and disaster management

### 3.7.1 LAW ENFORCEMENT

The Law Enforcement Section is responsible for enforcing municipal by laws in the area of jurisdiction

#### a) Highlights: Law Enforcement

The table below specifies the highlights for the year:

Highlights	Description
Addressing of illegal structures	Notices are served and illegal structure are broken down

Table 111: Law Enforcement Highlights

#### b) Challenges: Law Enforcement

The table below specify the challenge for the year:

Description	Actions to address
Limited uniform supply	Budgetary provision must be made to procure uniforms
Lack of safety equipment	Budgetary provision must be made to procure safety equipment

Table 112: Law Enforcement Challenges

#### c) Service Statistics for Law Enforcement

The table below specifies the service delivery levels for the year:

Details	2016/17	2017/18
Number of by-law infringements attended	793	46
Number of officers in the field on an average day	15	5
Number of officers on duty on an average day	15	6

Table 113: Service Statistics for Law Enforcement

## d) Employees: Law Enforcement

Employees: Law Enforcement					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	2	17	2	15	88.24
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>17</b>	<b>2</b>	<b>15</b>	<b>88.24</b>

Table 114: Employees: Law Enforcement

## 3.7.2 TRAFFIC SERVICES

The core function of the Traffic Services is to ensure a safe road environment, for all road users. This can only be achieved through the promotion of effective and efficient Traffic Law Enforcement. Furthermore, the following services are rendered;

- Learner licenses
- Driving licenses
- Registration and licensing of vehicles
- Roadworthiness of vehicles

## a) Highlights: Traffic Services

The table below specifies the highlights for the year:

Highlights	Description
Policing of events	Various major events were hosted during which the department successfully regulated the traffic flow and policed the events without any incidents
Decline in accidents	There was a decline in accidents

Table 115: Traffic Services Highlights

## b) Challenges: Traffic Services

The table below specifies the challenges for the year:

Challenges	Actions to address
Vacant positions	Vacant positions must be advertised and filled

Challenges	Actions to address
Shortage of vehicles	Additional vehicles must be procured to address the shortage
Inadequate uniforms and protective clothing for officers	Uniforms and protective clothing must be procured
After hours services	Budgetary provision must be made to accommodate an officer on standby after hours
Fencing of Citrusdal Traffic Centre to protect property against vandalism and theft	Budgetary provision must be made

Table 116: *Traffic Services Challenge*

### c) Additional Performance Service statistics for Traffic Services

The table below specifies the service delivery levels for the year:

Details	2016/17	2017/18
Motor vehicle licenses processed	36 673	15 068
Learner driver licenses processed	1 559	1 121
Driver licenses processed	1 481	1 456
Driver licenses issued	401	300
Fines issued for traffic offenses	44 844	28 225
R-value of fines collected	4 935 200	3 885 268
Roadblocks held	63	25
Complaints attended to by Traffic Officers	220	10
Awareness initiatives on public safety	6	4
Number of road traffic accidents during the year	325	281
Number of officers in the field on an average day	3	1
Number of officers on duty on an average day	3	6

Table 117: *Service Statistics for Traffic Services*

### d) Employees: Traffic Services

The following table indicates the staff composition for this division:

Employees: Traffic Services					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0
4 - 6	1	2	1	1	50
7 - 9	3	3	3	0	0
10 - 12	7	12	7	5	41.67
13 - 15	1	2	1	1	50

Employees: Traffic Services					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>14</b>	<b>21</b>	<b>14</b>	<b>7</b>	<b>33.33</b>

Table 118: *Employees: Traffic Services*

### 3.7.3 FIRE SERVICES AND DISASTER MANAGEMENT

#### a) Introduction to Fire Services and Disaster Management

A memorandum of understanding exists between West Coast District Municipality and Cederberg Municipality to perform the responsibilities of the Municipality regarding the structural phase and other related fire and rescue services. The Municipality's Fire and Disaster Department consist of only a Disaster and Fire Officer supported by the District Municipality.

#### b) Highlights: Fire Services and Disaster Management

The table below specifies the highlights for the year:

Highlights	Description
Reduction in response time	Provincial Disaster Management Centres (PDMC) donate a fire truck which is stationed in Citrusdal. This resulted in a radical reduction of response time from 1 hour to between 10-15 minutes
Internal capacity of Fire Fighter	PDMC have created an opportunity for municipalities to send candidates for fire fighter training and Cederberg Municipality was granted three seats
Flood and fire awareness	The Municipality participated in a joint venture to host flood and fire awareness throughout the municipal area

Table 119: *Fire Services and Disaster Management Highlight*

#### c) Challenges: Fire Services and Disaster Management

The table below specifies the challenges for the year:

Challenges	Actions to overcome
Limited vehicles and equipment	Budgetary provision must be made to procure additional vehicles and equipment
Accessibility to roads in informal settlements	Control and monitor the growth of the informal settlements

Table 120: *Fire Services and Disaster Management Challenges*

## d) Service Statistics for Fire Services and Disaster Management

The table below specifies the service delivery levels for the year:

Details	2016/17	2017/18
Operational call-outs	270	1488
Awareness initiatives on fire safety	30	11 School / 4000 pupils
Total fires attended in the year	145	842
Average turnout time - urban areas	350 minutes	2 hours
Average turnout time - rural areas	350 minutes	3 hours

Table 121: Service Statistics for Fire Services

## e) Employees: Fire Services and Disaster Management

The following table indicates the staff composition for this division:

Employees: Fire Services and Disaster Management					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	1	0	1	0
7 - 9	0	7	0	7	100
10 - 12	1	1	1	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>9</b>	<b>1</b>	<b>8</b>	<b>88.88</b>

Table 122: Employees: Fire Services and Disaster Management

## 3.8 COMPONENT H: SPORT AND RECREATION

### 3.8.1 SPORT AND RECREATION

## a) Highlights: Sport and Recreation

The table below specifies the highlights for the year:

Highlights	Description
Construction of a cricket pitch	A cricket pitch was constructed for practice purposes in Graafwater South sport field

Highlights	Description
Upgrade of the Graafwater North sports facility	The upgrade of the sport facility included the installation of 3 new overhead lights, replacement of pavilion seats, construction of fencing, resurfacing of athletics track
Installation of 3 new overhead lighting	Installation of 3 new overhead lights at the Graafwater North sports field
Upgrade of the Koffiekan Hall	Painting were completed of the Koffiekan Hall
Sports clubs were established in Citrusdal	Affiliated sport clubs were established for the following sports codes in Citrusdal: rugby, netball and cricket
Upgrade of the Clanwilliam sports facility	The upgrade of the sports ground commenced with the resurfacing of the field, upgrade of the pavilion, proper fencing and new cricket nets
Upgrade of the Lamberts Bay sports facility	The upgrade of the entrance roads and gates, as well as paving were completed

Table 123: Sport and Recreation Highlight

## b) Challenges: Sport and Recreation

The table below specifies the challenges for the year:

Description	Actions to address
Lack of funding for the upgrade of sport facilities throughout the municipal area	Funding applications must be prepared and submitted
Management of sport activities in the municipal area	Appointment of a dedicated sports coordinator and the implementation of facility management committees per town
Vandalism at sport and recreation facilities	Security measures must be put in place and law enforcement to provide support
Sport codes competing for the use of a limited number of facilities leading to over use and damaging of facilities	Investigate the possibility to establish more sport facilities

Table 124: Sport and Recreation Challenge

## c) Service Statistics for Sport and Recreation

The table below specifies the service delivery levels for the year:

Type of service	2016/17	2017/18
<b>Community parks</b>		
Number of parks with play park equipment	4	4
Number of wards with community parks	6	3
<b>Sport fields</b>		
Number of wards with sport fields	6	6
Number of sport associations utilizing sport fields	20	20
R-value collected from utilization of sport fields	R205 258.87	R66 924.94
<b>Sport halls</b>		
Number of wards with sport halls	4	3
Number of sport associations utilizing sport halls	20	13

Type of service	2016/17	2017/18
<b>Community parks</b>		
R-value collected from rental of sport halls	R205 258.87	R6 318.30

Table 125: Service Statistics for Sport and Recreation

#### d) Capital: Sport and Recreation

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
<b>Total All</b>	<b>650 000</b>	<b>554 000</b>	<b>514 988.08</b>	<b>7%</b>
Upgrade of Sport Fields	350 000	76 000	51 830.00	32%
Fencing of Tennis Court Lamberts Bay	0	104 610	90 667.34	13%
Fencing of Nuweland Speelparkie	0	88 390	88 390.00	0%
Entrance Upgrade Beautification- Resorts Clanwilliam	150 000	110 000	109 100.74	1%
Entrance Upgrade Beautification- Caravan Park Lamberts Bay	150 000	175 000	175 000	0%

Table 126: Capital Expenditure 2017/18: Sport and Recreation

## 3.9 COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: executive and council; financial services; human resource services; ICT services; legal services; and procurement services.

### 3.9.1 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

#### a) Highlights: Executive and Council

The table below specifies the highlights for the year:

Highlights	Description
Obtaining 100% funding for the completion and construction of the desalination plant in Lamberts Bay	An amount of R22 million and R6 million respectively have been secured from DWS and the Department of Local Government to complete the desalination plant. Date of completion is March 2019
Provision of housing	Infrastructure development and housing projects in Riverview (162 IRDP sites) and Lamberts Bay (492 IRDP sites) have started
Review and down-scaling of macro organogram	Macro structure has been down scaled from 4 directorates to 2 directorates with a cost saving of R2 million per annum



Highlights	Description
Strengthening of Council's finances by alienation of commonage land in Lamberts Bay	Economic development has been stimulated with the opening of the Ceder Mill Mall in Clanwilliam and identification of immovable assets and approval of the alienation thereof for industrial and residential development

Table 127: *Executive and Council Highlights*

## b) Challenges: Executive and Council

The table below specifies the challenges for the year:

Description	Actions to address
Financial sustainability	The review of immovable assets and alienation thereof, as well as the implementation of credit control measures and the development of a long-term financial plan
Obtain funding to secure much needed bulk electrification upgrade in Clanwilliam to stimulate further development	Formal applications have been submitted to relevant government institutions to secure funding parallel to the raising of the Clanwilliam Dam
Aged bulk infrastructure	Applications have been submitted to the relevant government institutions to secure funding
Control of the influx of illegal persons and improvement of informal settlement Khayelitsha Clanwilliam	Application for funding to ensure monitoring and restructuring of the informal settlement and securing of basic services has been submitted to the Department of Human Settlements

Table 128: *Executive and Council Challenges*

### 3.9.2 FINANCIAL SERVICES

The Finance Department is responsible for the Financial Strategy and overall financial management. This department is also responsible for ensuring financial balance in the Municipality, compliance with relevant legislation, regulation and governance practices and the MFMA.

## a) Highlights: Financial Services

The table below specifies the highlights for the year:

Highlights	Description
Clean Audit achieved in 16/17	The Municipality achieved a clean audit and is still progressing to maintain this status
Long term Financial Strategy	Due to the growing poverty and people whom are jobless all avenues to enhance the Municipality's revenue base has been investigated. A long-term financial strategy was compiled and adopted by Council
Replacement project of faulty water meters	Funding was received and faulty water meters were replaced in Clanwilliam and Citrusdal

Table 129: *Financial Services Highlights*

## b) Challenges: Financial Services

The table below specifies the challenges for the year:

Description	Actions to address
Growing Indigent base and influx in informal settlements	Strict verification process to register on Indigent Register and working closely with other Provincial and National Departments to address the growing indigent base
Struggling economy and growth	A long-term financial strategy was compiled and adopted by Council which include measure to address the issue
Implementing Municipal Standard Chart of Accounts (MSCOA)	Several challenges for the Municipality and service providers to integrate programmes and work streams. An action and project plan were compiled and closely adhered to

Table 130: Financial Services Challenges

## c) Debt Recovery

The following table represents the debt recovery for the financial years 2016/17 and 2017/18:

Details of the types of account raised and recovered	Debt Recovery					
	2016/17			2017/18		
	Billed in Year	Actual for accounts billed in year	Pro-portion of accounts value billed that were collected %	Billed in Year	Actual for accounts billed in year	Pro-portion of accounts value billed that were collected %
Property Rates	41 427 081	36 171 816	87%	41 372 155	37 233 630	90%
Electricity	54 754 818	52 903 841	97%	80 821 540	75 414 466	93%
Water	31 284 799	25 365 939	81%	23 925 988	15 819 217	66%
Sanitation	11 882 142	8 726 323	73%	9 170 093	5 542 651	60%
Refuse	9 617 891	7 232 031	75%	8 492 351	5 339 404	63%

Table 131: Debt Recovery

## d) Employees: Financial Services

The following table indicates the staff composition for this division:

Employees: Finance					
Job Level	2016/17	2017/18			
	Employees	Posts (approved)	Employees (posts filled)	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	10	11	10	1	9.09
7 - 9	13	20	13	7	35
10 - 12	8	10	8	2	20

Employees: Finance					
Job Level	2016/17	2017/18			
	Employees	Posts (approved)	Employees (posts filled)	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
13 - 15	1	1	1	0	0
16 - 18	2	2	2	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>34</b>	<b>44</b>	<b>34</b>	<b>10</b>	<b>22.73</b>

Table 132: Employees: Financial Services

### 3.9.3 HUMAN RESOURCE SERVICES

#### a) Introduction to Human Resource Services

The Human Resource Department has a staff component comprising of the following positions:

- Manager: Human Resources
- 4 x HR Practitioners responsible for:
  - Training, EAP & EPAS
  - Health & Safety
  - Recruitment & Selection and Support
  - Labour Relations
- 1 x Human Resource Administrator responsible for all administrative functions pertaining to leave, medical aid, pension, UIF, etc
- The HR department also made provision for two succession planning positions (for the 2018/19 financial year) in order to ensure a smooth transition and seamless continuation of the service when current senior HR staff members opt to retire.

#### (i) Filing of vacant posts

The Cederberg Municipality, a low to medium capacity Municipality, is rated as a Category 3 Municipality and it must still compete with higher graded, higher income municipalities for the available skills in the region, the province and ultimately the country. With that challenge in mind, the Municipality must still endeavour to appoint the right people with the right skills and competencies at the right time to achieve the organisation's strategic plan. Filling vacant, critical positions is a challenge for a municipality sized and categorised as the Cederberg Municipality, because skilled people can earn much more at a higher graded municipality or in the private sector.

In 2017/18 financial year, the Cederberg Municipality has filled 13 vacancies, of which 8 were external appointments, whilst 13 staff members left the employment of the Municipality during the same financial year.

**(ii) Recruitment and selection**

The Cederberg Municipality adopted a revised Recruitment and Selection Policy, and such policy was reviewed in May 2018 for the 2018/19 financial year. The aim of the policy is to streamline the appointment of personnel whilst keeping within the legal framework as enshrined in the various pieces of labour related legislation.

**(iii) Labour Relations**

It is imperative that good industrial relations are fostered between the employer and employees. Employees are engaged on certain structures created by the Local Government Bargaining Council to address issues of mutual interest to the employer and the employees. These structures are:

- Health & Safety
- Local Labour Forum (LLF)

Occupational Health & Safety 2017/18				
OHS				
	Injuries	Compensation for Occupational Injuries and Diseases (COID) Applications	Disabling Injuries	Schedule 8 Investigations (Ill Health)
Temp	9	9	0	0
Perm	24	24	0	0

Table 133: Occupational Health and Safety 2017/18

The Safety and health of our employees and their families are of the utmost importance to the Council. Therefore all possible steps are taken to ensure a healthy and safe working environment.

The Health and Safety policy and plan have been submitted to Council for review, as well as the Employee Wellness Policy.

The number of injuries on duty has steadily increased over time and 19 injuries were reported of which 19 injuries went through the Compensation for Occupational Injuries and Diseases (COID) process whereby injuries reported to the Compensation Commissioner.

**b) Highlights: Human Resources**

The table below specifies the highlights for the year:

Highlights	Description
Occupational Health and Safety	Cederberg appointed a new Health and Safety Officer
Skills Development	A New Municipal Finance Management Programme (MFMP) class has started to address the legislated minimum competency requirements
Staff wellness	Cederberg took part in the better together games for the second time and brought home a few medals

Table 134: Human Resources Highlights

## c) Challenges: Human Resources

The table below specifies the challenges for the year:

Challenges	Actions to address
Limited skilled development due to budgetary constraints	Budgetary provision must be made and application submitted to obtain additional funding sourced

Table 135: Human Resources Challenges

## d) Employees: Human Resources

The following table indicates the staff composition for this division:

Employees: Human Resource Services					
Job Level	2016/17	2017/18			
	Employees	Posts (approved)	Employees (posts filled)	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	4	5	4	1	20
13 - 15	0	0	0	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>1</b>	<b>17</b>

Table 136: Employees: Human Resources

## 3.9.4 INFORMATION AND COMMUNICATION TECHNOLOGY SERVICES

## a) Introduction to Information and Communication Technology (ICT) Services

It is responsible IT to ensure that all technical systems of the Municipality are functioning and operating effectively. Backups are done daily and stored for safekeeping. The maintenance of the municipal system and financial systems are outsourced. The network and computer hardware are maintained by the IT department. Structural changes to the website are also done by IT. The Municipality has grown from 50 devices (computers) to almost 200 devices within 5 years.

## b) Highlights: ICT Services

Highlights	Description
ICT policies and the Governance Framework	Various ICT policies and the Governance Framework has been
Audit findings	The section has addressed most of the previous audit findings

Highlights	Description
Established Cederberg Municipalities first ICT Steering Committee	The first ICT Steering Committee has been established

Table 137: ICT Highlights

## c) Challenges: ICT Services

Description	Actions to address
Lack of Disaster Recovery	An ICT Audit must be conducted and recommendations will be used to compile a 5 year ICT Strategy
Old ICT Infrastructure	An ICT Audit must be conducted and recommendations will be used to compile a 5 year ICT Strategy
Inadequate Financial Resources	Budgetary provision must be made to address ICT needs

Table 138: ICT Challenges

## d) Employees: ICT

Employees: ICT Services					
Job Level	2016/17	2017/18			
	Employees	Posts (approved)	Employees (posts filled)	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	1	0	1	100
10 - 12	1	3	1	2	66.67
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>60</b>

Table 139: Employees: ICT

## 3.9.5 LEGAL SERVICES

Legal Services is responsible for the finalisation of all agreements concluded by the Municipality. The section provide legal input on policies, contracts, agreements, legislation, by-laws and authorities. The section also offers legal advice to various departments of the Municipality and ensure compliance in respect of the Constitution and legislation regulating municipal processes. We distribute all new relevant legislation and case law.

## a) Highlights: Legal Services

Highlights	Description
Finalisation of lease agreements, MOU's, MOA's contracts and SLA's	Documentation archived in the records section

Highlights	Description
Internal and external advisory role	Assistance to municipal manager, directors, managers, officials in general and assistance to external legal practices
Activation of risk and compliance disciplines	Risk related policies and active participation of compliance users on the system
Appointment of an intern for support and assistance	The vacancy has been filled

Table 140: *Legal Services Highlights*b) **Challenges: Legal Services**

Description	Actions to address
No delegations to finalise matters	Delegations register in progress of being finalised
No control over SLA register; tender register, contract register	Senior management to address this issue

Table 141: *Legal Services Challenges*c) **Employees: Legal Services**

Employees: Legal Services					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	2	1	1	50
10 - 12	0	1	0	1	100
13 - 15	0	1	0	1	100
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>60</b>

Table 142: *Employees: Legal Services*

## 3.9.6 PROCUREMENT SERVICES

a) **Highlights: Procurement Services**

The table below specifies the highlights for the year:

Highlights	Description
Transparency	Provide the public with timely, accessible and accurate information. All supply chain management contracts in terms of Section 75 (1)(g) of the MFMA are published on the municipal website

Highlights	Description
Compliance	Cederberg Municipality's SCM Policy complies with regulatory framework
Alignment of SCM processes and procedures that will ensure compliance	National and Provincial Treasury guidelines and regulations are strictly adhered to

Table 143: *Procurement Services Highlights*

#### b) Challenges: Procurement Services

The table below specifies the challenges for the year:

Description	Actions to address
Inadequate sourcing of goods and services	Development of procurement strategies
Lack of capacity	The SCM unit consist of only three officials

Table 144: *Procurement Services Challenges*

#### c) Service Statistics for Procurement Services

The table below specifies the service delivery levels for the year:

Description	Total No	Monthly Average	Daily Average
Requests processed	2 669	222	11
Orders processed	2 093	174	8.7
Requests cancelled or referred back	576	48	2.4

Table 145: *Service Statistics for Procurement Division*

#### d) Details of Deviations for Procurement Services

Type of deviation	Number of deviations	Value of deviations R	Percentage of total deviations value
Clause 36(1)(a)(i)-Emergency	9	487 648	44%
Clause 36(1)(a)(ii)-Sole Supplier	22	571 006	52%
Clause 36(1)(a)(vii) ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	1	29 980	2.7%
Clause 36(1)(a)(viii)- workshop strip and quote	1	14 800	1.3%
<b>Total</b>	<b>33</b>	<b>1 103 434</b>	<b>100%</b>

Table 146: *Statistics of Deviations from the SCM Policy*



### 3.10 COMPONENT I: SERVICE DELIVERY PRIORITIES FOR 2018/19

The main development and service delivery priorities for 2018/19 forms part of the Municipality's Top Layer SDBIP for 2018/19 and are indicated in the table below as per strategic objective:

#### 3.10.1 Development and transformation of the institution to provide a people-centred human resources and administrative service to citizens, staff and Council

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL1	The number of people from employment equity target groups employed in the three highest levels of management in compliance with the equity plan as at 30 June 2019	Number of people employed	All	1
TL2	The percentage of the municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2019 [(Actual amount spent on training/total operational budget)x100]	% of the municipality's personnel budget on training by 30 June 2019 (Actual amount spent on training/total personnel budget)x100	All	0.50%
TL3	Complete the annual Risk Assessment and submit the strategic and operational risk register to the Risk Committee by 31 March 2019	Strategic and operational risk register submitted to the Risk Committee	All	1
TL4	Review the Standing Rules of Order and submit to Council for approval by 30 September 2018	Reviewed Standing Rules of Order submitted to Council for approval	All	1
TL5	Review the Performance Management Framework and submit to Council for approval by 31 May 2019	Performance Management Framework developed and submitted to Council	All	1
TL6	Fill 90% of budgeted vacancies by 30 June 2019 (Total budget vacancies filled/Total budgeted vacancies) x 100	Percentage of budgeted vacancies filled	All	90%
TL7	Review the Organogram and submit to Council by 31 March 2019	Organogram submitted to Council	All	1
TL8	Procure an electronic Record Management System by 31 December 2018	Record Management System procured	All	1
TL9	Procure an electronic system for the maintenance of the Organisational Structure by 30 June 2019	Electronic system for the Organisational Structure procured	All	1
TL10	Spend 90% of the approved budget for the upgrade of the ICT network infrastructure by 30 June 2019 [(Total expenditure on project/ Approved budget for the project)x100]	Percentage budget spent	All	90%
TL11	Upgrade the telephone system by 30 June 2019	Telephone system upgraded	All	1
TL12	Develop a 5 year ICT Strategic Plan and submit to Council by 31 March 2019	5 year ICT Strategic Plan submitted to Council	All	1

Table 147: Development and transformation of the institution to provide a people-centred human resources and administrative service to citizens, staff and Council

### 3.10.2 Enable a resilient, sustainable, quality and inclusive living environment and human settlements i.e. Housing development and informal settlement upgrade

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL35	Develop an Informal Settlement Management Plan and submit to Council by 31 December 2018	Informal Settlement Management Plan submitted to Council	All	1
TL36	Develop an Informal Human Settlements Integration Strategy and submit to Council by 30 June 2019	Informal Human Settlements Integration Strategy submitted to Council	All	1
TL47	Construct 100 top structures in Lamberts Bay Pr.No.114 by 30 June 2019	Number of top structures constructed	5	100
TL48	Service 167 sites in Lamberts Bay, Ph1 Pr.No.114 by 30 June 2019	Number of sites serviced	5	167
TL57	Service 185 sites in Lamberts Bay by 30 June 2019	Number of sites serviced	5	185

Table 148: Enable a resilient, sustainable, quality and inclusive living environment and human settlements i.e. Housing development and informal settlement upgrade

### 3.10.3 Facilitate, expand and nurture sustainable economic growth and eradicate poverty

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL37	Spend 90% of the approved project budget to assist the elderly with transport (Graafwater to Clanwilliam) by 30 June 2019 [(Total expenditure on project/ Approved budget for the project) x100]	Percentage budget spend	All	90%
TL49	Establish a Business Development Forum with organised business for the municipal area by 31 December 2018	Business Development Forum established	All	1
TL50	Conduct training initiatives with SMME's during the 2018/19 financial year	Number of training initiatives conducted	All	4
TL51	Develop a Preferential Procurement Policy and submit to Council by 31 March 2019	Preferential Procurement Policy submitted to Council	All	1
TL52	Conduct an Investment Promotion Indaba by 30 September 2018	Investment Promotion Indaba conducted	All	1
TL53	Develop an Investment Promotion Action Plan and submit to Council by 31 March 2019	Investment Promotion Action Plan submitted to Council	All	1
TL54	Develop a Destination of Choice Action Plan and submit to Council by 31 March 2019	Destination of Choice Action Plan submitted to Council	All	1
TL55	Develop a new Tourism Strategy for Cederberg municipal area and submit to Council by 31 December 2018	Tourism Strategy submitted to Council	All	1
TL56	Spend 90% of the approved project budget for the development of Beehives for SMME's by 30 June 2019 [(Total expenditure on project/ Approved budget for the project)x100]	Percentage budget spend	5	90%

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL58	Create 127 jobs opportunities in terms of EPWP by 30 June 2019	Number of job opportunities created in terms of EPWP	All	127

Table 149: *Facilitate, expand and nurture sustainable economic growth and eradicate poverty*

### 3.10.4 Financial viability and economically sustainability

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL16	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2019[(Amount actually spent on capital projects/ Amount budgeted for capital projects)x100]	% of capital budget spent on capital projects by 30 June 2019	All	90%
TL17	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations as at 30 June 2019 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% of debt coverage	All	45%
TL18	Financial viability measured in terms of the outstanding service debtors as at 30 June 2019 (Total outstanding service debtors/ revenue received for services)	% of outstanding service debtors	All	30%
TL19	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2019 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash	All	1
TL20	Spent 90% of the Financial Management Grant by 30 June 2019 [(Total actual grant expenditure/Total grant allocation received)x100]	% of FMG grant spent	All	90%
TL21	Submit financial statements to the Auditor-General by 31 August 2018	Approved financial statements submitted to the Auditor-General	All	1
TL22	Achievement of a payment percentage of 85% quarterly ((Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue) x 100	Payment % achieved	All	85%
TL23	Achieve an unqualified audit opinion by 31 March 2019 for the 2017/18 financial year	Unqualified Audit opinion received	All	1
TL24	Submit the draft main budget to Council for approval by 31 March 2019	Draft main budget submitted to Council for approval	All	1
TL25	Submit the adjustments budget to Council for approval by 28 February 2019	Adjustment budget submitted to Council for approval	All	1

Table 150: *Financial viability and economically sustainability*

## 3.10.5 Good Governance, Community Development &amp; Public Participation

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL13	Spend 90% of approved maintenance budget for municipal buildings by 30 June 2019	Percentage budget spent	All	90%
TL14	Address 100% of ICT Audit finding by 30 June 2019	Percentage of Audit finding addressed	All	100%
TL34	Develop a Drought Communication Strategy and submit to Council by 31 July 2018	Drought Communication Strategy submitted to Council	All	1
TL85	Develop and submit the risk based audit plan for 2019/20 to the Audit Committee by 30 June 2019	Risk based audit plan submitted to the Audit Committee	All	1
TL86	Draft the annual performance report for 2017/18 and submit to the Auditor-General by 31 August 2018	Annual performance report for 2017/18 drafted and submitted to the Auditor-General	All	1
TL87	Compile and submit the draft annual report for 2017/18 to Council by 31 January 2019	Draft annual report for 2017/18 submitted to Council	All	1
TL88	Compile and submit the final annual report and oversight report for 2017/18 to Council by 31 March 2019	Final annual report and oversight report for 2017/18 submitted to Council	All	1
TL89	Submit the final reviewed IDP to Council by 31 May 2019	Final IDP submitted to Council	All	1

Table 151: Good Governance, Community Development &amp; Public Participation

## 3.10.6 Improve and sustain basic service delivery and infrastructure development

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL15	Register emerging farmers of Graafwater on the financial billing system by 30 September 2018	Number of users registered	5	7
TL26	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and billed for the service as at 30 June 2019	Number of residential properties which are billed for water or have pre paid meters	All	4 950
TL27	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and billed for the service as at 30 June 2019	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas)	All	7 615
TL28	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and billed for the service as at 30 June 2019	Number of residential properties which are billed for sewerage	All	4 315
TL29	Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2019	Number of residential properties which are billed for refuse removal	All	4 950

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL30	Provide free basic water to indigent households as per the requirements in the indigent policy as at 30 June 2019	Number of households receiving free basic water	All	2 000
TL31	Provide free basic electricity to indigent households as per the requirements in the indigent policy as at 30 June 2019	Number of households receiving free basic electricity	All	1 950
TL32	Provide free basic sanitation to indigent households as per the requirements in the indigent policy as at 30 June 2019	Number of households receiving free basic sanitation services	All	1 900
TL33	Provide free basic refuse removal to indigent households as per the requirements in the indigent policy as at 30 June 2019	Number of households receiving free basic refuse removal	All	2 000
TL38	Conduct an assessment of all non-core assets (e.g. resorts & caravan parks) and capital assets (land) and submit a report with recommendations to Council by 31 October 2018	Report submitted to Council	All	1
TL43	Upgrade play parks in Citrusdal	Number of play parks upgraded	5	1
TL44	Upgrade of sport field in Citrusdal	Number of sport fields upgraded	5	1
TL45	Construct fencing at rugby field in Algeria by 30 June 2019	Fence constructed	6	1
TL46	Spend 90% of the approved project budget for the beautification of in Elands Bay parks and open spaces [(Total expenditure on project/ Approved budget for the project)x100]	Percentage budget spent	5	90%
TL59	Complete the upgrade of the Clanwilliam Sport field by 30 June 2019	Project completed	3	1
TL60	Spend 90% of the capital budget on phase 3 of the Lamberts Bay Housing Bulk Electricity Upgrade by 30 June 2019 [(Total expenditure on the project/ Approved budget for the project)x100]	% of capital budget spent	5	90%
TL61	Spend 90% of the approved maintenance budget for electricity services by 30 June 2019 [(Total expenditure on maintenance/ Approved budget for maintenance)x100]	% maintenance budget spent	All	90%
TL62	Spend 90% of the maintenance budget for roads and stormwater by 30 June 2019 [(Total expenditure on maintenance/ Approved budget for maintenance)x100]	% maintenance budget spent	All	90%
TL63	Complete the Citrusdal WWTW by 31 December 2018	Project completed	2	1
TL64	Spend 90% of the approved maintenance budget for waste water by 30 June 2019 [(Total expenditure on maintenance/ Approved budget for maintenance)x100]	% maintenance budget spent	All	90%
TL65	Spend 100% of the MIG grant by 30 June 2019 [(Total expenditure on MIG Grant/ Approved MIG allocation)x100]	% of budget spent	All	100%

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL66	Complete the construction of the desalination plant - Lamberts Bay by 31 March 2019	Project completed	5	1
TL67	95% of the water samples comply with SANS 241 micro biological parameters {(Number of water samples that comply with SANS 241 indicators/Number of water samples tested)x100}	% of water samples complying with SANS 241 micro biological parameters	All	95%
TL68	Spend 90% of the approved maintenance budget for water by 30 June 2019 [(Total expenditure on maintenance/ Approved budget for maintenance)x100]	% maintenance budget spent	All	90%
TL69	Report bi-annually to Council during the 2018/19 financial year on the progress made with the implementation of the regional dump site plan as per agreement with West Coast DM	Number of report submitted	All	2
TL70	Spend 90% of the capital budget approved for the upgrade of roads in Clanwilliam by 30 June 2019 [(Total expenditure on project/ Approved budget for the project)x100]	% of capital budget spent	3	90%
TL71	Spend 90% of the capital budget approved for the upgrade of roads in Cederberg by 30 June 2019 [(Total expenditure on projects/ Approved budget for the projects)x100]	% of capital budget spent	All	90%
TL72	Complete the construction of a 1.5 Megaliter reservoir in Graafwater by 31 December 2018	Project completed	5	1
TL73	Replace 150 water meters by 30 June 2019	Number of waters meters replaced	All	150
TL74	Spend 90% of the capital budget approved for the upgrade of the electricity network within Cederberg by 30 June 2019 [(Total expenditure on project/ Approved budget for the project)x100]	% of capital budget spent	All	90%
TL75	Spend 90% of the capital budget approved for the replacement of street lights in Cederberg by 30 June 2019 [(Total expenditure on project/ Approved budget for the project)x100]	% of capital budget spent	All	90%
TL76	Upgrade 41 detached toilets in Graafwater by 30 March 2019	Number of toilets upgraded	5	41
TL77	Limit unaccounted for water to less than 15% by 30 June 2019 {(Number of Kiloliters Water Purchased or Purified - Number of Kiloliters Water Sold (incl free basic water) / Number of Kiloliters Water Purchased or Purified x 100}	% unaccounted water	All	15%
TL78	Conduct weekly water tests for Clanwilliam	Number of water test conducted	3	48
TL79	Conduct a study on additional water sources for the area and submit a report to Council by 31 March 2019	Study submitted to Council	All	1
TL80	Provide electrical connection to 162 plots in Riverview by 30 June 2019	Number of electrical connections provided	2	162

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL81	Construct an electrical substation in Clanwilliam to increase the capacity by 30 June 2019	Project completed	3	1
TL82	Spend 90% of approved budget for the provision of additional streetlights and spotlights by 30 June 2019 [(Total expenditure on project/ Approved budget for the project)x100]	Percentage budget spent	2; 3; 5	90%
TL83	Spend 90% of the approved project budget for the upgrade of community facilities in Citrusdal by 30 June 2019 {(Actual expenditure divided by the total approved project budget) x 100}	% of budget spent	2	90%
TL84	Develop 3 boreholes for Clanwilliam and 2 boreholes for Citrusdal by 31 December 2018	Number of boreholes developed	2; 3	5

Table 152: *Improve and sustain basic service delivery and infrastructure development*

### 3.10.7 To facilitate social cohesion, safe and healthy communities

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL39	Develop a Social Development Framework and submit to Council by 31 March 2019	Social Development Framework submitted to Council	All	1
TL40	Spend 90% of the approved project budget to assist vulnerable groups by 30 June 2019 [(Total expenditure on project/ Approved budget for the project)x100]	Percentage budget spent	5	90%
TL41	Develop a Municipal Coastal Management Program and submit to Council by 30 June 2019	Program submitted to Council	All	1
TL42	Review Air Quality Management Plan and submit to Council for approval by 30 June 2019	Air Quality Management Plan submitted to Council	All	1

Table 153: *To facilitate social cohesion, safe and healthy communities*

## CHAPTER 4

### 4.1 NATIONAL KEY PERFORMANCE INDICATORS - MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area - Municipal Transformation and Organisational Development.

### 4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Municipality currently employs **292** (excluding non-permanent) officials, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of Human Resource Management is to render and innovative HR service that address both skills development and an administrative function.

#### 4.2.1 Employment Equity

The Employment Equity Act (1998) Chapter 3, Section 15(1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The National performance indicators are also reference to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan".

#### a) Employment Equity targets/actual

African	Coloured	Indian	White
Actual June	Actual June	Actual June	Actual June
14%	81%	0.3%	3.7%

Table 154: 2017/18 EE Actual by Racial Classification

Male	Female	Disability
Actual June	Actual June	Actual June
65%	35%	6%

Table 155: 2017/18 EE Actual by Gender Classification



## b) Employment Equity vs. Population

Description	African	Coloured	Indian	White	Total
Economically Active Population Demographics (Percentage) Western Cape	35%	45%	1%	17%	98% (exc other)
Economically Active Population West Coast Region % Population	17%	66%	0.5%	16%	100%
Number for positions filled	0	11	0	1	12

Table 156: EE Population 2017/18 (including non-permanent officials)

## c) Specific Occupational Categories - Race

The table below indicates the number of employees by race within the specific occupational categories:

Occupational Categories	Female				Male				Total
	A	C	I	W	A	C	I	A	
Top Management	0	2	0	1	0	0	0	0	3
Senior management	0	10	0	2	1	1	0	0	14
Professionally qualified and experienced specialists and mid- management	0	21	0	0	0	1	0	1	23
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	5	19	1	3	1	22	0	3	54
Semi-skilled and discretionary decision making	5	34	0	0	2	30	0	0	71
Unskilled and defined decision making	16	72	0	0	11	28	0	0	127
<b>Total permanent</b>	<b>26</b>	<b>158</b>	<b>1</b>	<b>6</b>	<b>15</b>	<b>82</b>	<b>0</b>	<b>4</b>	<b>292</b>

Table 157: Occupational Categories

## d) Departments - Race

The table below shows the number of employees per department as well as the profile by race. The Engineering Services Department, being the service delivery arm of the Municipality, is the largest component.

Employee Distribution per Directorate					
Directorate	African	Coloured	Indian	White	Total
Municipal Manager	0	3	0	1	4
Corporate and Strategic Services	3	22	0	0	25
Financial Services	0	31	0	4	35
Community and Development Services	7	59	1	2	69
Engineering and Planning Services	32	123	0	4	159
<b>Total permanent</b>	<b>42</b>	<b>238</b>	<b>1</b>	<b>11</b>	<b>292</b>

Table 158: Departments: Race

#### 4.2.2 Vacancy Rate

The approved organogram for the Municipality had 400 posts for the 2016/17 financial year and 484 in the 2017/18 financial year. 96 Posts were vacant at the end of 2016/17, resulting in a vacancy rate of 24% compared to 192 posts in 2017/18 resulting in vacancy rate of 39%

Below is a table that indicates the vacancies within the Municipality:

Per Functional Level		
Functional area	Filled	Vacant
Municipal Manager	4	3
Corporate and Strategic Services	25	13
Financial Services	35	12
Community and Development Services	69	51
Engineering and Planning Services	159	113
Office of the Mayor (Council)	11	0
<b>Total</b>	<b>292</b>	<b>192</b>

Table 159: Vacancies per Department

The table below indicates the number of staff per level expressed as total positions and current vacancies express as full time staff equivalent:

Salary Level	Number of current critical vacancies	Total posts as per organogram
Municipal Manager	0	1
Chief Financial Officer	0	1
Other Section 57 Managers	2	4
Senior management (T14-T19)	6	21
<b>Total</b>	<b>8</b>	<b>27</b>

Table 160: Full Time Staff Equivalents

#### 4.2.3 Employee Movement

A higher turnover may be costly to a Municipality and might negatively affect productivity, service delivery and institutional memory/organisational knowledge. Below is a table that shows the employee movement in 2017/18.

Employee Movement					
Movement Type	African	Coloured	Indian	White	Total
Termination	0	12	0	1	13
Recruited Internal	1	3	0	1	5
Recruited External	0	8	0	0	8
Transferred / Placement	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>23</b>	<b>0</b>	<b>2</b>	<b>26</b>

Table 161: Employee Movement

#### 4.3 MANAGING THE MUNICIPAL WORKFORCE

Managing the municipal workforce refers to analyzing and coordinating employee behavior.

##### 4.3.1 Injuries

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

The injury rate shows an increase with 19 employees injured in 2016/17 against 33 employees in the 2017/18 financial year.

The table below indicates the total number of injuries within the different directorates:

Directorates	2016/17	2017/18
Municipal Manager	0	0
Corporate and Strategic Services	0	1
Financial Services	0	1
Community and Development Services	6	2
Engineering and Planning Services	13	29
<b>Total</b>	<b>19</b>	<b>33</b>

Table 162: *Injuries*

##### 4.3.2 HR Policies and Plans

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that are approved and that still needs to be developed:

Policies	
Name of policy	Policy approved Yes/No
Sexual Harassment	Yes
Subsistence and Travelling	Yes
Training and Development	Yes
Language	Yes
Cell Phone	Yes
Study	Yes
IT	Yes
HIV/AIDS	Yes
Induction Programme	Yes
Recruitment and Selection	Yes

Policies	
Employment Equity	Yes
Substance Abuse	Yes
Smoking	Yes
Overtime	Yes
Unauthorized Absence	Yes

Table 163: HR Policies and Plans

#### 4.4 CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose, the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

##### 4.4.1 Skills Matrix

The table below indicates the number of beneficiaries per occupational category who underwent training in the financial year. The total training budget for 2017/18 financial year was R250 000. The actual spent on training for the same financial year was R224 391 which amounts to 89% spent. The tables below show the number of individuals (headcount) trained:

Occupational Category	Female				Male				Total				Total
	A	C	I	W	A	C	I	W	A	C	I	W	
Legislators	0	2	0	0	0	4	0	0	0	6	0	0	6
Managers	1	1	0	1	0	11	0	3	1	12	0	4	17
Professionals	0	1	0	0	0	8	0	1	0	9	0	1	10
Technicians and Trade Workers	1	1	0	0	4	14	0	0	5	15	0	0	20
Community and Personal Service Workers	0	1	0	0	0	5	0	0	0	6	0	0	6
Clerical and Administrative Workers	0	8	0	0	0	3	0	0	0	11	0	0	11
Sales Workers	0	0	0	0	0	0	0	0	0	0	0	0	0
Machine Operators and Drivers	0	0	0	0	1	7	0	0	1	7	0	0	8
Elementary Workers	2	7	0	0	4	26	0	0	6	33	0	0	39
<b>Totals</b>	<b>4</b>	<b>21</b>	<b>0</b>	<b>1</b>	<b>9</b>	<b>78</b>	<b>0</b>	<b>4</b>	<b>13</b>	<b>99</b>	<b>0</b>	<b>5</b>	<b>117</b>

Table 164: Skills Matrix

##### 4.4.2 Skills Development - Budget Allocation

Year	Total Allocated	Total Spend	% Spent
2016/17	R250 000	R222 466	89%
2017/18	R250 000	R224 391	89%

Table 165: Budget allocated and spent for skills development

#### 4.4.3 MFMA Competencies

In terms of Section 83(1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to successful implementation of the MFMA. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role-players in the local government sphere, develop an outcomes-based NQF level 6 qualifications in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, “(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 as per Government Notice No. 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations.”

The table below provides details of the financial competency development progress as required by the regulation:

Description	Total number of officials employed by the municipality (Regulation 14(4)(a) and (c))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>			
Accounting officer	1	1	1
Chief financial officer	1	1	1
Senior managers	3	3	3
Any other financial officials	9	n/a	9
<b>Supply Chain Management Officials</b>			
Heads of supply chain management units	1	n/a	1

Table 166: Budget Allocated and Spent for Skills Development

#### 4.5 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

##### 4.5.1 Personnel Expenditure

Below is a summary of Councillor and staff benefits for the year under review:

Financial year	2016/17	2017/18		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R	R	R	R
<b><u>Councillors (Political Office Bearers plus Other)</u></b>				
Salary	3 743 655	3 819 788	3 903 612	4 097 749
Pension Contributions	437 382	536 221	561 298	508 971
Medical Aid Contributions	74 721	57 819	76 811	76 386
Motor vehicle allowance	267 550	244 782	340 690	313 392
Cell phone allowance	215 395	269 358	230 400	296 718
Housing allowance	0	0	0	0
Other benefits or allowances	37 804	0	0	0
In-kind benefits	0	0	0	0
<b>Sub Total</b>	<b>4 776 507</b>	<b>4 928 058</b>	<b>5 112 811</b>	<b>5 293 216</b>
<b>% increase/ (decrease)</b>	<b>-</b>	<b>3%</b>	<b>4%</b>	<b>4%</b>
<b><u>Senior Managers of the Municipality</u></b>				
Basic Salary and Wages	2 653 668	3 329 548	4 883 936	5 219 443
Pension Contributions	405 812	140 733	321 402	9 243
Medical Aid Contributions	29 084	0	39 872	0
Performance Bonus	312 815	59 297	35 906	0
Motor vehicle allowance	880 866	604 093	453 094	302 320
Cell phone allowance	66 300	50 263	87 409	42 409
Housing allowance	192 991	77 328	42 000	0
Other benefits or allowances	146 331	198	40 228	1 178
Leave Pay Out	269 856	0	0	0
Long Service Awards	0	0	0	0
<b>Sub Total</b>	<b>4 957 723</b>	<b>4 261 460</b>	<b>5 853 847</b>	<b>5 574 593</b>
<b>% increase/ (decrease)</b>	<b>-</b>	<b>14%</b>	<b>37%</b>	<b>-5%</b>
<b><u>Other Municipal Staff</u></b>				
Basic Salaries and Wages	4 853 8450	53 486 899	52 823 674	55 069 090
Pension Contributions	7 872 949	9 128 958	9 489 634	9 340 755

Financial year	2016/17	2017/18		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R	R	R	R
Medical Aid Contributions	2 950 641	4 056 773	3 665 305	3 217 345
Motor vehicle allowance	342 5382	3 991 325	4 476 515	4 174 316
Cell phone allowance	251 581	379 246	412 532	394 959
Housing allowance	674 298	869 001	548 478	530 429
Overtime	3 651 247	1 537 741	4 597 424	4 550 386
Other benefits or allowances	11 022 006	10 462 908	12 176 269	10 806 654
<b>Sub Total</b>	<b>78 386 554</b>	<b>83 912 851</b>	<b>88 189 831</b>	<b>88 083 934</b>
<b>% increase</b>	-	7%	5%	-0.12%
<b>Total Municipality</b>	<b>88 120 784</b>	<b>93 102 369</b>	<b>99 156 489</b>	<b>98 951 743</b>
<b>% increase/ (decrease)</b>	-	6%	7%	-0.21%

Table 167: *Personnel Expenditure*

## CHAPTER 5

This chapter provides details regarding the financial performance of the Municipality for the 2017/18 financial year.

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The Statement of Financial Performance provides an overview of the financial performance of the Municipality and focuses on the financial health of the Municipality.

## 5.1 FINANCIAL SUMMARY

The table below indicates the summary of the financial performance for the 2017/18 financial year:

The table below shows a summary of performance against budgets:

Financial Summary						
R'000						
Description	2016/17	2017/18			2017/18 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
<b>Financial Performance</b>						
Property rates	38 308	40 871	40 871	41 372	1.21	1.21
Service charges	118 574	125 833	125 833	120 342	-4.56	-4.56
Investment revenue	863	391	1 791	1 427	72.58	-25.56
Transfers recognised - operational	50 308	58 056	64 967	57 682	-0.65	-12.63
Other own revenue	36 700	49 800	35 200	27 395	-81.78	-28.49
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>244 754</b>	<b>274 951</b>	<b>268 661</b>	<b>248 218</b>	<b>-10.77</b>	<b>-8.24</b>
Employee costs	82 700	87 718	93 538	93 659	6.34	0.13
Remuneration of councilors	4 777	4 928	5 113	5 293	6.90	3.41
Depreciation & asset impairment	16 054	17 253	17 252	16 070	-7.36	-7.35
Finance charges	7 887	8 544	7 606	8 074	-5.83	5.80
Materials and bulk purchases	67 597	69 235	69 080	68 531	-1.03	-0.80
Transfers and grants	817	870	1 783	1 021	14.79	-74.58
Other expenditure	80 053	85 719	90 514	76 676	-11.79	-18.05
<b>Total expenditure</b>	<b>259 884</b>	<b>274 267</b>	<b>284 884</b>	<b>269 324</b>	<b>-1.84</b>	<b>-5.78</b>
<b>Surplus/(deficit)</b>	<b>(15 130)</b>	<b>684</b>	<b>(16 223)</b>	<b>(21 106)</b>	<b>103.24</b>	<b>23.13</b>
Transfers recognised - capital	27 575	59 494	61 682	33 979	-75.09	-81.53
Contributions recognised - capital & contributed assets	362	0	0	1 046	100.00	100.00
<b>Surplus/(deficit) after capital transfers &amp; contributions</b>	<b>12 806</b>	<b>60 177</b>	<b>45 458</b>	<b>13 920</b>	<b>-332.32</b>	<b>-226.57</b>



Financial Summary						
R'000						
Description	2016/17	2017/18		2017/18 %Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
<b>Capital Expenditure &amp; Funds Sources</b>						
<b>Capital Expenditure</b>						
Transfers recognised - capital	22 966	59 494	61 682	33 888	-75.56	-82.02
Public contributions & donations	0	0	0	0	0	0
Borrowing	0	0	3 550	3 809	100.00	6.81
Internally generated funds	5 287	11 141	11 285	7 987	-39.49	-41.29
<b>Total sources of capital funds</b>	<b>28 253</b>	<b>70 635</b>	<b>76 517</b>	<b>45 684</b>	<b>-54.62</b>	<b>-67.49</b>
<b>Financial Position</b>						
Total current assets	60 280	41 630	41 413	67 637	38.45	38.77
Total non-current assets	571 898	665 766	629 993	597 623	-11.40	-5.42
Total current liabilities	84 686	46 534	45 827	100 116	53.52	54.23
Total non-current liabilities	89 594	113 782	120 166	93 325	-21.92	-28.76
Community wealth/equity	457 899	547 080	505 413	471 818	-15.95	-7.12
<b>Cash Flows</b>						
Net cash from (used) operating	47 876	75 198	54 976	40 510	-85.63	-35.71
Net cash from (used) investing	(27 115)	(70 635)	(76 517)	(44 136)	-60.04	-73.37
Net cash from (used) financing	(950)	(3 260)	(175)	(143)	-2181.50	-22.76
<b>Cash/cash equivalents at the year end</b>	<b>19 811</b>	<b>1 303</b>	<b>(21 717)</b>	<b>(3 769)</b>	<b>134.57</b>	<b>-476.23</b>
<b>Cash Backing/Surplus Reconciliation</b>						
Cash and investments available	0	3 808	584	18 532	79.45	96.85
Application of cash and investments	0	(3 523)	0	(33 460)	89.47	100.00
<b>Balance - surplus (shortfall)</b>	<b>0</b>	<b>285</b>	<b>584</b>	<b>(14 928)</b>	<b>101.91</b>	<b>103.91</b>
<b>Asset Management</b>						
Asset register summary (WDV)	571 898	665 766	629 993	597 623	-11.40	-5.42
Depreciation & asset impairment	16 054	17 253	17 252	16 054	-7.47	-7.46
Renewal of existing assets	0	3 440	1 304	15 870	78.32	91.78
Repairs and maintenance	9 659	29 300	30 647	13 577	-115.80	-125.72
<b>Free Services</b>						
Cost of free basic services provided	4 758	4 676	5 054	5 332	12.30	5.21
Revenue cost of free services provided	0	0	0	0	0	0
<b>Households Below Minimum Service Level</b>						
Water	1 100	1 200	1 200	1 200	0	0
Sanitation/sewerage	2 000	2 100	2 100	2 100	0	0

Financial Summary						
R'000						
Description	2016/17	2017/18			2017/18 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Energy	0	0	0	0	0	0
Refuse	0	0	0	0	0	0

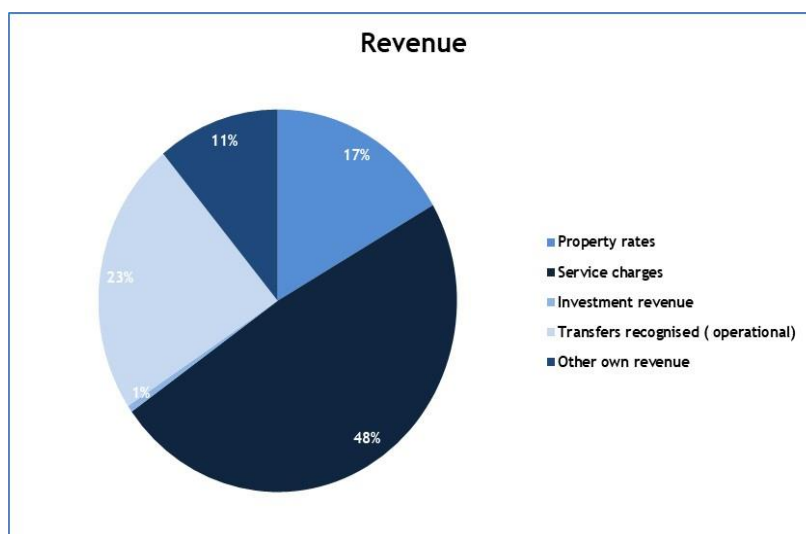
*Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual.*

Table 168: Financial Performance 2017/18

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000				R'000			
2016/17	255 737	244 754	(10 983)	-4	272 469	259 884	12 585	5
2017/18	268 661	248 218	(20 443)	-8	284 884	269 324	15 561	5

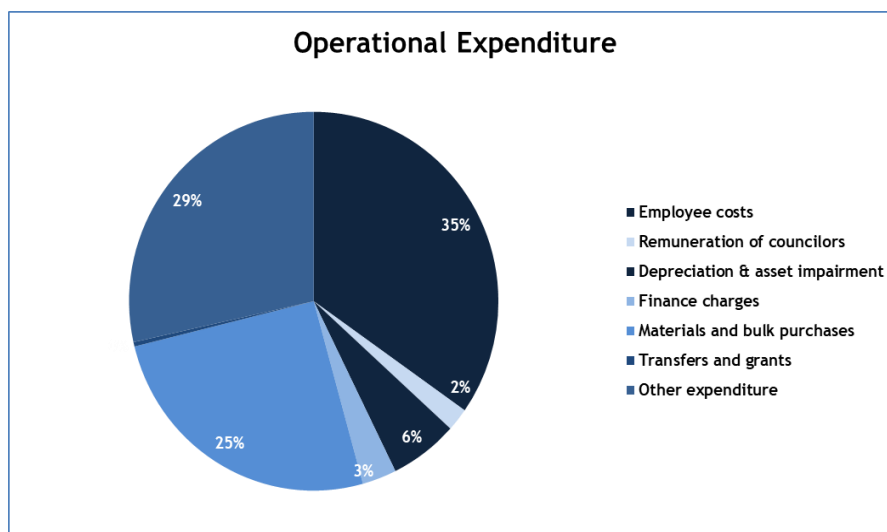
Table 169: Performance Against Budgets

The following graph indicates the various types of revenue items in the municipal budget for 2017/18



Graph 5: Revenue

The following graph indicates the various types of expenditure items in the municipal budget for 2017/18



Graph 6: Operating Expenditure

### 5.1.1 Revenue Collection by Vote

The table below indicates the revenue collection performance by vote:

Vote Description	2016/17	2017/18			2017/18 % Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
Vote 1 - Executive and Council	1 900	7 427	7 467	7 379	-0.65	-1.19
Vote 2 - Office of Municipal Manager	538	0	177	107	100.00	-65.18
Vote 3 - Financial Services	47 552	46 349	46 738	47 479	2.38	1.56
Vote 4 - Community Development Services	41 817	68 393	44 881	35 426	-93.06	-26.69
Vote 5 - Corporate and Strategic Services	744	781	1 231	750	-4.15	-64.13
Vote 6 - Engineering and Planning Services	180 139	211 494	229 848	192 103	-10.09	-19.65
<b>Total Revenue by Vote</b>	<b>272 690</b>	<b>334 444</b>	<b>330 343</b>	<b>283 244</b>	<b>-18.08</b>	<b>-16.63</b>

Table 170: Revenue by Vote

### 5.1.2 Revenue Collection by Source

The table below indicates the revenue collection performance by source for the 2017/18 financial year:

Description	2016/17	2017/18			2017/18 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
Property rates	38 308	40 871	40 871	41 372	1.21	1.21
Property rates - penalties & collection charges	0	0	0	0	0	0

Description	2016/17	2017/18			2017/18 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
Service Charges - electricity revenue	78 026	80 640	80 640	79 801	-1.05	-1.05
Service Charges - water revenue	24 505	27 693	27 693	23 926	-15.74	-15.74
Service Charges - sanitation revenue	8 812	9 200	9 200	9 452	2.66	2.66
Service Charges - refuse revenue	7 231	8 299	8 299	7 164	-15.86	-15.86
Service Charges - other	0	0	0	0	0	0
Rentals of facilities and equipment	3 755	471	471	3 452	86.36	86.36
Interest earned - external investments	863	391	1 791	1 427	72.58	-25.56
Interest earned - outstanding debtors	2 961	3 082	1 541	2 068	-49.02	25.49
Dividends received	0	0	0	0	0	0
Fines	21 607	35 482	22 424	15 294	-132.01	-46.62
Licences and permits	0	0	0	0	0	0
Agency services	2 817	2 996	2 996	3 101	3.41	3.41
Transfers recognised - operational	50 325	58 056	64 967	57 682	-0.65	-12.63
Other revenue	5 542	7 769	7 768	3 480	-123.23	-123.20
Gains on disposal of PPE	0	0	0	0	0	0
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>244 754</b>	<b>274 951</b>	<b>268 661</b>	<b>248 218</b>	<b>-10.77</b>	<b>-8.24</b>

Table 171: Revenue by Source

### 5.1.3 Operational Services Performance

The table below indicates the operational services performance for the 2017/18 financial year:

Financial Performance of Operational Services						
Description	2016/17	2017/18			2017/18 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
<b>Operating Cost</b>						
Water	43 251	17 038	19 776	19 084	10.72	-3.63
Waste water (sanitation)	4 096	8 117	8 641	8 307	2.28	-4.02
Electricity	71 425	78 238	79 439	78 221	-0.02	-1.56
Waste management	3 469	9 643	11 127	11 328	14.88	1.78
Housing	1 597	2 159	4 578	3 300	34.58	-38.72
<b>Component A: sub-total</b>	<b>123 838</b>	<b>115 195</b>	<b>123 560</b>	<b>120 240</b>	<b>4.20</b>	<b>-2.76</b>
Roads and stormwater	6 146	11 356	11 645	11 302	-0.48	-3.04
<b>Component B: sub-total</b>	<b>6 146</b>	<b>11 356</b>	<b>11 645</b>	<b>11 302</b>	<b>-0.48</b>	<b>-3.04</b>

Financial Performance of Operational Services						
Description	2016/17	2017/18			2017/18 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
<b>Operating Cost</b>						
Planning	8	4 308	3 362	3 110	-38.51	-8.11
Local Economic Development	0	1 459	1 752	1 558	6.34	-12.50
<b>Component C: sub-total</b>	<b>8</b>	<b>5 766</b>	<b>5 114</b>	<b>4 668</b>	<b>-23.54</b>	<b>-9.57</b>
Libraries	0	4 115	4 183	4 125	0.26	-1.39
Social services & community development	51 309	0	0	0	0	0
<b>Component D: sub-total</b>	<b>51 309</b>	<b>4 115</b>	<b>4 183</b>	<b>4 125</b>	<b>0.26</b>	<b>-1.39</b>
Environmental Protection	0	0	0	0	0	0
<b>Component E: sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Traffic & licensing	0	34 043	25 308	19 463	-74.92	-30.03
Fire Services and Disaster Management	0	1 062	1 011	889	-19.48	-13.71
<b>Component F: sub-total</b>	<b>0</b>	<b>35 105</b>	<b>26 319</b>	<b>20 351</b>	<b>-72.49</b>	<b>-29.32</b>
Holiday Resorts and Campsites	0	4 017	4 752	4 543	11.56	-4.62
Swimming pools, stadiums and sport ground	0	5 248	5 999	5 663	7.32	-5.94
Community halls facilities, Thusong centres	0	1 051	869	277	-279.84	-213.79
<b>Component G: sub-total</b>	<b>0</b>	<b>10 317</b>	<b>11 620</b>	<b>10 482</b>	<b>1.57</b>	<b>-10.86</b>
Financial Services	49 695	47 771	52 533	47 862	0.19	-9.76
Office of the MM	9 828	11 188	11 511	11 585	3.43	0.64
Administration	0	29 973	34 660	34 828	13.94	0.48
HR	19 060	3 481	3 740	3 880	10.28	3.62
<b>Component H: sub-total</b>	<b>78 583</b>	<b>92 413</b>	<b>102 443</b>	<b>98 156</b>	<b>5.85</b>	<b>-4.37</b>
<b>Total Expenditure</b>	<b>259 884</b>	<b>274 267</b>	<b>284 884</b>	<b>269 324</b>	<b>-1.84</b>	<b>-5.78</b>
<i>In this table operational income (but not levies or tariffs) is offset against operational expenditure leaving a net operational expenditure total for each service. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

Table 172: Operational Services Performance

## 5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

The tables below indicate the financial performance per municipal function:

### 5.2.1 Water Services

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue</b>	35 162	39 689	43 803	36 327	-9.26
<b>Expenditure:</b>					
Bulk Purchases	860	1 000	684	1 021	2.06
Depreciation and Amortisation	2 816	3 352	2 997	2 871	-16.79
Employee Related Costs	35 177	9 246	9 623	9 712	4.80
Other Expenditure	4 398	3 439	6 472	5 480	37.23
<b>Total Operational Expenditure</b>	<b>43 251</b>	<b>17 038</b>	<b>19 776</b>	<b>19 084</b>	<b>10.72</b>
<b>Net Operational (Service) Expenditure</b>	<b>(8 089)</b>	<b>22 651</b>	<b>24 028</b>	<b>17 243</b>	<b>-31.36</b>
<p><i>Variations are calculated by dividing the difference between the actual and original budget by the actual. During 2016/17 all employee related costs was included under Water Services. In 2017/18 employee related costs was allocated to their respective departments</i></p>					

Table 173: Financial Performance: Water Services

### 5.2.2 Waste Water (Sanitation)

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue</b>	16 606	17 753	17 753	18 005	1.40
<b>Expenditure:</b>					
Depreciation and Amortisation	1 743	1 797	2 147	1 763	-1.93
Employee Related Costs	22	3 752	3 656	3 638	-3.13
Other Expenditure	2 331	2 568	2 838	2 905	11.62
<b>Total Operational Expenditure</b>	<b>4 096</b>	<b>8 117</b>	<b>8 641</b>	<b>8 307</b>	<b>2.28</b>
<b>Net Operational (Service) Expenditure</b>	<b>12 510</b>	<b>9 636</b>	<b>9 112</b>	<b>9 698</b>	<b>0.64</b>
<p><i>Variations are calculated by dividing the difference between the actual and original budget by the actual. During 2016/17 all employee related costs was included under Water Services. In 2017/18 employee related costs was allocated to their respective departments</i></p>					

Table 174: Financial Performance: Waste Water (Sanitation) Services

## 5.2.3 Electricity

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	84 514	88 267	89 064	88 239	-0.03
<b>Expenditure:</b>					
Bulk Purchases	66 737	68 235	68 396	67 510	-1.07
Depreciation and Amortisation	3 040	3 255	3 118	3 054	-6.57
Employee Related Costs	0	4 859	5 076	5 042	3.62
Other Expenditure	1 648	1 890	2 848	2 615	27.74
<b>Total Operational Expenditure</b>	<b>71 425</b>	<b>78 238</b>	<b>79 439</b>	<b>78 221</b>	<b>-0.02</b>
<b>Net Operational (Service)</b>	<b>13 089</b>	<b>10 029</b>	<b>9 625</b>	<b>10 018</b>	<b>-0.11</b>
<p><i>Variances are calculated by dividing the difference between the actual and original budget by the actual. During 2016/17 all employee related costs was included under Water Services. In 2017/18 employee related costs was allocated to their respective departments</i></p>					

Table 175: Financial Performance: Electricity

## 5.2.4 Waste Management

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	13 800	15 469	15 469	14 336	-7.91
<b>Expenditure:</b>					
Depreciation and Amortisation	2 115	2 106	2 108	1 720	-22.49
Employee Related Costs	0	5 579	6 627	7 001	20.31
Other Expenditure	1 354	1 957	2 392	2 607	24.93
<b>Total Operational Expenditure</b>	<b>3 469</b>	<b>9 643</b>	<b>11 127</b>	<b>11 328</b>	<b>14.88</b>
<b>Net Operational (Service) Expenditure</b>	<b>10 331</b>	<b>5 826</b>	<b>4 343</b>	<b>3 008</b>	<b>-93.69</b>
<p><i>Variances are calculated by dividing the difference between the actual and original budget by the actual. During 2016/17 all employee related costs was included under Water Services. In 2017/18 employee related costs was allocated to their respective departments</i></p>					

Table 176: Financial Performance: Waste Management

## 5.2.5 Housing

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue</b>	1 558	2 400	2 683	1 327	-80.81
<b>Expenditure:</b>					
Employee Related Costs	0	1 850	1 722	1 657	-11.66
Other Expenditure	1 597	309	2 856	1 643	81.21
<b>Total Operational Expenditure</b>	<b>1 597</b>	<b>2 159</b>	<b>4 578</b>	<b>3 300</b>	<b>34.58</b>
<b>Net Operational (Service)</b>	<b>(39)</b>	<b>241</b>	<b>(1 895)</b>	<b>(1 973)</b>	<b>112.20</b>
<p><i>Variances are calculated by dividing the difference between the actual and original budget by the actual. Employee related cost pertaining to Housing was included under Community and Social Services for the 2016/17 financial year.</i></p>					

Table 177: Financial Performance: Housing

## 5.2.6 Roads and Stormwater

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue</b>	49	0	300	301	100.00
<b>Expenditure:</b>					
Depreciation and Amortisation	3 595	3 859	3 707	3 596	-7.33
Employee Related Costs	0	4 483	4 528	4 612	2.82
Other Expenditure	2 551	3 014	3 410	3 094	2.57
<b>Total Operational Expenditure</b>	<b>6 146</b>	<b>11 356</b>	<b>11 645</b>	<b>11 302</b>	<b>-0.48</b>
<b>Net Operational (Service)</b>	<b>(6 098)</b>	<b>(11 356)</b>	<b>(11 345)</b>	<b>(11 001)</b>	<b>-3.23</b>
<p><i>Variances are calculated by dividing the difference between the actual and original budget by the actual. During 2016/17 all employee related costs was included under Water Services. In 2017/18 employee related costs was allocated to their respective departments</i></p>					

Table 178: Financial Performance: Roads and Stormwater



### 5.2.7 Planning (Development Management Spatial Planning and Environmental Management Building Control and Property Management)

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	1 404	8 027	8 291	6 205	-29.37
<b>Expenditure:</b>					
Employee Related Costs	0	4 100	3 092	2 944	-39.24
Other Expenditure	8	208	270	166	-25.50
<b>Total Operational Expenditure</b>	<b>8</b>	<b>4 308</b>	<b>3 362</b>	<b>3 110</b>	<b>-38.51</b>
<b>Net Operational (Service)</b>	<b>1 396</b>	<b>3 719</b>	<b>4 929</b>	<b>3 095</b>	<b>-20.18</b>
<p><i>Variances are calculated by dividing the difference between the actual and original budget by the actual. During 2016/17 all employee related costs was included under Water Services. In 2017/18 employee related costs was allocated to their respective departments</i></p>					

Table 179: Financial Performance: Planning

### 5.2.8 LED

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	0	0	0	0	0
<b>Expenditure:</b>					
Employee Related Costs	0	753	780	788	4.45
Other Expenditure	0	406	322	206	-96.68
Transfers and grants	0	300	650	563	46.73
<b>Total Operational Expenditure</b>	<b>0</b>	<b>1 459</b>	<b>1 752</b>	<b>1 558</b>	<b>6.34</b>
<b>Net Operational (Service)</b>	<b>0</b>	<b>(1 459)</b>	<b>(1 752)</b>	<b>(1 558)</b>	<b>6.34</b>
<p><i>Variances are calculated by dividing the difference between the actual and original budget by the actual This department was separately budgeted for in the 2017/18 financial year. Revenue and expenditure for the 2016/17 financial year was included as part of Human Resources.</i></p>					

Table 180: Financial Performance: LED

## 5.2.9 Libraries

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	0	4 199	4 199	4 152	-1.12
<b>Expenditure:</b>					
Employee Related Costs	0	3 817	3 868	3 935	3.00
Other Expenditure	0	297	314	190	-56.59
<b>Total Operational Expenditure</b>	<b>0</b>	<b>4 115</b>	<b>4 183</b>	<b>4 125</b>	<b>0.26</b>
<b>Net Operational (Service) Expenditure</b>	<b>0</b>	<b>84</b>	<b>16</b>	<b>27</b>	<b>-210.22</b>
<p><i>Variances are calculated by dividing the difference between the actual and original budget by the actual</i>  <i>This department was separately budgeted for in the 2017/18 financial year. Revenue and expenditure for the 2016/17 financial year was included as part of Community and Social Services.</i></p>					

Table 181: Financial Performance: Libraries

## 5.2.10 Traffic and Law Enforcement

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	0	38 447	25 389	18 349	-109.54
<b>Expenditure:</b>					
Debt Impairment	0	27 312	17 693	12 150	-124.80
Employee Related Costs	0	4 798	5 641	5 588	14.14
Other Expenditure	0	1 933	1 974	1 725	-12.06
<b>Total Operational Expenditure</b>	<b>0</b>	<b>34 043</b>	<b>25 308</b>	<b>19 463</b>	<b>-74.92</b>
<b>Net Operational (Service)</b>	<b>0</b>	<b>4 405</b>	<b>81</b>	<b>(1 114)</b>	<b>495.44</b>
<p><i>Variances are calculated by dividing the difference between the actual and original budget by the actual</i>  <i>This department was separately budgeted for in the 2017/18 financial year. Revenue and expenditure for the 2016/17 financial year was included as part of Community and Social Services.</i></p>					

Table 182: Financial Performance: Traffic and Law Enforcement

## 5.2.11 Fire Services and Disaster Management

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	0	0	0	0	0
<b>Expenditure:</b>					
Employee Related Costs	0	455	641	595	23.52
Other Expenditure	0	607	369	293	-106.72
<b>Total Operational Expenditure</b>	<b>0</b>	<b>1 062</b>	<b>1 011</b>	<b>889</b>	<b>-19.48</b>
<b>Net Operational (Service)</b>	<b>0</b>	<b>(1 062)</b>	<b>(1 011)</b>	<b>(889)</b>	<b>-19.48</b>
<p><i>Variances are calculated by dividing the difference between the actual and original budget by the actual. This department was separately budgeted for in the 2017/18 financial year. Revenue and expenditure for the 2016/17 financial year was included as part of Community and Social Services.</i></p>					

Table 183: Financial Performance: Fire Services and Disaster Management

## 5.2.12 Holiday Resorts and Campsites

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	0	3 748	3 747	2 980	-25.77
<b>Expenditure:</b>					
Employee Related Costs	0	3 085	3 911	3 975	22.41
Other Expenditure	0	933	842	567	-64.47
<b>Total Operational Expenditure</b>	<b>0</b>	<b>4 017</b>	<b>4 752</b>	<b>4 543</b>	<b>11.56</b>
<b>Net Operational (Service)</b>	<b>0</b>	<b>(270)</b>	<b>(1 006)</b>	<b>(1 563)</b>	<b>82.74</b>
<p><i>Variances are calculated by dividing the difference between the actual and original budget by the actual. This department was separately budgeted for in the 2017/18 financial year. Revenue and expenditure for the 2016/17 financial year was included as part of Community and Social Services.</i></p>					

Table 184: Financial Performance: Holiday Resorts and Campsites

## 5.2.13 Swimming Pools and Sport Grounds

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	0	1	1	73	98.88
<b>Expenditure:</b>					
Employee Related Costs	0	4 127	4 972	4 783	13.71
Other Expenditure	0	1 121	1 028	880	-27.44
<b>Total Operational Expenditure</b>	<b>0</b>	<b>5 248</b>	<b>5 999</b>	<b>5 663</b>	<b>7.32</b>
<b>Net Operational (Service)</b>	<b>0</b>	<b>(5 248)</b>	<b>(5 999)</b>	<b>(5 590)</b>	<b>6.13</b>
<p><i>Variances are calculated by dividing the difference between the actual and original budget by the actual. This department was separately budgeted for in the 2017/18 financial year. Revenue and expenditure for the 2016/17 financial year was included as part of Water Services.</i></p>					

Table 185: Financial Performance: Swimming Pools and Sport Grounds

## 5.2.14 Community Facilities and Thusong Centres

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	0	279	279	122	-129.02
<b>Expenditure:</b>					
Employee Related Costs	0	503	244	22	-2195.56
Other Expenditure	0	548	624	255	-115.00
<b>Total Operational Expenditure</b>	<b>0</b>	<b>1 051</b>	<b>869</b>	<b>277</b>	<b>-279.84</b>
<b>Net Operational (Service)</b>	<b>0</b>	<b>(772)</b>	<b>(589)</b>	<b>(155)</b>	<b>-398.76</b>
<p><i>Variances are calculated by dividing the difference between the actual and original budget by the actual. This department was separately budgeted for in the 2017/18 financial year. Revenue and expenditure for the 2016/17 financial year was included as part of Community and Social Services.</i></p>					

Table 186: Financial Performance: Community Facilities and Thusong Centres

## 5.2.15 Financial Services

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue</b>	<b>48 667</b>	<b>44 799</b>	<b>44 658</b>	<b>45 394</b>	<b>1.31</b>
<b>Expenditure:</b>					
Debt Impairment	13 647	15 627	20 622	14 147	-10.47
Depreciation and Amortisation	1 972	2 883	3 174	3 067	6.01
Employee Related Costs	12 332	14 786	14 356	14 289	-3.47
Finance Charges	7 887	8 544	7 606	8 074	-5.83
Other Expenditure	13 857	5 930	6 775	8 285	28.42
<b>Total Operational Expenditure</b>	<b>49 695</b>	<b>47 771</b>	<b>52 533</b>	<b>47 862</b>	<b>0.19</b>
<b>Net Operational (Service)</b>	<b>(1 028)</b>	<b>(2 972)</b>	<b>(7 874)</b>	<b>(2 468)</b>	<b>-20.42</b>
<i>Variations are calculated by dividing the difference between the actual and original budget by the actual</i>					

Table 187: Financial Performance: Financial Services

## 5.2.16 Office of the Municipal Manager

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue</b>	<b>2 438</b>	<b>7 427</b>	<b>7 599</b>	<b>7 486</b>	<b>0.79</b>
<b>Expenditure:</b>					
Employee Related Costs	2 200	3 056	3 477	3 332	8.30
Other Expenditure	2 812	3 204	2 911	2 939	-9.01
Remuneration of Councillors	4 777	4 928	5 113	5 293	6.90
Transfers and grants	40	0	10	21	100.00
<b>Total Operational Expenditure</b>	<b>9 828</b>	<b>11 188</b>	<b>11 511</b>	<b>11 585</b>	<b>3.43</b>
<b>Net Operational (Service)</b>	<b>(7 390)</b>	<b>(3 761)</b>	<b>(3 912)</b>	<b>(4 099)</b>	<b>8.26</b>
<i>Variations are calculated by dividing the difference between the actual and original budget by the actual</i>					

Table 188: Financial Performance: Office of the Municipal Manager

## 5.2.17 Administration

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	0	3 889	4 869	4 534	14.23
<b>Expenditure:</b>					
Employee Related Costs	0	16 949	19 681	19 494	13.05
Other Expenditure	0	12 944	14 902	15 262	15.19
Transfers and grants	0	80	77	73	-9.78
<b>Total Operational Expenditure</b>	<b>0</b>	<b>29 973</b>	<b>34 660</b>	<b>34 828</b>	<b>13.94</b>
<b>Net Operational (Service)</b>	<b>0</b>	<b>(26 084)</b>	<b>(29 791)</b>	<b>(30 295)</b>	<b>13.90</b>
<i>Variations are calculated by dividing the difference between the actual and original budget by the actual</i>					

Table 189: Financial Performance: Administration

## 5.2.18 Human Resources

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	744	557	557	388	-43.32
<b>Expenditure:</b>					
Depreciation and Amortisation	248	0	0	0	0.00
Employee Related Costs	9 512	1 976	2 148	2 249	12.12
Other Expenditure	9 300	1 015	1 319	1 267	19.88
Transfers and grants	0	490	273	364	-34.52
<b>Total Operational Expenditure</b>	<b>19 060</b>	<b>3 481</b>	<b>3 740</b>	<b>3 880</b>	<b>10.28</b>
<b>Net Operational (Service)</b>	<b>(18 316)</b>	<b>(2 925)</b>	<b>(3 183)</b>	<b>(3 492)</b>	<b>16.24</b>
<i>Variations are calculated by dividing the difference between the actual and original budget by the actual</i>					

Table 190: Financial Performance: Human Resources

## 5.3 GRANTS

## 5.3.1 Grant Performance

Description	2016/17	2017/18			2017/18 Variance	
	Actual (Audited Outcome)	Budget	Adjust- ments Budget	Actual	Original Budget	Adjust- ments Budget
	R'000				%	
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>	<b>40 366</b>	<b>49 120</b>	<b>50 309</b>	<b>48 542</b>	<b>-1.19</b>	<b>-3.64</b>
Equitable share	37 173	40 873	40 873	40 874	0	0
Expanded Public Works Programme	1 000	1 782	1 782	1 779	-0.14	-0.14
Municipal Infrastructure Grant	718	2 630	3 346	3 175	17.17	-5.41
Integrated National Electrification Grant	0	491	491	496	1.04	1.04
Finance Management Grant	1 475	1 550	1 550	1 550	0	0
Water Services Infrastructure Grant	0	1 228	1 228	268	-357.52	-357.52
Regional Bulk Infrastructure	0	567	0	0	0	0
Municipal Disaster Grant	0	0	1 039	400	100.00	-159.94
<b>Provincial Government:</b>	<b>9 943</b>	<b>8 936</b>	<b>14 658</b>	<b>9 140</b>	<b>2.23</b>	<b>-60.36</b>
Human Settlement Development Grant	1 602	2 400	2 683	1 327	-80.81	-102.14
Library Services MRF	3 647	4 178	4 178	4 134	-1.06	-1.06
Community Development Grant	130	167	162	119	-40.30	-35.82
Acceleration of housing deliveries	0	1 781	1 895	364	-388.67	-419.91
Transport Infrastructure Grant	46	61	61	0	0	0
Marine Living Resources Fund	2 825	0	0	0	0	0
IDP Grant	28	0	0	0	0	0
Financial Management Support Grant	1 120	0	1 777	1 554	100.00	-14.32
Municipal Infrastructure Support Grant	6	0	0	0	0	0
Thusong Service Centre	0	109	109	29	-274.57	-274.57
Municipal Capacity Building Grant	538	0	1 332	1 332	100.00	0.00
Financial Management Capacity Building Grant	0	240	240	240	0	0
Graduate Internship Grant	0	0	100	39	100.00	-153.00
Municipal Drought Relief	0	0	2 121	0	0	0
<b>Total Operating Transfers and Grants</b>	<b>50 308</b>	<b>58 056</b>	<b>64 967</b>	<b>57 682</b>	<b>-0.65</b>	<b>-12.63</b>
<i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual</i>						

Table 191: Grant Performance for 2017/18

## 5.3.2 Conditional Grants

Details	2016/17	2017/18			2017/18 Variance	
	Actual	Budget	Adjustments Budget	Actual	Variance	
	Actual (Audited Outcome)				Budget	Adjustments Budget
	R'000				%	
<b>Operating Expenditure of Transfers and Grants</b>						
<b>National Government</b>						
Finance Management	1 475	1 550	1 550	1 550	0	0
EPWP Incentive	1 000	1 782	1 782	1 779	-0.14	-0.14
Municipal Infrastructure Grant (PMU)	718	778	763	793	1.82	3.71
Municipal Infrastructure Grant (VAT)	0	1 851	2 583	2 382	22.28	-8.44
Regional Bulk Infrastructure (VAT)	0	567	0	0	0	0
Water Services Infrastructure Grant (VAT)	0	1 228	1 228	268	-357.52	-357.52
Integrated National Electrification Grant (VAT)	0	491	491	496	1.04	1.04
Municipal Disaster Grant (VAT)	0	0	1 039	400	100.00	-159.94
<b>Provincial Government</b>						
PGWC Financial Management Capacity Building Grant	0	240	240	240	0	0
Transport Infrastructure Grant	46	61	61	0	0	0
Library Services: MRFG	3 647	4 178	4 178	4 134	-1.06	-1.06
Thusong Service Centre (Sustainability Operational Support)	0	109	109	29	-274.57	-274.57
Community Development Grant	130	167	162	119	-40.30	-35.82
Human Settlement Development Grant (VAT)	1 602	2 400	2 683	1 327	-80.81	-102.14
Acceleration of housing deliveries (VAT)	0	1 781	1 895	364	-388.67	-419.91
Municipal Drought Support	0	0	0	0	0	0
Graduate Internship Grant	28	0	100	39	100.00	-153.00
Municipal Capacity Building Grant	538	0	1 332	1 332	100.00	0
Financial Management Support Grant	1 120	0	1 777	1 554	100.00	-14.32
Municipal Drought Relief (VAT)	0	0	2 121	0	0	0
Marine Living Resources Fund	2 825	0	0	0	0	0
Municipal Infrastructure Support Grant	6	0	0	0	0	0
<b>Capital Expenditure of Transfers and Grants</b>						
<b>National Government</b>						
Municipal Infrastructure Grant (MIG)	15 985	13 238	18 449	16 335	18.96	-12.94
Regional Bulk Infrastructure	4 383	4 045	0	0	0	0
EPWP Incentive	0	25	25	28	9.12	9.12
Water Services Infrastructure Grant	1 200	8 772	8 772	1 795	-388.60	-388.60
Integrated National Electrification Grant (INEG)	3 000	3 509	3 509	3 504	-0.15	-0.15



Municipal Disaster Grant	0	0	6 923	2 663	100.00	-159.94
<b>Provincial Government:</b>						
Human Settlement Development Grant (Beneficiaries)	252	17 140	6 404	6 291	-172.47	-1.80
Acceleration of housing deliveries	918	12 719	13 532	2 642	-381.41	-412.19
Library Services MRF Capital	13	45	45	22	-101.32	-101.32
Community Development Grant	0	0	46	0	0	0
Municipal Drought Relief	1 752	-	3 977	699	100.00	-468.56
Housing Consumer Education	57	0	0	0	0	0
Development of Sport and Recreational Facilities	15	0	0	0	0	0
<b>Total</b>	<b>40 710</b>	<b>76 676</b>	<b>85 775</b>	<b>50 788</b>	<b>-50.97</b>	<b>-68.89</b>
<i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual</i>						

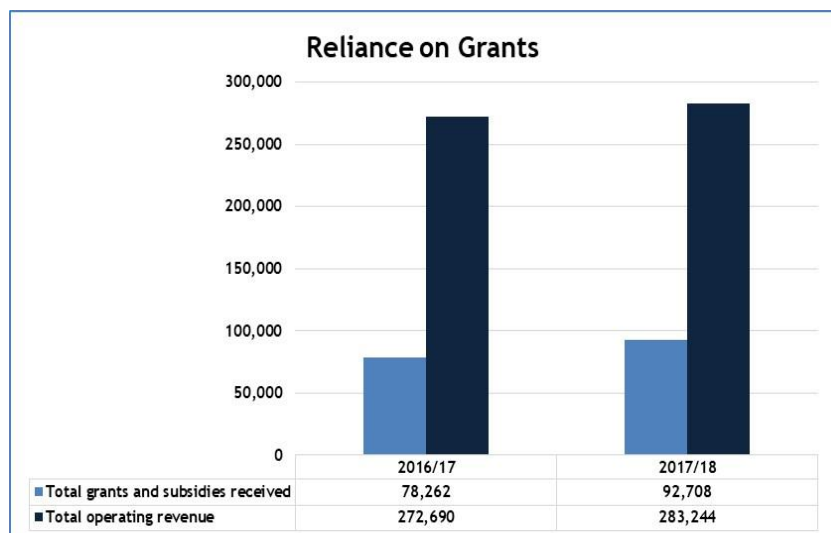
Table 192: Conditional Grant

### 5.3.3 Level of Reliance on Grants & Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000		%
2016/17	78 262	272 690	28.70
2017/18	92 708	283 244	32.73

Table 193: Reliance on Grants

The following graph indicates the municipality’s reliance on grants as percentage for the last two financial years



Graph 7: Reliance on Grants

## 5.4 ASSET MANAGEMENT

### 5.4.1 Repairs and Maintenance

Description	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Budget variance
		R' 000			
Repairs and Maintenance Expenditure	9,659	29,300	30,647	13,577	-55.70

Table 194: Repairs &amp; Maintenance

## 5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

### 5.5.1 Liquidity Ratio

Description	Basis of calculation	2016/17	2017/18
Current Ratio	Current assets/current liabilities	0.71	0.68
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.71	0.68
Liquidity Ratio	Monetary assets/current liabilities	0.70	0.66

Table 195: Liquidity Financial Ratio

### 5.5.2 IDP Regulation Financial Viability Indicators

Description	Basis of calculation	2016/17	2017/18
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	-0.59	-0.81
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.21	0.26
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	43.77	41.30

Table 196: Financial Viability National KPAs

### 5.5.3 Borrowing Management

Description	Basis of calculation	2016/17	2017/18
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	1.85%	2.36%

Table 197: Borrowing Management

### 5.5.4 Employee costs

Description	Basis of calculation	2016/17	2017/18
Employee costs	Employee costs/(Total Revenue - capital revenue)	31.82%	34.78%

Table 198: Employee Costs

## 5.5.5 Repairs &amp; Maintenance

Description	Basis of calculation	2016/17	2017/18
Repairs & Maintenance	R&M (Total Revenue excluding capital revenue)	3.72%	5.04%

Table 199: Repairs &amp; Maintenance

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

## 5.6 SOURCES OF FINANCE

## 5.6.1 Capital Expenditure: Funding Sources

The table below indicates the capital expenditure by funding source for the 2017/18 financial year:

Capital Expenditure: Funding Sources						
Details	2016/17	2017/18				
	Audited outcome	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
<b>Source of Finance</b>						
Description	R'000				%	
External loans	0	0	3 550	3 809	0	0
Public contributions and donations	0	0	0	0	0	0
Grants and subsidies	22 966	59 494	61 682	33 888	3.68	-46.72
Own funding	5 287	11 141	11 285	7 987	1.29	-29.60
<b>Total</b>	<b>28 253</b>	<b>70 635</b>	<b>76 517</b>	<b>45 684</b>	<b>8.33</b>	<b>-43.65</b>
<b>Percentage of Finance</b>						
External loans	0	0	5	8		
Public contributions and donations	0	0	0	0		
Grants and subsidies	81	84	81	74		
Own funding	19	16	15	17		
<b>Capital Expenditure</b>						
Description	R'000				%	
Water and sanitation	13 108	35 023	30 496	14 095	-12.93	-46.83
Electricity	2 758	6 448	6 814	6 099	5.68	-11.09
Housing	0	0	0	0	0	0
Roads and storm water	3 524	8 018	7 376	11 547	-8.00	52.01
Other	8 865	21 146	31 831	13 943	50.53	-84.59
<b>Total</b>	<b>28 253</b>	<b>70 635</b>	<b>76 517</b>	<b>45 684</b>	<b>8.33</b>	<b>-43.65</b>
<b>Percentage of Expenditure</b>						
Water and sanitation	46	50	40	31		

Capital Expenditure: Funding Sources						
Details	2016/17	2017/18				
	<i>Audited outcome</i>	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Source of Finance						
Description	R'000				%	
Electricity	10	9	9	13		
Housing	0	0	0	0		
Roads and stormwater	12	11	10	25		
Other	31	30	42	31		

Table 200: Capital Expenditure by Funding Source

### 5.6.2 Capital Spending on Largest Capital Projects

Name of Project	2017/18				
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
	R'000			%	
Upgrade of Waste Water Treatment Work Ph2 L/Bay	4 386	4 219	3 530	-19.52%	-16.34%
Upgrade Roads & Stormwater Citrusdal	7 018	4 916	5 137	-26.80%	4.50%
Integrated National Electrification Programme	3 509	3 509	3 511	0.06%	0.06%
Replacement of Streetlights Cederberg	400	375	265	-33.77%	-29.36%
Upgrade sport field Clanwilliam	0	6 530	4 521	0	-30.76%
<b>Name of Project - A</b>	<b>Upgrade of WWTW Ph2 L/Bay</b>				
Objective of Project	Upgrade WWTW to unlock housing				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	6 120				
<b>Name of Project - B</b>	<b>Upgrade Roads &amp; Stormwater Citrusdal</b>				
Objective of Project	Upgrade Roads & Stormwater Citrusdal				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	7 177				
<b>Name of Project - C</b>	<b>Integrated National Electrification Programme</b>				
Objective of Project	Electrification of housing in Lamberts Bay				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	130 Households				
<b>Name of Project - D</b>	<b>Replacement of Streetlights Cederberg</b>				
Objective of Project	Maintain efficient lighting in Cederberg region				

Delays	None
Future Challenges	None
Anticipated citizen benefits	Whole of the community
Name of Project - E	<b>Upgrade sports field Clanwilliam</b>
Objective of Project	Improving sport field of Clanwilliam
Delays	None
Future Challenges	None
Anticipated citizen benefits	Whole of the community

Table 201: Capital Spending on Largest Capital Projects

### 5.6.3 Municipal Infrastructure Grant (MIG) Expenditure on Service Backlogs

The table below indicates the MIG expenditure on service backlogs:

MIG Expenditure on Service Backlogs					
Details	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustment Budget
	R'000			%	%
Infrastructure - Sanitation	8 822	10 363	10 098	12.64	-2.62
Sewerage purification	8 822	10 363	10 098	12.64	-2.62
<b>Other Specify: Recreational facilities</b>	<b>7 679</b>	<b>7 613</b>	<b>206</b>	<b>-3627.67</b>	<b>-3595.63</b>
Outdoor Sport facilities	7 679	7 613	206	-3627.67	-3595.63
Roads Infrastructure	5 344	3 451	3 318	-61.06	-4.01
<b>Total</b>	<b>16 501</b>	<b>17 976</b>	<b>10 304</b>	<b>-60.14</b>	<b>-74.46</b>

\* MIG is a government grant program designed to fund a reduction in service backlogs mainly: Water; Sanitation; Roads; Electricity. Expenditure on new upgraded and renewed infrastructure. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Table 202: MIG Expenditure on Service Backlogs

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is critical to the municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the council's commitments. Cash flow is rigorously managed and monitored on a regular basis.

### 5.7 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2016/17	2017/18		
	<i>Audited Outcome</i>	Original Budget	Adjusted Budget	Actual
	R'000			
<b>Cash flow from operating activities</b>				
<b>Receipts</b>				
Ratepayers and other	153 971	170 913	163 715	149 023
Government - operating	80 209	58 056	61 330	58 827
Government - capital	27 575	59 494	33 003	33 979
Interest	3 824	3 195	2 947	3 494
Dividends	0	0	0	0
<b>Payments</b>				
Suppliers and employees	(214 219)	(212 791)	(201 901)	(201 111)
Finance charges	(2 668)	(2 799)	(2 110)	(2 681)
Transfers and Grants	(817)	(870)	(2 008)	(1 021)
<b>Net cash from/(used) operating activities</b>	<b>47 876</b>	<b>75 198</b>	<b>54 976</b>	<b>40 510</b>
<b>Cash flows from investing activities</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	641	0	0	502
Decrease (increase) in non-current debtors	0	0	0	0
Decrease (increase) other non-current receivables	0	0	0	0
Decrease (increase) in non-current investments	0	0	0	0
<b>Payments</b>				
Capital assets	(27 756)	(70 635)	(76 517)	(44 638)
<b>Net cash from/(used) investing activities</b>	<b>(27 115)</b>	<b>(70 635)</b>	<b>(76 517)</b>	<b>(44 136)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts</b>				
Short term loans	150	106	106	142
Borrowing long term/refinancing	1 414	0	3 550	3 550
<b>Payments</b>				

Cash Flow Outcomes				
R'000				
Description	2016/17	2017/18		
	<i>Audited Outcome</i>	Original Budget	Adjusted Budget	Actual
	R'000			
Repayment of borrowing	(2 514)	(3 366)	(3 831)	(3 835)
Net cash from/(used) financing activities	(950)	(3 260)	(175)	(143)
Net increase/ (decrease) in cash held	19 811	1 303	(21 717)	(3 769)
Cash/cash equivalents at the year begin:	2 490	2 505	22 301	22 301
Cash/cash equivalents at the yearend:	22 301	3 808	584	18 532

Table 203: Cash flow

### 5.8 GROSS OUTSTANDING DEBTORS PER SERVICE

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	R'000					
2016/17	23 357	34 845	16 948	0	5 130	80 279
2017/18	26 202	43 603	22 790	0	3 645	96 240
Difference	2 845	8 758	5 842	0	(1 485)	15 961
% growth year on year	12	25	34	0	-29	20

*Note: Figures exclude provision for bad debt*

Table 204: Gross Outstanding Debtors per Service

### 5.9 TOTAL DEBTORS AGE ANALYSIS

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000				
2016/17	13 599	4 903	3 555	58 222	80 279
2017/18	14 826	6 637	4 977	69 799	96 240
Difference	1 228	1 735	1 422	11 577	15 961
% growth year on year	9	35	40	20	20

*Note: Figures exclude provision for bad debt.*

Table 205: Service Debtor Age Analysis

## 5.10 BORROWING AND INVESTMENTS

Infrastructure needs to be replaced and therefore borrowings for periods of 15 years are taken up to lessen the impact on consumers.

### 5.10.1 Actual Borrowings

Actual Borrowings		
R' 000		
Instrument	2016/17	2017/18
	R'000	
Long-term loans (annuity/reducing balance)	20 105	17 609
Financial leases	1 946	3 839
<b>Total</b>	<b>22 052</b>	<b>21 447</b>

Table 206: *Actual Borrowings*

### 5.10.2 Municipal Investments

Actual Investments		
R'000		
Investment type	2016/17	2017/18
	Actual	
R'000		
Deposits - Bank	19 433	10 017
<b>Total</b>	<b>19 433</b>	<b>10 017</b>

Table 207: *Municipal Investments*



## CHAPTER 6

### COMPONENT A: AUDITOR-GENERAL OPINION 2016/17

#### 6.1 AUDITOR-GENERAL REPORT 2016/17

2016/17	
Main Issues under emphasis of matter	Corrective steps implemented/to be implemented
<b>Material Losses and impairments</b>	
As disclosed in note 46 to the financial statements the municipality incurred water distribution losses of 12 76%	This is a slight decrease from the previous year. The War On Leaks team is assisting the Municipality with mitigating all known leakages, and training and educating the public on the control and monitoring of water consumption
As disclosed in note 3 to the financial statements the municipality has provided for impairment of receivables from exchange transactions amounting to R30 4 million	Provision made in terms of GRAP. Current Policy of Council in terms of write off very conservative
As disclosed in note 4 to the financial statements the municipality has provided for impairment of receivables from non-exchange transactions amounting to R40 8 million	New Traffic Management service provider was appointed late in 2016/17. The 2017/18 year is the full extent of fines issued by new service provider
<b>Going Concern</b>	
Based on a high level of review of the selected financial indicators the municipality is in a sound financial position as at 30 June 2017. However, the debtors' collection days and creditors payment period remain a concern especially since the debtors' collection period overlaps with the creditor's payment period; however the current ratio is a concern as current liabilities significantly exceed current assets. This indicates that the municipality might be unable to pay its current or short-term obligations. It further raises the question about the municipality's financial viability and its ability to continue operating optimally at its current capacity or as a going concern	<p>The Municipality embarked on the following corrective actions:</p> <ol style="list-style-type: none"> <li>1. Implementation of the Cash Committee</li> <li>2. Realistic budget</li> <li>3. Approaching NT and PT regarding funding of various capital projects</li> <li>4. Awareness campaign with regards to Councilors Provincial and National Treasury of the economic and social problems and challenges the Municipality face in an ever-decreasing positive economic climate</li> <li>5. Embarking on a Long-Term Financial Strategy Plan</li> <li>6. Implementing a Revenue Enhancement Policy Plan and Project</li> <li>7. Aligning our Credit Control and Indigent Policy to this project</li> <li>8. Applying to PT for funding to perform a water and electricity meter audit to decrease our water and electricity losses</li> <li>9. Applying for funding of a Strategic Sustainability Plan to PT</li> <li>10. Numerous meetings with the private sector to expedite growth in the community</li> </ol>
<b>Restatement of corresponding figures</b>	
As disclosed in note 39 to the financial statements the corresponding figures for 30 June 2016 have been restated as a result of an error discovered during the 2016-17 financial year in the financial statements of the municipality at and for the year ended 30 June 2016	N/A
<b>Predetermined Objectives</b>	
<b>Implement strategies to ensure that the Municipality is financial viable</b>	

2016/17	
Main Issues under emphasis of matter	Corrective steps implemented/to be implemented
The non-compliance with laws and regulations was not material enough to be reported in the audit report. The failure to make timely payments when due was caused by lack of adequate funding due to under collection on revenue earned over the year. Furthermore, the municipality concentrated on payments of historical debt specifically to Eskom where a settlement ring-fencing agreement was entered into	The cash and cash equivalents have increased significantly from the prior to the current year. Additionally, the net cash flows for the year from operating activities have also increased from the prior year. Creditors as a percentage of cash and cash equivalents have decreased significantly in the current year and indicates an increased ability by the Municipality to meet its short term obligations and day-to-day operational expenses. The current liabilities as a percentage of net cash inflows for the year from operating activities further indicates that the Municipality might not be able to meet its operating obligations service its short-term debt and withstand tough economic conditions
<b>Sustainable basic service delivery and infrastructure development</b>	
No findings	N/A
<b>Compliance with legislation</b>	
<b>Annual Report and Annual Financial Statements</b>	
The non-compliance with laws and regulations was not material enough to be reported in the audit report	N/A
<b>Expenditure Management</b>	
Money owed by the municipality was not always paid within 30 days as required by section 65 (2) (e) of the MFMA	Improvements were made with regard to the payment of creditors within 30 days however due to limited cash resources the action plan remains in progress
<b>Procurement and Contract Management</b>	
No Findings; No irregular expenditure was incurred in the current financial year as a result of the contravention of SCM legislation. Further no irregular expenditure incurred in previous years was identified in the current year	N/A
<b>IT Management</b>	
The municipality does not have an adequate IT Governance Framework in place	Filling of vacancy for IT Manager is finalised. The position was advertised. Successful candidate was appointed
<b>Revenue Management</b>	
The high debtors' collection period of 98.9 days and the increase in the debt impairment provision is an indication of the municipality experiencing challenges in the collection of outstanding debts	<ul style="list-style-type: none"> <li>• Embarking on a Long-Term Financial Strategy Plan</li> <li>• Implementing a Revenue Enhancement Policy Plan and Project</li> <li>• Aligning our Credit Control and Indigent Policy to this project</li> <li>• Cut and block of electricity services</li> <li>• Hand-over to attorneys of clients older than 90 days</li> </ul>

Table 208: AG Report on Financial Performance 2016/17

## COMPONENT B: AUDITOR-GENERAL OPINION 2017/18

### 6.2 AUDITOR-GENERAL REPORT 2017/18

2017/18	
Main Issues under emphasis of matter	Corrective steps implemented/to be implemented
<b>Restatement of corresponding figures</b>	
As disclosed in note 39 to 40 to the financial statements the corresponding figures for 30 June 2017 have been restated as a result of an errors and municipal standard chart of account	The reclassification of corresponding figures will be an ongoing process as a result of new mSCOA versions being issued by National Treasury on an annual basis

2017/18	
Main Issues under emphasis of matter	Corrective steps implemented/to be implemented
(mSCOA) related reclassifications discovered during the 2017-18 financial year in the financial statements of the municipality at and for the year ended 30 June 2018	
Material Losses and impairments	
As disclosed in note 3 to the financial statements the municipality provided for impairment of receivables from exchange transactions amounting to R39 7 million (2016-17: R30.4 million)	With the implementation of the new mSCOA accounting system some issues were experienced in the current year with regards to the credit control module. Management will be working closely with the service providers of the accounting system in order to improve the credit control module
As disclosed in note 4 to the financial statements the municipality has provided for impairment of receivables from non-exchange transactions amounting to R51.3 million (2016-17: R40 8 million)	
Significant uncertainties	
With reference to note 54 to the financial statements the municipality is the defendant in a number of lawsuits with third parties totalling R2 957 000. The outcomes of these matters cannot currently be determined and no provision for any liability that may result has been made in the financial statements	Legal representation has been obtained. Management is confident that the said lawsuits will be ruled in favour of the Municipality

Table 209: AG Report on Financial Performance 2017/18

## LIST OF ABBREVIATIONS

<b>AG</b>	Auditor-General	<b>KPI</b>	Key Performance Indicator
<b>AFS</b>	Annual Financial Statements	<b>LDAC</b>	Local Drug Action Committee
<b>CAPEX</b>	Capital Expenditure	<b>LED</b>	Local Economic Development
<b>CBP</b>	Community Based Planning	<b>MAYCOM</b>	Executive Mayoral Committee
<b>CFO</b>	Chief Financial Officer	<b>MFMA</b>	Municipal Finance Management Act (Act No. 56 of 2003)
<b>CMAN</b>	Cederberg Matzikama Aids Network	<b>MIG</b>	Municipal Infrastructure Grant
<b>CMTTP</b>	Council Meets the People	<b>MM</b>	Municipal Manager
<b>COGHSTA</b>	Department of Cooperative Governance Human Settlements and Traditional Affairs	<b>MMC</b>	Member of Mayoral Committee
<b>DOH</b>	Department of Health	<b>mSCOA</b>	Municipal Standard Chart of Account
<b>DPLG</b>	Department of Provincial and Local Government	<b>MSA</b>	Municipal Systems Act No. 32 of 2000
<b>DSD</b>	Department of Social Development	<b>MTECH</b>	Medium Term Expenditure Committee
<b>DWA</b>	Department of Water Affairs	<b>NCOP</b>	National Council of Provinces
<b>ECD</b>	Early Childhood Development	<b>NERSA</b>	National Energy Regulator South Africa
<b>EE</b>	Employment Equity	<b>NGO</b>	Non-Governmental Organisation
<b>EPWP</b>	Extended Public Works Programme	<b>NT</b>	National Treasury
<b>EXCO</b>	Executive Committee	<b>OPEX</b>	Operating expenditure
<b>FBS</b>	Free Basic Services	<b>PMS</b>	Performance Management System
<b>GAMAP</b>	Generally Accepted Municipal Accounting Practice	<b>PT</b>	Provincial Treasury
<b>GRAP</b>	Generally Recognised Accounting Practice	<b>SALGA</b>	South African Local Government Association
<b>HR</b>	Human Resources	<b>SAMDI</b>	South African Management Development Institute
<b>IDP</b>	Integrated Development Plan	<b>SCM</b>	Supply Chain Management
<b>IFRS</b>	International Financial Reporting Standards	<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>IMFO</b>	Institute for Municipal Finance Officers	<b>SDF</b>	Spatial Development Framework
<b>KPA</b>	Key Performance Area	<b>WDF</b>	Waste Disposal Facility
		<b>WWTW</b>	Waste Water Treatment Works

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# Annexure A

## Financial Statements



# **CEDERBERG LOCAL MUNICIPALITY**



## **ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2018**

# CEDERBERG LOCAL MUNICIPALITY

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# CEDERBERG LOCAL MUNICIPALITY

## GENERAL INFORMATION

### NATURE OF BUSINESS

Cederberg Local Municipality performs the functions as set out in the Constitution. (Act no 105 of 1996)

### LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

### JURISDICTION

The Cederberg Local Municipality includes the following areas:

Algeria	Graafwater
Clanwilliam	Leipoltville
Lamberts Bay	Elands Bay
Citrusdal	

### MEMBERS OF THE COUNCIL

Ward 1	Cllr Jan Meyer
Ward 2	Cllr Raymond Vernie Pretorius
Ward 3	Cllr Benjamin Ferdinand Zass
Ward 4	Cllr Jimmy Barnard
Ward 5	Cllr William Josef Farmer
Ward 6	Cllr Rhoda Gladys Witbooi
Proportional	Cllr Francina Sokuyeka
Proportional	Cllr Evelyn Nombulelo Majikejela
Proportional	Cllr Nosiphiwo Sylvia Qunta
Proportional	Cllr Marianne Nel
Proportional	Cllr Lorna Scheepers

### MEMBERS OF THE MAYORAL COMMITTEE

Cllr J Barnard (Executive Mayor)  
Cllr BF Zass (Deputy Executive Mayor)  
Cllr RV Pretorius  
Cllr RG Witbooi

### MUNICIPAL MANAGER

Mr PL Volschenk

### CHIEF FINANCIAL OFFICER

Mr Elrico Alfred

### AUDIT COMMITTEE

Pieter Strauss (Chairperson)  
Leone Arendse  
Marjorie Linnert

### REGISTERED OFFICE

2A Voortrekker Road  
Clanwilliam

### POSTAL ADDRESS

Private Bag x2  
Clanwilliam  
8135

# CEDERBERG LOCAL MUNICIPALITY

## GENERAL INFORMATION

### AUDITORS

Office of the Auditor General (WC)

### PRINCIPLE BANKERS

ABSA Bank Limited

### ATTORNEYS

Burger & Marais

Erasmus and Associates

Visser en Vennote

Grant Spammer Prokureurs

Turner Legal

### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act (Act no 108 of 1997)

Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1966)

Basic Conditions of Employment Act (Act no 75 of 1997)

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALBC Leave Regulations

Municipal Budget and Reporting Regulations

National Environmental Management Act

Preferential Procurement Policy Framework Act, 200

Occupational Health and Safety Act

mSCOA Regulation

# CEDERBERG LOCAL MUNICIPALITY

## APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

### APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2018, which are set out on pages 1 to 77 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

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 Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

  
\_\_\_\_\_  
Mr PL Volschenk  
Accounting Officer

31 / 08 / 2018  
\_\_\_\_\_  
Date

# CEDERBERG LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	Notes	2018 R (Actual)	2017 R (Restated)
<b>ASSETS</b>			
<b>Current Assets</b>			
		<b>67 636 821</b>	<b>60 280 335</b>
Cash and Cash Equivalents	2	18 532 065	22 300 890
Receivables from Exchange Transactions	3	30 307 216	26 473 276
Receivables from Non-Exchange Transactions	4	14 215 999	10 293 292
Taxes	5	3 125 355	-
Operating Lease Assets	6	4 256	7 794
Inventory	7	1 451 931	1 205 083
<b>Non-Current Assets</b>			
		<b>597 622 718</b>	<b>571 897 916</b>
Investment Property	8	80 157 437	80 473 087
Property, Plant and Equipment	9	506 445 605	476 313 377
Intangible Assets	10	1 319 342	354 433
Capitalised Restoration Cost (PPE)	11	9 700 334	14 757 018
<b>Total Assets</b>		<b>665 259 539</b>	<b>632 178 251</b>
<b>Current Liabilities</b>			
		<b>100 116 203</b>	<b>84 685 692</b>
Current Portion of Long-term Liabilities	12	3 399 988	3 039 169
Consumer Deposits	13	1 954 330	1 812 782
Payables from exchange transactions	14	52 991 386	38 964 993
Unspent Conditional Government Grants	15	33 460 083	32 314 994
Taxes	5	-	842 513
Operating Lease Liabilities	6	10 561	25 276
Current Employee benefits	16	8 299 855	7 685 965
<b>Non-Current Liabilities</b>			
		<b>93 324 994</b>	<b>89 593 935</b>
Long-term Liabilities	12	18 367 165	19 012 417
Employee benefits	17	33 040 619	27 967 314
Non-Current Provisions	18	41 917 210	42 614 204
<b>Total Liabilities</b>		<b>193 441 197</b>	<b>174 279 627</b>
<b>NET ASSETS</b>		<b>471 818 343</b>	<b>457 898 624</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus		471 818 343	457 898 624
		<b>471 818 343</b>	<b>457 898 624</b>

# CEDERBERG LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2018

	Notes	2018 R (Actual)	2017 R (Restated)
<b>REVENUE</b>			
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b>149 509 810</b>	<b>141 666 608</b>
<b>Taxation Revenue</b>		<b>41 372 155</b>	<b>38 308 187</b>
Property Rates	19	41 372 155	38 308 187
<b>Transfer Revenue</b>		<b>92 707 559</b>	<b>78 262 333</b>
Government Grants and Subsidies - Operating	20	57 682 108	50 308 265
Government Grants and Subsidies - Capital	20	33 979 081	27 575 163
Public Contributions and Donations	21	-	17 203
Contributed Assets		1 046 370	361 702
<b>Other Revenue</b>		<b>15 430 096</b>	<b>25 096 087</b>
Insurance Refund		134 699	183 739
Fines, Penalties and Forfeits	22	15 293 744	21 607 070
Actuarial Gains	23	-	3 259 244
Reversal of Impairments	24	1 653	46 034
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b>133 733 838</b>	<b>131 023 806</b>
<b>Operating Activities</b>		<b>133 733 838</b>	<b>131 023 806</b>
Service Charges	25	120 342 155	118 574 051
Rental of Facilities and Equipment	26	3 451 935	3 755 082
Interest Earned - external investments		1 426 564	863 414
Interest Earned - outstanding debtors	27	2 067 817	2 960 994
Agency Services	28	3 101 335	2 817 435
Other Income	29	3 344 032	2 052 829
<b>TOTAL REVENUE</b>		<b>283 243 648</b>	<b>272 690 414</b>
<b>EXPENDITURE</b>			
Employee Related Costs	30	93 658 527	82 700 107
Remuneration of Councillors	31	5 293 216	4 776 507
Debt Impairment	32	26 296 551	32 326 939
Depreciation and Amortisation	33	16 070 013	16 053 646
Actuarial Losses	23	1 154 551	-
Finance Charges	34	8 073 767	7 887 228
Bulk Purchases	35	68 531 369	67 596 734
Transfers and Grants	36	1 021 052	817 005
Other Expenditure	37	49 174 185	46 803 351
Loss on disposal of Non-Monetary Assets	38	50 690	922 435
<b>TOTAL EXPENDITURE</b>		<b>269 323 921</b>	<b>259 883 952</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>13 919 727</b>	<b>12 806 461</b>

# CEDERBERG LOCAL MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2018

	ACCUMULATED SURPLUS R	TOTAL R
<b>Balance on 30 June 2016</b>	<b>448 044 002</b>	<b>448 044 002</b>
Correction of error restatement - note 39.5	(2 951 845)	(2 951 845)
<b>Balance on 30 June 2016 - Restated</b>	<b>445 092 157</b>	<b>445 092 157</b>
Net Surplus for the year	12 806 467	12 806 467
<b>Balance on 30 June 2017 - Restated</b>	<b>457 898 624</b>	<b>457 898 624</b>
Net Surplus for the year	13 919 719	13 919 719
<b>Balance on 30 June 2018</b>	<b>471 818 343</b>	<b>471 818 343</b>



# CEDERBERG LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2018

	Notes	2018 R (Actual)	2017 R (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates		37 233 630	32 839 893
Service Charges		99 585 591	105 195 474
Other Revenue		12 203 307	15 935 359
Government Grants		92 806 278	107 784 086
Interest		3 494 381	3 824 409
<b>Payments</b>			
Suppliers and employees		(201 111 292)	(214 218 596)
Finance charges		(2 680 512)	(2 667 797)
Transfers and Grants		(1 021 052)	(817 005)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>41</b>	<b>40 510 331</b>	<b>47 875 822</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds from sale of Property, Plant and Equipment		501 683	640 725
<b>Payments</b>			
Purchase of Investment Property		-	-
Purchase of Property, Plant and Equipment		(43 619 374)	(27 499 480)
Purchase of Intangible Assets		(1 018 571)	(256 541)
<b>NET CASH USED INVESTING ACTIVITIES</b>		<b>(44 136 262)</b>	<b>(27 115 296)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
New loans raised		3 550 129	1 414 116
Increase in Consumer Deposits		141 540	150 298
<b>Payments</b>			
Loans repaid		(3 834 563)	(2 514 280)
<b>NET CASH USED FINANCING ACTIVITIES</b>		<b>(142 894)</b>	<b>(949 867)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>(3 768 825)</b>	<b>19 810 659</b>
Cash and Cash Equivalents at the beginning of the year		22 300 890	2 490 231
Cash and Cash Equivalents at the end of the year		18 532 065	22 300 890

# CEDERBERG LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
<b>STATEMENT OF FINANCIAL POSITION</b>					
Current assets	41 630 181	(217 157)	41 413 024	67 636 821	26 223 797
Non-current assets	665 765 721	(35 772 940)	629 992 781	597 622 718	(32 370 063)
Current liabilities	46 534 152	(707 456)	45 826 697	100 116 203	54 289 506
Non-current liabilities	113 781 655	6 384 023	120 165 678	93 324 994	(26 840 685)
<b>Total Community Wealth</b>	<b>547 080 095</b>	<b>(41 666 665)</b>	<b>505 413 430</b>	<b>471 818 343</b>	<b>(33 595 087)</b>
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>					
<b>REVENUE</b>					
Property rates	40 870 550	-	40 870 550	41 372 155	501 605
Service Charges	125 832 858	-	125 832 858	120 342 155	(5 490 703)
Investment revenue	391 125	1 400 000	1 791 125	1 426 564	(364 561)
Transfers recognised - operational	58 056 306	6 910 238	64 966 544	57 682 108	(7 284 436)
Other own revenue	49 799 732	(14 599 765)	35 199 967	27 395 215	(7 804 752)
<b>Total Revenue (excluding capital transfers)</b>	<b>274 950 571</b>	<b>(6 289 527)</b>	<b>268 661 044</b>	<b>248 218 197</b>	<b>(20 442 847)</b>
<b>EXPENDITURE</b>					
Employee costs	87 718 311	5 819 367	93 537 678	93 658 527	120 849
Remuneration of councillors	4 928 058	184 753	5 112 811	5 293 216	180 405
Debt impairment	42 939 396	(4 624 566)	38 314 830	26 296 551	(12 018 279)
Depreciation and asset impairment	17 252 624	(1 025)	17 251 599	16 070 013	(1 181 586)
Finance charges	8 544 400	(938 695)	7 605 705	8 073 767	468 062
Bulk purchases	69 234 799	(154 617)	69 080 182	68 531 369	(548 813)
Other Materials	7 595 300	1 617 148	9 212 448	-	(9 212 448)
Contracted Services	15 500 630	8 743 968	24 244 598	-	(24 244 598)
Transfers and grants	870 000	912 562	1 782 562	1 021 052	(761 510)
Other expenditure	19 683 486	(941 463)	18 742 023	50 328 736	31 586 713
Loss on disposal of PPE	-	-	-	50 690	50 690
<b>Total Expenditure</b>	<b>274 267 004</b>	<b>10 617 432</b>	<b>284 884 436</b>	<b>269 323 921</b>	<b>(15 560 515)</b>
Surplus/(Deficit)	683 567	(16 906 959)	(16 223 392)	(21 105 724)	(4 882 332)
Transfers recognised - capital	59 493 693	2 188 041	61 681 734	33 979 081	(27 702 653)
Contributions Recognised - Capital	-	-	-	1 046 370	1 046 370
<b>NET SURPLUS FOR THE YEAR</b>	<b>60 177 260</b>	<b>(14 718 918)</b>	<b>45 458 342</b>	<b>13 919 727</b>	<b>(31 538 615)</b>
<b>CASH FLOW STATEMENT</b>					
Net Cash Flow from Operating Activities	75 197 945	(20 222 430)	54 975 515	40 510 331	(14 465 184)
Net Cash Flow from Investing Activities	(70 634 841)	(5 882 318)	(76 517 159)	(44 136 262)	32 380 897
Net Cash Flow from Financing Activities	(3 260 115)	3 084 694	(175 421)	(142 894)	32 527
<b>Net increase in cash and cash equivalents</b>	<b>1 302 989</b>	<b>(23 020 055)</b>	<b>(21 717 065)</b>	<b>(3 768 825)</b>	<b>17 948 240</b>

Refer to note 43.1 for explanations of material variances between the original and final budget.

Refer to note 43.2 for explanations of material variances between actual amounts and the final budget.

Material variances are considered to be any variances greater than R2.5 million.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### **1 ACCOUNTING POLICIES**

#### **1.01 BASIS OF PREPARATION**

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

#### **1.02 TRANSITIONAL PROVISIONS**

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property and Property, Plant and Equipment where the acquisition cost of an asset could not be determined.

#### **1.03 PRESENTATION CURRENCY**

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

#### **1.04 GOING CONCERN ASSUMPTION**

These financial statements have been prepared on a going concern basis.

#### **1.05 COMPARATIVE INFORMATION**

##### **1.05.1 Prior year comparatives**

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

##### **1.05.2 Amended Accounting Policies**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

No significant amendments were made to the accounting policy in the current year.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.06 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

### 1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

### 1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

#### 1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Municipality resolved to early adopt the following Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 20	Related Party Disclosures	1 April 2019
GRAP 108	Statutory Receivables	1 April 2019

The effect of the above-mentioned Standards of GRAP which were early adopted is considered insignificant. Accounting policies for these Standards of GRAP were already formulated in the prior year's financial statements. The only effect is additional disclosure requirements.

The Municipality resolved to early adopt the following amended Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 12 (2017)	Inventories	1 April 2018
GRAP 16 (2017)	Investment Property	1 April 2018
GRAP 17 (2017)	Property, Plant and Equipment	1 April 2018
GRAP 21 (2017)	Impairment of non-cash-generating assets	1 April 2018
GRAP 26 (2017)	Impairment of cash-generating assets	1 April 2018
GRAP 27 (2017)	Agriculture	1 April 2018
GRAP 31 (2017)	Intangible Assets	1 April 2018
GRAP 103 (2017)	Heritage Assets	1 April 2018

The effect of the above-mentioned amended Standards of GRAP which were early adopted is considered insignificant. The amendments to the Standards of GRAP mainly relate to the clarification of accounting principles.

The Municipality resolved not to early adopt Directive 12 - "The Selection of an Appropriate Reporting Framework by Public Entities" (effective 1 April 2018) as this Directive is not applicable to municipalities and will have no impact on the Municipality once it becomes effective.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

The Municipality further resolved not to early adopt the following Standards of GRAP and Interpretations of the Standard of GRAP which were issued but are not yet effective:

### 1.08.1.1 GRAP 18 - Segment Reporting (effective 1 April 2020)

The objective of this Standard is to establish principles for reporting financial information by segments.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

### 1.08.1.2 GRAP 32 - Service Concession Arrangements: Grantor (effective 1 April 2019)

The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

### 1.08.1.3 GRAP 109 - Accounting by Principles and Agents (effective 1 April 2019)

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

No significant impact is expected as the Municipality's current treatment is already in line with the Standard's requirements.

### 1.08.1.4 GRAP 110 - Living and Non-living Resources (effective 1 April 2020)

The objective of this Standard is to prescribe the:

- (a) recognition, measurement, presentation and disclosure requirements for living resources; and
- (b) disclosure requirements for non-living resources.

Preliminary investigations indicated that the Municipality's non-living resources do not fall within the scope of this Standard.

### 1.08.1.5 IGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset (effective 1 April 2019)

This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

### 1.08.1.6 Recognition and Derecognition of Land (effective 1 April 2019)

This Interpretation of the Standards of GRAP provides guidance on when an entity should recognise and derecognise land as an asset in its financial statements.

No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.

### 1.08.1.7 Liabilities to Pay Levies (effective 1 April 2019)

This Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.08.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following original Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

#### 1.08.2.1 GRAP 34 - Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

No significant impact is expected as the Municipality has no investments in any entities.

#### 1.08.2.2 GRAP 35 - Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

No significant impact is expected as the Municipality does not control any entities.

#### 1.08.2.3 GRAP 36 - Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

No significant impact is expected as the Municipality does not have investments in any associates or joint ventures.

#### 1.08.2.4 GRAP 37 - Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.

#### 1.08.2.5 GRAP 38 - Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- (a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- (b) the effects of those interests on its financial position, financial performance and cash flows.

No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.09 RESERVES

#### 1.09.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

The following provisions are set for the creation and utilisation of the CRR:

- (a) The cash funds that back up the CRR are invested until utilised.
- (b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- (c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

### 1.10 INVESTMENT PROPERTY

#### 1.10.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

#### 1.10.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

#### 1.10.3 Depreciation – Cost Model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Buildings	100

### 1.10.4 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

### 1.10.5 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

## 1.11 PROPERTY, PLANT AND EQUIPMENT

### 1.11.1 Initial Recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.



# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.11.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

### 1.11.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS		YEARS
<b>Land and Buildings</b>		<b>Community</b>	
Land	N/A	Community Facilities	16 - 101
Buildings	9 - 101	Sport and Recreational Facilities	20 - 101
		Work in progress	N/A
<b>Infrastructure</b>		<b>Other</b>	
Electrical	9 - 115	Computer Equipment	5 - 17
Roads	4 - 50	Furniture and Office Equipment	5 - 31
Sanitation	5 - 60	Machinery and Equipment	5 - 36
Storm Water	4 - 50	Transport Assets	8 - 26
Water Supply	8 - 60		
Work in progress	N/A		
<b>Finance lease assets</b>			
Office equipment	3 - 11		
Transport Assets	10		

### 1.11.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.11.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

### 1.12 INTANGIBLE ASSETS

#### 1.12.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

#### 1.12.2 Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses.

#### 1.12.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software	6-16

### 1.12.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

### 1.12.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 1.13 IMPAIRMENT OF NON-MONETARY ASSETS

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

### 1.13.1 Recoverable amount of Cash-generating assets

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.

The best evidence of fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

### 1.13.2 Recoverable amount of Non-cash-generating assets

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.13.3 Impairment loss

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 the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### 1.13.4 Reversal of an impairment loss

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 the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

After the reversal of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

## 1.14 INVENTORIES

### 1.14.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.14.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the first-in-first-out (FIFO) method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Cost of land held for sale is assigned by using specific identification of their individual costs.

### 1.15 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

#### 1.15.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

##### 1.15.1.1 Multi-employer 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 recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued 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.

##### 1.15.1.2 Post Retirement Medical Benefits

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

### **1.15.2 Long-term Benefits**

#### *1.15.2.1 Long Service Awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

### **1.15.3 Short-term Benefits**

#### *1.15.3.1 Staff Leave*

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

#### *1.15.3.2 Bonuses*

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

#### *1.15.3.3 Provision for Performance Bonuses*

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

## **1.16 PROVISIONS**

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

### **1.17 LEASES**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### **1.17.1 Municipality as Lessee**

##### *1.17.1.1 Finance Leases*

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

##### *1.17.1.2 Operating leases*

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

#### **1.17.2 Municipality as Lessor**

##### *1.17.2.1 Finance Leases*

The Municipality recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (receivable) is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease.

The asset (receivable) is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis in the Statement of Financial Performance.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.17.2.2 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

## 1.18 FINANCIAL INSTRUMENTS

### 1.18.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

### 1.18.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
  - (i) derivatives;
  - (ii) combined instruments that are designated at fair value;
  - (iii) instruments held for trading;
  - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
  - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

### 1.18.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.



# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.18.3.1 *Financial assets measured at amortised cost*

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

### 1.18.3.2 *Financial assets measured at cost*

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

## 1.18.4 **Derecognition of financial instruments**

### 1.18.4.1 *Financial assets*

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised 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.

### 1.18.4.2 *Financial liabilities*

The Municipality derecognises financial liabilities 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 the Statement of Financial Performance.

## 1.18.5 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## 1.19 **STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

### 1.19.1 **Initial Recognition**

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.19.2 Subsequent Measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

### 1.19.3 Impairment and uncollectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

### 1.19.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

## 1.20 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

## 1.21 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of 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. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.22 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

### 1.23 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

### 1.24 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

### 1.25 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

### 1.26 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

#### 1.26.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.26.1.1 *Taxation Revenue*

Taxation revenue comprises of property rates. 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 proportion 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.

### 1.26.1.2 *Transfer Revenue*

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

### 1.26.1.3 *Fines*

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. Any fine reductions or cancellations subsequent to the reported date is recorded as a write-off against the provision raised for debt impairment.

### 1.26.1.4 *Insurance Refund*

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

### 1.26.1.5 *Unclaimed deposits*

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

### 1.26.1.6 *Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure*

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

### 1.26.1.7 *Services in-kind*

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

### 1.26.1.8 *Contributed Assets*

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

## 1.26.2 **Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.26.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without 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.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at reporting date is recognised as a liability under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

### 1.26.2.2 Interest earned

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

### 1.26.2.3 Rental income

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

### 1.26.2.4 Income from Agency Services

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

### 1.26.2.5 Other Tariffs

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

### 1.26.2.6 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (a) The Municipality has transferred to the purchaser 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.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.26.2.7 *Deferred payment*

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

### 1.27 **BORROWING COSTS**

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

### 1.28 **UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, 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 a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.29 **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, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.30 **FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.31 **CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

### 1.32 **CAPITAL COMMITMENTS**

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.33 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

### 1.34 RELATED PARTIES

The Municipality regards a related party as a person or an entity with the ability to control the Municipality either individually or jointly, or the ability to exercise significant influence over the Municipality, or vice versa.

Management is regarded as a related party and comprises the Councillors, Executive Mayor, Deputy Mayor, Speaker, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

### 1.35 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

#### 1.35.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

GRAP implementation date for the Municipality is 1 July 2009 which is also the date applicable when applying Directive 7. The GRAP compliant period is therefore determined to be from 1 July 2009 to the current year's reported date. Where the economic useful life of an item of Property, Plant and Equipment is less than the GRAP compliant period, it is assumed that the item was either incorrectly written off in the past, or that the capital expenditure of the said item was incorrectly included in surplus. In such cases the item shall not be recognised on GRAP implementation date, but shall be taken into account on that date of the opening balances of the comparative amounts.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 1.35.2 Impairment of Receivables

The calculation in respect of the impairment of receivables 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 was performed per service-identifiable categories across all classes of debtors.

### 1.35.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

### 1.35.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property and Intangible assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

### 1.35.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical benefits and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

### 1.35.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthwork as published by Statistics South Africa.

### 1.35.7 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

### 1.35.8 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.



# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### CASH AND CASH EQUIVALENTS

	2018	2017
Bank Accounts	8 510 051	2 859 556
Call Investment Deposits	10 016 900	19 433 004
Cash Floats	5 114	8 330
<b>Total</b>	<b>18 532 065</b>	<b>22 300 890</b>

Due to the short term nature of cash deposits, all balances included above are in line with their fair values.

Cash and Cash Equivalents are held to support the following commitments:

Unspent Conditional Grants	33 460 083	32 314 994
VAT	-	842 513
Shortfall on working capital requirements - refer to note 56 on financial sustainability	(14 928 018)	(10 856 617)
<b>Total Cash and Cash Equivalents</b>	<b>18 532 065</b>	<b>22 300 890</b>

Overdraft facility with ABSA Bank which was available during the financial year

	6 000 000	6 000 000
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Guarantee in favour of Eskom registered with Standard Bank

	2 900 000	2 900 000
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#### Bank Accounts

Detail of the Bank Accounts (Cash book balances) are as follow:

Cash book balance at beginning of year	2 859 556	2 308 965
Cash book balance at end of year	8 510 051	2 859 556

Bank accounts consists out of the following accounts:

#### **ABSA - Account number 40-5357-8397 (Current Account)**

Bank statement balance at beginning of year	2 320 540	1 730 796
Bank statement balance at end of year	8 153 573	2 320 540

#### **ABSA - Account number 40-7639-1003 (Traffic Account)**

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

#### **ABSA - Account number 40-7639-1273 (Service Account)**

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

#### **ABSA - Account number 40-7873-7035 (Elands Bay Fish Factory Account)**

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

#### **Standard Bank - Account number 082163324 (Eskom Guarantee Account)**

Bank statement balance at beginning of year	15 655	25 595
Bank statement balance at end of year	13 275	15 655

#### **Summary of all bank accounts**

Bank statement balance at beginning of year	2 336 195	1 756 390
Bank statement balance at end of year	8 166 848	2 336 195

#### Call Investment Deposits

Call investment deposits consist out of the following accounts:

ABSA - Acc no 9282399664	10 016 900	19 433 004
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# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

#### Service Receivables

Electricity	17 703 484	13 513 923
Water	25 899 344	21 330 612
Refuse	9 679 957	7 628 866
Sewerage	13 110 306	9 319 106
Other	3 644 893	5 130 037

#### Total Gross Balance

	<b>70 037 983</b>	<b>56 922 544</b>
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Less: Allowance for Debt Impairment

	(39 730 768)	(30 449 268)
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#### Total Net Receivable

	<b>30 307 216</b>	<b>26 473 276</b>
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Other Service Receivables consist out of interest, sundry services and rentals.

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +2% is levied on late payments.

#### Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	30 449 268	23 023 325
Movement in the contribution to the provision	16 922 625	14 530 389
Bad Debts Written off	(7 641 125)	(7 104 447)
Balance at the end of the year	<b>39 730 768</b>	<b>30 449 268</b>

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over the last 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
<b>30 June 2018</b>			
<b>Service Receivables</b>			
Electricity	17 703 484	(5 435 315)	12 268 169
Water	25 899 344	(17 714 825)	8 184 520
Refuse	9 679 957	(7 249 629)	2 430 328
Sewerage	13 110 306	(8 075 934)	5 034 371
Other	3 644 893	(1 255 065)	2 389 828
<b>Total</b>	<b>70 037 983</b>	<b>(39 730 768)</b>	<b>30 307 216</b>
<b>30 June 2017</b>			
<b>Service Receivables</b>			
Electricity	13 513 923	(2 701 239)	10 812 684
Water	21 330 612	(12 882 786)	8 447 826
Refuse	7 628 866	(4 893 108)	2 735 758
Sewerage	9 319 106	(5 951 870)	3 367 236
Other	5 130 037	(4 020 265)	1 109 773
<b>Total</b>	<b>56 922 544</b>	<b>(30 449 268)</b>	<b>26 473 276</b>

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

#### Ageing of Receivables from Exchange Transactions

##### Electricity

Current (0 - 30 days)	7 508 819	6 982 803
Past Due (31 - 60 Days)	1 945 594	1 176 308
Past Due (61 - 90 Days)	956 634	604 148
Past Due (90 Days +)	7 292 437	4 750 665

##### Total

<b>17 703 484</b>	<b>13 513 923</b>
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##### Water

Current (0 - 30 days)	3 047 088	2 713 711
Past Due (31 - 60 Days)	1 366 540	1 111 355
Past Due (61 - 90 Days)	1 266 210	991 656
Past Due (90 Days +)	20 219 507	16 513 889

##### Total

<b>25 899 344</b>	<b>21 330 612</b>
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##### Refuse

Current (0 - 30 days)	747 178	652 557
Past Due (31 - 60 Days)	527 591	439 490
Past Due (61 - 90 Days)	438 463	364 730
Past Due (90 Days +)	7 966 724	6 172 089

##### Total

<b>9 679 957</b>	<b>7 628 866</b>
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##### Sewerage

Current (0 - 30 days)	980 185	804 090
Past Due (31 - 60 Days)	843 976	541 854
Past Due (61 - 90 Days)	780 406	380 942
Past Due (90 Days +)	10 505 738	7 592 221

##### Total

<b>13 110 306</b>	<b>9 319 106</b>
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##### Other

Current (0 - 30 days)	65 959	203 689
Past Due (31 - 60 Days)	454 256	154 479
Past Due (61 - 90 Days)	485 523	204 508
Past Due (90 Days +)	2 639 154	4 567 361

##### Total

<b>3 644 893</b>	<b>5 130 037</b>
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#### Summary Ageing of all Receivables from Exchange Transactions

Current (0 - 30 days)	12 349 229	11 356 851
Past Due (31 - 60 Days)	5 137 958	3 423 486
Past Due (61 - 90 Days)	3 927 236	2 545 984
Past Due (90 Days +)	48 623 560	39 596 224

##### Total

<b>70 037 983</b>	<b>56 922 544</b>
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# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

#### Service Receivables

Property Rates

26 201 916

23 356 741

#### Other Receivables

39 279 963

27 762 248

Unpaid Traffic Fines

38 088 181

26 725 510

Suspense Debtors

931 832

790 018

Deposits

259 950

246 720

#### Total Gross Balance

65 481 879

51 118 989

Less: Allowance for Debt Impairment

(51 265 880)

(40 825 698)

#### Total Net Receivable

14 215 999

10 293 292

As previously reported

13 193 292

Correction of error restatement - note 39.1

(2 900 000)

Restated balance

10 293 292

Rates are payable monthly within 30 days after the date of accounts. An option to pay rates annually is also available and the account must be settled on or before 30 September. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +2% is levied on late payments.

#### Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year

40 825 698

24 232 970

Movement in the contribution to the provision

11 733 532

18 680 219

Bad Debts Written off

(1 293 350)

(2 087 491)

Balance at the end of the year

51 265 880

40 825 698

The Allowance for impairment of receivables has been made for all consumer balances outstanding based on the payment ratio over the last 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
<b>30 June 2018</b>			
<b>Service Receivables</b>			
Property Rates	26 201 916	(14 740 370)	11 461 546
<b>Other Receivables</b>			
Unpaid Traffic Fines	38 088 181	(36 525 510)	1 562 671
Suspense Debtors	931 832	-	931 832
Deposits	259 950	-	259 950
<b>Total</b>	<b>65 481 879</b>	<b>(51 265 880)</b>	<b>14 215 999</b>
<b>30 June 2017</b>			
<b>Service Receivables</b>			
Property Rates	23 356 741	(16 449 866)	6 906 875
<b>Other Receivables</b>			
Unpaid Traffic Fines	26 725 510	(24 375 831)	2 349 679
Suspense Debtors	790 018	-	790 018
Deposits	246 720	-	246 721
<b>Total</b>	<b>51 118 989</b>	<b>(40 825 698)</b>	<b>10 293 292</b>

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

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### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

#### Ageing of Receivables from Non-Exchange Transactions

##### Property Rates

Current (0 - 30 days)	2 477 192	2 242 026
Past Due (31 - 60 Days)	1 499 400	1 479 046
Past Due (61 - 90 Days)	1 049 875	1 009 487
Past Due (90 Days +)	21 175 449	18 626 182
<b>Total</b>	<b>26 201 916</b>	<b>23 356 741</b>

### 5 TAXES

VAT Receivable/(Payable)	2 890 228	(1 756 773)
VAT Input in Suspense	4 775 281	5 462 154
VAT Output in Suspense - net	(4 540 154)	(4 547 894)
VAT Output in Suspense	(10 149 362)	(7 797 495)
Less: VAT on Allowance for Debt Impairment	5 609 208	3 249 601

#### Total

	<b>3 125 355</b>	<b>(842 513)</b>
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As previously reported

(743 662)

Correction of error restatement - note 39.1

(98 850)

Restated balance

(842 513)

#### Reconciliation of VAT on Allowance for Debt Impairment

Balance at beginning of year	3 249 601	2 365 932
Debt Impairment for current year	2 359 607	883 669
Balance at the end of the year	<b>5 609 208</b>	<b>3 249 601</b>

### 6 OPERATING LEASES

#### 6.1 OPERATING LEASE ASSETS

Operating Lease Asset	<b>4 256</b>	<b>7 794</b>
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The operating lease asset is derived from contracts where the Municipality acts as the lessor in the agreement.

#### Reconciliation of Operating Lease Asset

Balance at the beginning of the year	7 794	3 965
Movement during the year	(3 538)	3 829
Balance at the end of the year	<b>4 256</b>	<b>7 794</b>

#### The Municipality will receive the following lease payments from contracts that have defined lease payments and terms.

Within 1 Year	91 085	148 790
Between 1 and 5 Years	-	76 630
After 5 Years	-	-
Total operating lease payments	<b>91 085</b>	<b>225 419</b>

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased. Escalation between 6 and 10% are applicable on the leases. The renewal option after lapsing of the contracts are available.

The Municipality does not engage in any sub-lease arrangements nor did the Municipality receive any contingent rent during the year.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 6 OPERATING LEASES (CONTINUED)

#### 6.2 OPERATING LEASE LIABILITIES

Operating Lease Liability	10 561	25 276
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The operating lease liability is derived from contracts where the Municipality acts as the lessee in the agreement.

#### Reconciliation of Operating Lease Liability

Balance at the beginning of the year	25 276	23 526
Movement during the year	(14 715)	1 750
Balance at the end of the year	10 561	25 276

#### The Municipality will incur the following lease expenditure from contracts that have defined lease payments and terms.

Within 1 Year	21 900	232 409
Between 1 and 5 Years	96 716	92 997
After 5 Years	-	25 620
Total operating lease payments	118 616	351 025

Operating leases consist out of the following leases:

- Lease of office space for a period of 36 months (ending June 2018) with an escalation of 8% per annum.
- Lease of a swimming pool for a period of 120 months (ending June 2023) with an escalation of 4% per annum.

The Municipality does not engage in any sub-lease arrangements.

The Municipality did not pay any contingent rent during the year.

### 7 INVENTORY

Maintenance Materials - at cost	1 314 925	1 076 084
Water – at cost	137 006	128 999
<b>Total</b>	<b>1 451 931</b>	<b>1 205 083</b>

As previously reported		2 436 678
Correction of error restatement - note 39.1		(1 231 595)

Restated balance		1 205 083
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Inventory are disclosed at the lower of cost or net realisable value.

No inventory were pledged as security for liabilities.

Inventory written down due to losses identified during the annual stores counts	33 222	559
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Inventory recognised as an expense during the year	1 962 501	704 808
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# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### INVESTMENT PROPERTY

	2018	2017
Investment Property - Carrying Value	<u>80 157 437</u>	<u>80 473 087</u>
As previously reported		74 946 252
Correction of error restatement - note 39.1		1 142 495
Correction of error restatement - note 39.3		4 384 340
Restated balance		<u>80 473 087</u>

The carrying value of Investment Property is reconciled as follows:

	2018	2017
<b>Opening Carrying Value</b>	<b>80 473 087</b>	<b>80 525 337</b>
Cost	80 943 076	80 943 076
Accumulated Depreciation	(469 989)	(417 739)
Additions	-	-
Depreciation for the year	(52 250)	(52 250)
Disposals	(263 400)	-
<b>Closing Carrying Value</b>	<b>80 157 437</b>	<b>80 473 087</b>
Cost	80 679 676	80 943 076
Accumulated Depreciation	(522 239)	(469 989)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

No operating expenditure was incurred on investment property during the 2017/18 and 2016/17 financial year.

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### PROPERTY, PLANT AND EQUIPMENT

	Cost R	Accumulated Depreciation R	Accumulated Impairment R	Carrying Value R
<b>30 June 2018</b>				
Land and Buildings	22 292 759	(968 776)	-	21 323 983
Infrastructure	649 507 511	(251 627 754)	-	397 879 757
Leased Assets	5 276 289	(598 759)	-	4 677 530
Community Assets	71 500 164	(3 958 018)	-	67 542 147
Other Assets	27 934 247	(12 912 060)	-	15 022 187
<b>Total</b>	<u><b>776 510 971</b></u>	<u><b>(270 065 366)</b></u>	<u><b>-</b></u>	<u><b>506 445 605</b></u>
<b>30 June 2017</b>				
Land and Buildings	22 071 479	(844 499)	-	21 226 980
Infrastructure	617 107 133	(240 445 790)	-	376 661 343
Leased Assets	2 116 802	(232 751)	-	1 884 052
Community Assets	64 646 047	(3 409 193)	-	61 236 854
Other Assets	26 458 036	(11 153 888)	-	15 304 149
<b>Total</b>	<u><b>732 399 498</b></u>	<u><b>(256 086 120)</b></u>	<u><b>-</b></u>	<u><b>476 313 377</b></u>
As previously reported				495 426 534
Reclassification - note 40.2				(14 757 018)
Correction of error restatement - note 39.3				(4 356 139)
Restated balance				<u>476 313 377</u>
Repairs and maintenance incurred on Property, Plant and Equipment			13 577 456	<u>9 658 844</u>

The prior year balance for Repairs and Maintenance was restated.

The leased property, plant and equipment and the buildings are secured as set out in note 12.

The reconciliation of the carrying value of Property, Plant and Equipment is disclosed on the following page:

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of Carrying Value	Cost						Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Transfer of Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
30 June 2018	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>	<b>22 071 479</b>	<b>221 280</b>	-	-	-	<b>22 292 759</b>	<b>844 499</b>	<b>124 276</b>	-	-	<b>968 776</b>	<b>21 323 983</b>
Land	8 184 902	-	-	-	-	8 184 902	-	-	-	-	-	8 184 902
Buildings	13 886 577	221 280	-	-	-	14 107 857	844 499	124 276	-	-	968 776	13 139 081
<b>Infrastructure</b>	<b>617 107 133</b>	<b>32 547 059</b>	<b>(146 681)</b>	-	-	<b>649 507 511</b>	<b>240 445 790</b>	<b>11 283 609</b>	-	<b>(101 646)</b>	<b>251 627 754</b>	<b>397 879 757</b>
Electrical	139 676 010	-	(33 217)	-	10 134 267	149 777 061	77 243 334	3 054 006	-	(24 841)	80 272 498	69 504 562
Roads	111 770 298	-	-	-	210 742	111 981 040	61 379 906	3 247 451	-	-	64 627 357	47 353 683
Sanitation	75 412 636	-	(31 207)	-	142 815	75 524 244	34 437 157	1 763 103	-	(31 203)	36 169 058	39 355 186
Storm Water	17 690 755	-	-	-	-	17 690 755	4 849 617	348 450	-	-	5 198 067	12 492 689
Water Supply	117 089 023	-	(82 257)	-	679 467	117 686 234	62 535 777	2 870 598	-	(45 602)	65 360 774	52 325 460
Work in progress	155 468 410	32 547 059	-	-	(11 167 292)	176 848 177	-	-	-	-	-	176 848 177
<b>Leased Assets</b>	<b>2 116 802</b>	<b>3 159 487</b>	-	-	-	<b>5 276 289</b>	<b>232 751</b>	<b>366 008</b>	-	-	<b>598 759</b>	<b>4 677 530</b>
Furniture and Office Equipment	875 650	-	-	-	-	875 650	232 751	154 590	-	-	387 341	488 309
Transport Assets	1 241 152	3 159 487	-	-	-	4 400 639	-	211 418	-	-	211 418	4 189 221
<b>Community Assets</b>	<b>64 646 047</b>	<b>6 558 109</b>	<b>(100 361)</b>	<b>396 370</b>	-	<b>71 500 164</b>	<b>3 409 193</b>	<b>557 098</b>	-	<b>(8 273)</b>	<b>3 958 018</b>	<b>67 542 147</b>
Community Facilities	16 490 513	13 140	-	-	-	16 503 653	663 268	130 140	-	-	793 407	15 710 246
Sport and Recreational Facilities	46 825 823	475 854	(100 361)	396 370	257 378	47 855 064	2 745 925	426 958	-	(8 273)	3 164 610	44 690 453
Work in progress	1 329 710	6 069 115	-	-	(257 378)	7 141 447	-	-	-	-	-	7 141 447
<b>Other Assets</b>	<b>26 458 036</b>	<b>1 133 440</b>	<b>(307 229)</b>	<b>650 000</b>	-	<b>27 934 247</b>	<b>11 153 888</b>	<b>1 914 734</b>	-	<b>(156 561)</b>	<b>12 912 060</b>	<b>15 022 187</b>
Computer Equipment	2 338 205	308 713	(117 482)	-	-	2 529 436	1 046 214	297 054	-	(45 761)	1 297 507	1 231 929
Furniture and Office Equipment	5 976 308	469 787	(97 431)	-	-	6 348 664	2 763 801	435 052	-	(57 219)	3 141 634	3 207 030
Machinery and Equipment	8 406 356	354 939	(92 316)	-	-	8 668 979	3 862 668	629 131	-	(53 582)	4 438 218	4 230 761
Transport Assets	9 737 168	-	-	650 000	-	10 387 168	3 481 204	553 497	-	-	4 034 701	6 352 467
	<b>732 399 498</b>	<b>43 619 374</b>	<b>(554 271)</b>	<b>1 046 370</b>	-	<b>776 510 971</b>	<b>256 086 120</b>	<b>14 245 725</b>	-	<b>(266 480)</b>	<b>270 065 366</b>	<b>506 445 605</b>



# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

### 9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of Carrying Value	Cost						Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Transfer of Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
30 June 2017	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>	<b>21 982 869</b>	<b>88 610</b>	-	-	-	<b>22 071 479</b>	<b>724 983</b>	<b>119 516</b>	-	-	<b>844 499</b>	<b>21 226 980</b>
Land	8 184 902	-	-	-	-	8 184 902	-	-	-	-	-	8 184 902
Buildings	13 797 967	88 610	-	-	-	13 886 577	724 983	119 516	-	-	844 499	13 042 078
<b>Infrastructure</b>	<b>593 691 989</b>	<b>23 442 099</b>	<b>(26 955)</b>	-	-	<b>617 107 133</b>	<b>229 245 441</b>	<b>11 205 118</b>	-	<b>(4 769)</b>	<b>240 445 790</b>	<b>376 661 343</b>
Electrical	139 327 378	-	-	-	348 633	139 676 010	74 203 313	3 040 021	-	-	77 243 334	62 432 676
Roads	111 770 298	-	-	-	-	111 770 298	58 133 156	3 246 749	-	-	61 379 906	50 390 392
Sanitation	75 374 791	-	-	-	37 845	75 412 636	32 693 617	1 743 540	-	-	34 437 157	40 975 480
Storm Water	17 690 755	-	-	-	-	17 690 755	4 501 166	348 450	-	-	4 849 617	12 841 139
Water Supply	116 891 160	176 727	(26 955)	-	48 091	117 089 023	59 714 189	2 826 357	-	(4 769)	62 535 777	54 553 246
Work in progress	132 637 606	23 265 372	-	-	(434 569)	155 468 410	-	-	-	-	-	155 468 410
<b>Leased Assets</b>	<b>910 974</b>	<b>1 738 592</b>	<b>(532 764)</b>	-	-	<b>2 116 802</b>	<b>479 272</b>	<b>172 029</b>	-	<b>(418 551)</b>	<b>232 751</b>	<b>1 884 052</b>
Furniture and Office Equipment	910 974	497 440	(532 764)	-	-	875 650	479 272	172 029	-	(418 551)	232 751	642 899
Transport Assets	-	1 241 152	-	-	-	1 241 152	-	-	-	-	-	1 241 152
<b>Community Assets</b>	<b>63 616 695</b>	<b>1 040 553</b>	<b>(11 202)</b>	-	-	<b>64 646 047</b>	<b>2 881 941</b>	<b>527 251</b>	-	-	<b>3 409 193</b>	<b>61 236 854</b>
Community Facilities	16 145 872	344 641	-	-	-	16 490 513	539 248	124 020	-	-	663 268	15 827 246
Sport and Recreational Facilities	46 335 459	490 364	-	-	-	46 825 823	2 342 693	403 232	-	-	2 745 925	44 079 898
Work in progress	1 135 364	205 548	(11 202)	-	-	1 329 710	-	-	-	-	-	1 329 710
<b>Other Assets</b>	<b>27 237 233</b>	<b>1 687 064</b>	<b>(2 827 964)</b>	-	<b>361 702</b>	<b>26 458 036</b>	<b>10 745 959</b>	<b>1 820 857</b>	-	<b>(1 412 928)</b>	<b>11 153 888</b>	<b>15 304 149</b>
Computer Equipment	1 816 202	591 211	(69 208)	-	-	2 338 205	932 212	172 774	-	(58 773)	1 046 214	1 291 991
Furniture and Office Equipment	5 939 605	222 677	(185 974)	-	-	5 976 308	2 520 532	373 435	-	(130 166)	2 763 801	3 212 506
Machinery and Equipment	8 262 278	317 209	(173 131)	-	-	8 406 356	3 396 417	572 973	-	(106 722)	3 862 668	4 543 687
Transport Assets	11 219 149	555 968	(2 399 652)	-	361 702	9 737 168	3 896 797	701 675	-	(1 117 268)	3 481 204	6 255 964
	<b>707 439 761</b>	<b>27 996 920</b>	<b>(3 398 885)</b>	-	<b>361 702</b>	<b>732 399 498</b>	<b>244 077 596</b>	<b>13 844 772</b>	-	<b>(1 836 247)</b>	<b>256 086 120</b>	<b>476 313 377</b>

The sub-classes layout of the reconciliation were changed from the prior year in order to comply with GRAP and reporting requirements.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

*Figures in Rand*

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**INTANGIBLE ASSETS**

Intangible Assets - Carrying Value

1 319 342

354 433

The carrying value of intangible Assets is reconciled as follows:

**Opening Carrying Value**

**354 433**

**148 674**

Cost

510 995

396 159

Work in Progress

140 400

-

Accumulated Depreciation

(296 962)

(247 485)

Additions

11 165

116 141

Additions - Work in Progress

1 007 406

140 400

Amortisation

(52 481)

(50 260)

Disposal

(1 181)

(522)

Cost

(3 541)

(1 305)

Accumulated Depreciation

2 360

783

**Closing Carrying Value**

**1 319 342**

**354 433**

Cost

518 619

510 995

Work in Progress

1 147 806

140 400

Accumulated Depreciation

(347 083)

(296 962)

Work in progress is included in the carrying value of Intangible Assets. No amortisation is recognised against these amounts. The work in progress balance relates to the Phoenix (Vesta) Financial System in process of being implemented at the Municipality at year-end. This implementation is required to ensure compliance with the mSCOA regulations that came into effect 1 July 2017. Management expects that full implementation will be completed during 2018/19. Once fully implemented, the assets is considered ready for use in line with management's expectations.

Intangible Assets consist only out of software.

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

**Figures in Rand**

		2018	2017
<b>11 CAPITALISED RESTORATION COST (PPE)</b>			
Capitalised Restoration Cost - Carrying Value		<b>9 700 334</b>	<b>14 757 018</b>
As previously reported			-
Reclassification - note 40.2			14 757 018
Restated balance			<b>14 757 018</b>

The movement in capitalised restoration cost is reconciled as follows:

**Opening Carrying Value**

	2018	2017
<b>Opening Carrying Value</b>	<b>14 757 018</b>	<b>16 850 922</b>
Cost	27 713 363	27 746 936
Accumulated Depreciation	(12 954 691)	(10 848 326)
Accumulated Impairments	(1 653)	(47 688)
Disposals	(3 338 780)	(33 573)
Depreciation for the year	(1 719 557)	(2 106 365)
Reversal of impairments	1 653	46 034

**Closing Carrying Value**

<b>Closing Carrying Value</b>	<b>9 700 334</b>	<b>14 757 018</b>
Cost	24 374 583	27 713 363
Accumulated Depreciation	(14 674 249)	(12 954 691)
Accumulated Impairments	-	(1 653)

The Municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Cederberg Municipality.

Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.

**12 LONG-TERM LIABILITIES**

Annuity Loans	17 608 751	20 105 233
Finance Lease Liabilities	4 158 402	1 946 353
<b>Sub-Total</b>	<b>21 767 153</b>	<b>22 051 586</b>
Less: Current portion of Long-term Liabilities	<b>3 399 988</b>	<b>3 039 169</b>
Annuity Loans	2 452 071	2 495 702
Finance Lease Liabilities	947 917	543 467
<b>Total</b>	<b>18 367 165</b>	<b>19 012 417</b>

**Annuity Loans**

Annuity Loans, disclosed at amortised cost, consist out of the following agreements:

Institution and loan number	Rate	Maturity Date	Carrying Value of Liability	
ABSA (038-723-0991)	9.84%	30 Sep 2018	285 189	820 335
ABSA (038-723-0992)	9.84%	1 April 2025	2 383 078	2 609 204
ABSA (038-723-0993)	10.43%	17 June 2025	3 998 843	4 368 208
ABSA (038-723-0994)	10.45%	17 Nov 2025	1 689 005	1 830 218
ABSA (038-723-0995)	10.45%	17 Aug 2028	1 762 393	1 891 477
Standard Bank (03-263-793-4)	10.36%	31 Mar 2023	7 490 243	8 585 791
<b>Total</b>			<b>17 608 751</b>	<b>20 105 233</b>

All annuity loans are unsecured.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

*Figures in Rand*

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**12 LONG-TERM LIABILITIES (CONTINUED)**

**Annuity Loans**

Annuity loans are payable as follows:

Payable within one year	4 242 425	4 546 228
Payable within two to five years	15 772 360	16 071 695
Payable after five years	4 481 974	8 425 064
<b>Total amount payable</b>	<b>24 496 759</b>	<b>29 042 986</b>
Less: Outstanding Future Finance Charges	(6 888 007)	(8 937 753)
<b>Present value of annuity loans</b>	<b>17 608 752</b>	<b>20 105 233</b>

**Finance Lease Liabilities**

Finance Lease Liabilities, disclosed at amortised cost, consist out of the following agreements:

Description	Maturity Date	Carrying Value of Liability	
Printers MPC2003SP	30 Nov 2017	-	51 869
Printers MP2501SP	30 Nov 2017	-	14 408
Printers D3Q20B	31 Dec 2019	30 355	46 176
Printers MPC305SPF	31 Dec 2019	32 923	50 056
Printers MPC2004SP	30 Apr 2020	130 105	188 515
Printers MPC8003SP	30 Apr 2020	126 506	181 213
ISUZU KB 250c Fleetside Regular CAB	1 Jul 2022	194 120	257 263
ISUZU KB 250c Fleetside Regular CAB	1 Jul 2022	194 120	257 263
ISUZU KB 250c Fleetside Regular CAB	1 Jul 2022	194 120	257 263
Chevrolet Utility 1.4 + A/C (M18)	1 Jul 2022	145 301	192 531
Chevrolet Utility 1.4 + A/C (M18)	1 Jul 2022	145 301	192 531
ISUZU KB 250c Fleetside Regular CAB	1 Jul 2022	194 120	257 263
ISUZU KB 250c Fleetside Regular CAB	1 Aug 2022	198 276	-
ISUZU KB 250c Fleetside Regular CAB	1 Aug 2022	349 911	-
ISUZU N Series NLR 150	1 Aug 2022	378 476	-
ISUZU KB 250c Fleetside Regular CAB	1 Aug 2022	198 276	-
ISUZU N Series NLR 150	1 Aug 2022	378 476	-
ISUZU N Series NLR 150	1 Aug 2022	378 476	-
ISUZU N Series NLR 150	1 Aug 2022	378 476	-
ISUZU KB 250c Fleetside Regular CAB	1 Aug 2022	198 276	-
TOYOTA ETIOS SEDAN 1.5SD SPRINT	1 Aug 2022	156 393	-
TOYOTA ETIOS SEDAN 1.5SD SPRINT	1 Aug 2022	156 394	-
<b>Total</b>		<b>4 158 402</b>	<b>1 946 353</b>

Finance Leases Liabilities are secured by Property, Plant and Equipment - refer to note 9.

Leased assets remain the property of the lessor after maturity and new lease contracts are negotiated to replace lapsed contracts.

Finance Lease Liabilities are payable as follows:

Payable within one year	1 360 789	745 146
Payable within two to five years	3 782 432	1 688 525
Payable after five years	-	-
<b>Total amount payable</b>	<b>5 143 221</b>	<b>2 433 671</b>
Less: Outstanding Future Finance Charges	(984 820)	(487 318)
<b>Present value of finance lease liabilities</b>	<b>4 158 401</b>	<b>1 946 353</b>

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

	2018	2017
<b>13 CONSUMER DEPOSITS</b>		
Water and Electricity Deposits	<u>1 954 330</u>	<u>1 812 782</u>
The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.		
<b>14 PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Payables	43 344 178	28 241 444
Retentions	3 272 969	3 812 986
Payments received in advance	2 073 468	2 054 561
Pre-paid Electricity	501 184	483 099
Sundry Creditors	3 210 186	3 843 843
Sundry Deposits	199 382	171 544
Accrued Interest	323 816	335 240
Unknown Receipts	66 203	22 275
<b>Total</b>	<u><b>52 991 386</b></u>	<u><b>38 964 993</b></u>
As previously reported		39 968 282
Correction of error restatement - note 39.4		(1 003 289)
Restated balance		<u>38 964 993</u>
Payables are being recognised net of any discounts received.		
The credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary		
The carrying value of trade and other payables approximates its fair value.		
Sundry deposits include hall, builders and housing Deposits.		
The following serves as security for payables:		
- Bank guarentee as per note 2	2 900 000	2 900 000
- Cash deposits as per note 4	259 950	246 720
	<u><b>3 159 950</b></u>	<u><b>3 146 720</b></u>
<b>15 UNSPENT CONDITIONAL GOVERNMENT GRANTS</b>		
National Government	15 121 318	18 406 836
Provincial Government	18 338 765	13 908 158
<b>Total</b>	<u><b>33 460 083</b></u>	<u><b>32 314 994</b></u>
Detail reconciliations of all grants received and grant conditions met are included in note 20. Unspent grant balances are recognised to the extent that conditions are not yet met.		
No grants were withheld in the current year.		
Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.		

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

*Figures in Rand*

		2018	2017
<b>16</b>	<b>CURRENT EMPLOYEE BENEFITS</b>		
	Bonuses	2 313 974	2 176 198
	Staff Leave	4 528 535	4 360 462
	Performance Bonuses	278 252	103 721
	Current portion of Non-Current Employee Benefits - note 17	1 179 093	1 045 583
	Post Retirement Medical Benefits	732 419	689 176
	Long Service Awards	446 674	356 407
	<b>Total</b>	<b>8 299 855</b>	<b>7 685 965</b>
	The movement in current employee benefits are reconciled as follows:		
	<b><u>Bonuses</u></b>		
	Opening Balance	2 176 198	2 062 848
	Contribution during the year	4 186 069	3 607 539
	Payments made	(4 048 293)	(3 494 189)
	Balance at the end of the year	<b>2 313 974</b>	<b>2 176 198</b>
	Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.		
	<b><u>Staff Leave</u></b>		
	Opening Balance	4 360 462	4 288 257
	Contribution during the year	740 828	612 372
	Payments made	(572 755)	(540 166)
	Balance at the end of the year	<b>4 528 535</b>	<b>4 360 462</b>
	Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.		
	<b><u>Performance Bonuses</u></b>		
	Opening Balance	103 721	-
	Contribution during the year	295 503	432 706
	Payments made	(120 972)	(328 985)
	Balance at the end of the year	<b>278 252</b>	<b>103 721</b>
	Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council.		
<b>17</b>	<b>EMPLOYEE BENEFITS</b>		
	Post Retirement Medical Benefits	30 539 493	25 707 942
	Long Service Awards	3 680 219	3 304 955
	<b>Sub-Total</b>	<b>34 219 712</b>	<b>29 012 897</b>
	Less: Current portion of Employee Benefits	<b>1 179 093</b>	<b>1 045 583</b>
	Post Retirement Medical Benefits	732 419	689 176
	Long Service Awards	446 674	356 407
	<b>Total</b>	<b>33 040 619</b>	<b>27 967 314</b>

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

*Figures in Rand*

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**17 EMPLOYEE BENEFITS (CONTINUED)**

**17.1 Post Retirement Medical Benefits**

The movement in Post Retirement Medical Benefits are reconciled as follows:

Opening Balance	25 707 942	25 062 356
Contribution during the year	4 556 069	4 207 376
Current Service Cost	2 070 896	1 861 126
Interest Cost	2 485 173	2 346 250
Payments made	(698 531)	(644 992)
Actuarial Loss/(Gain)	974 013	(2 916 798)
Total balance at year-end	30 539 493	25 707 942
Less: Current portion	(732 419)	(689 176)
<b>Total</b>	<b>29 807 074</b>	<b>25 018 766</b>

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service members	128	121
In-service non-members	188	199
Continuation members	21	20
<b>Total</b>	<b>337</b>	<b>340</b>

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:

	In-Service Members R	In-Service non-Members R	Continuation Members R	Total unfunded Liability R
30 June 2018	17 899 731	3 662 026	8 977 736	<b>30 539 493</b>
30 June 2017	14 144 824	3 467 924	8 095 194	<b>25 707 942</b>
30 June 2016	13 926 711	3 461 389	7 674 256	<b>25 062 356</b>
30 June 2015	13 348 423	3 161 645	7 821 921	<b>24 331 989</b>
30 June 2014	9 446 832	4 162 874	8 272 476	<b>21 882 182</b>

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2018	485 000	-
30 June 2017	(30 000)	-
30 June 2016	(743 000)	-
30 June 2015	397 000	-
30 June 2014	1 380 000	-

The Municipality contributes to the following medical schemes on a monthly basis:

Bonitas  
LA Health  
Hosmed  
Samwumed  
Keyhealth

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 17 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

#### i) Interest Rates

Discount rate	9.68%	9.80%
Health Care Cost Inflation Rate	7.45%	8.08%
Net Effective Discount Rate	2.08%	1.59%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

#### ii) Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age for post retirement, and the SA 85-90 table for in service employees, were used by the actuaries.

#### iii) Normal Retirement Age

It has been assumed that in-service members will retire at age 61, which then implicitly allows for expected rates of early and ill-health retirement.

#### iv) Last Valuation

The last valuation was performed on 5 August 2018.

#### v) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

#### Sensitivity Analysis - Liability at year-end

Assumption	In-service members (R)	Continuation members (R)	Total liability (R)	% change
Liability	21 561 757	8 977 736	30 539 493	
Health care inflation ( + 1% )	25 844 000	9 817 000	35 661 000	17%
Health care inflation ( - 1% )	18 149 000	8 242 000	26 391 000	-14%
Discount rate ( + 1% )	18 239 000	8 262 000	26 501 000	-13%
Discount rate ( - 1% )	25 790 000	9 807 000	35 597 000	17%
Post-retirement mortality ( - 1 year )	22 198 000	9 318 000	31 516 000	3%
Average retirement age ( - 1 year )	23 617 000	8 978 000	32 595 000	7%
Continuation of membership after retirement ( - 10% )	18 626 000	8 978 000	27 604 000	-10%

#### Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2018/19	2 155 200	2 921 600	5 076 800	
Health care inflation ( + 1% )	2 627 000	3 417 200	6 044 200	19%
Health care inflation ( - 1% )	1 783 900	2 520 200	4 304 100	-15%
Discount rate ( + 1% )	1 809 900	2 792 200	4 602 100	-9%
Discount rate ( - 1% )	2 597 100	3 058 700	5 655 800	11%
Post-retirement mortality ( - 1 year )	2 218 100	3 016 100	5 234 200	3%
Average retirement age ( - 1 year )	2 265 700	3 120 500	5 386 200	6%
Continuation of membership after retirement ( - 10% )	1 850 100	2 637 400	4 487 500	-12%



# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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**17 EMPLOYEE BENEFITS (CONTINUED)**

**17.2 Long Service Awards**

The movement in Long Service Awards are reconciled as follows:

Opening Balance	3 304 955	3 312 522
Contribution during the year	585 230	595 234
Current Service Cost	318 934	324 969
Interest Cost	266 296	270 265
Payments made	(390 504)	(260 355)
Actuarial Loss/(Gain)	180 538	(342 446)
Total balance at year-end	<b>3 680 219</b>	<b>3 304 955</b>
Less: Current portion	(446 674)	(356 407)
<b>Total</b>	<b>3 233 545</b>	<b>2 948 548</b>

The Long Service Awards plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Awards	316	320
-----------------------------------------------------------------------------------------	-----	-----

**The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:**

**Unfunded Liability  
R**

30 June 2018	3 680 219
30 June 2017	3 304 955
30 June 2016	3 312 522
30 June 2015	3 312 522
30 June 2014	2 723 873

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

**Experience adjustments were calculated as follows:**

	<b>Liabilities (Gain) / Loss R</b>	<b>Assets Gain / (Loss) R</b>
--	--------------------------------------------	---------------------------------------

30 June 2018	201 190	-
30 June 2017	(59 844)	-
30 June 2016	(80 347)	-
30 June 2015	169 257	-
30 June 2014	86 455	-

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 17 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

#### i) Interest Rates

Discount rate	8.62%	8.51%
General Salary Inflation (long-term)	6.22%	6.33%
Net Effective Discount Rate applied to salary-related Long Service Awards	2.26%	2.05%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

#### ii) Last Valuation

The last valuation was performed on 5 August 2018.

#### iii) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

#### Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Current Liability (R)	Liability (R)	% Change
General salary inflation ( + 1%)	3 680 219	3 932 000	7%
General salary inflation ( - 1% )	3 680 219	3 453 000	-6%
Discount rate ( + 1% )	3 680 219	3 444 000	-6%
Discount rate ( - 1% )	3 680 219	3 946 000	7%
Average retirement age ( - 2 years )	3 680 219	3 103 000	-16%
Average retirement age ( + 2 years )	3 680 219	4 203 000	14%
Withdrawal rates ( - 50% )	3 680 219	4 464 000	21%

#### Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Current Service Cost (R)	Interest Cost (R)	Total(R)	% Change
Estimated for 2018/19	344 100	298 400	642 500	
General salary inflation ( + 1%)	373 400	320 100	693 500	8%
General salary inflation ( - 1% )	317 900	278 800	596 700	-7%
Discount rate ( + 1% )	320 100	310 300	630 400	-2%
Discount rate ( - 1% )	371 300	284 000	655 300	2%
Average retirement age ( - 2 years )	300 400	250 200	550 600	-14%
Average retirement age ( + 2 years )	394 000	342 900	736 900	15%
Withdrawal rates ( - 50% )	458 300	365 900	824 200	28%

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

*Figures in Rand*

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**17 EMPLOYEE BENEFITS (CONTINUED)**

**17.3 Other Pension Benefits**

**Defined Benefit Plans**

Council contributes to the following defined benefit plans:

LA Retirement Fund (Former Cape Joint Pension Fund)	84 247	78 094
-----------------------------------------------------	--------	--------

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position with a funding level of 102.6% (30 June 2016 - 106.1%).

Consolidated Retirement Fund (Former Cape Retirement Fund)	7 008 625	6 148 623
------------------------------------------------------------	-----------	-----------

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100.6% (30 June 2015 - 100.4%).

<b>Total</b>	<b>7 092 873</b>	<b>6 226 717</b>
--------------	------------------	------------------

Both the LA Retirement Fund and Consolidated Retirement Fund are multi-employer plans. Multiple local authorities participate in these multi-employer funds. Multi-employer plans are defined as defined benefit plans. When sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the LA Retirement Fund and Consolidated Retirement Fund are Multi-employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan due to sufficient information not being available.

**Defined Contribution Plans**

Council contributes to the following defined contribution plans:

National Funds for Municipal Workers	641 932	565 519
SAMWU National Provident Fund	1 058 814	1 008 472
Municipal Councillors Pension Fund	502 169	437 382

<b>Total</b>	<b>2 202 914</b>	<b>2 011 373</b>
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The retirement benefit funds are 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.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

*Figures in Rand*

		2018	2017
<b>18</b>	<b>NON-CURRENT PROVISIONS</b>		
	Provision for Rehabilitation of Landfill-sites	<u>41 917 210</u>	<u>42 614 204</u>
	The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:		
	Opening Balance	42 614 204	40 044 861
	Contribution during the year	(696 994)	2 569 343
	Increase/(Decrease) in estimate	(3 338 780)	(33 573)
	Interest Cost	2 641 786	2 602 916
	<b>Total</b>	<u><b>41 917 210</b></u>	<u><b>42 614 204</b></u>

The calculation for the rehabilitation of the landfill site provision was compiled by an independent qualified engineer in order to determine the present value to rehabilitate the landfill sites at the end of its useful life. The total obligation at year-end can be attributed to the following sites:

Location	Site Dimensions	Estimated Decommission Date	Cost of Rehabilitation	Cost of Rehabilitation
Clanwilliam	23 616m <sup>2</sup>	2024	12 000 877	11 838 905
Lambert's Bay	17 580m <sup>2</sup>	2024	9 974 636	10 841 133
Citrusdal	26 505m <sup>2</sup>	2034	13 565 927	13 832 254
Graafwater	3 000m <sup>2</sup>	2024	2 969 803	2 846 923
Elands Bay	4 263m <sup>2</sup>	2024	3 405 967	3 254 989
<b>Total</b>			<u><b>41 917 210</b></u>	<u><b>42 614 204</b></u>

A retrospective calculation of time value of money, based on an average weighted investment rate of prime less 4%, was used. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

The variation licence issued in March 2018 for the Lambert's Bay landfill site specifies different required capping layers for rehabilitation than previously required. Accordingly, it resulted in a reduction in the cost estimate and ultimately a decrease in the provision.

Total cost and estimated date of decommission of the sites are as follows:

Location	Estimated Decommission Date	Cost of Rehabilitation	Cost of Rehabilitation
Clanwilliam	2024	17 023 473	18 397 500
Lambert's Bay	2024	14 149 212	16 846 974
Citrusdal	2034	34 462 225	21 495 137
Graafwater	2024	4 212 722	4 424 079
Elands Bay	2024	4 831 434	5 058 209
<b>Total</b>		<u><b>74 679 066</b></u>	<u><b>66 221 900</b></u>

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

*Figures in Rand*

		2018	2017
<b>19</b>	<b>PROPERTY RATES</b>		
	Rateable Land and Buildings	41 372 155	38 308 187
	<b>Total</b>	<b>41 372 155</b>	<b>38 308 187</b>
	<b>Property rate levied are based on the following rateable valuations:</b>		
	Residential	2 697 009 395	2 282 725 000
	Business	478 272 729	437 410 400
	State-owned	187 474 742	466 017 900
	Agricultural	2 716 536 096	2 728 019 214
	<b>Total Valuation</b>	<b>6 079 292 962</b>	<b>5 914 172 514</b>
	<b>Rate that is applicable to the valuations above:</b>		
	Residential	1.153c/R	1.083c/R
	Business and Agricultural	1.490c/R	1.401c/R
	State-owned	1.490c/R	1.401c/R
	Agricultural	0.288c/R	0.270c/R

Valuations on land and buildings are performed every five years. The last valuation came into effect on 1 July 2016. Interim valuations are processed on an annual basis to include changes in property values and subdivisions.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

An additional rebate of R35 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Municipality's policy.

Rates are levied monthly and annually. Monthly rates are payable by the end of the month in which the amount was levied and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

	2018	2017
<b>20 GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b>Unconditional Grants - National Government</b>	<b>40 873 657</b>	<b>37 173 000</b>
Equitable Share	40 873 657	37 173 000
<b>Conditional Grants - National Government</b>	<b>31 992 860</b>	<b>27 761 208</b>
Municipal Infrastructure Grant (MIG)	19 509 148	16 702 822
Financial Management Grant (FMG)	1 550 000	1 475 000
Integrated National Electrification Programme (INEP)	4 000 000	3 000 000
Expanded Public Works Program (EPWP)	1 807 000	1 000 000
Regional Bulk Infrastructure Grant (RBIG)	-	4 383 429
Water Service Infrastructure Grant (WSIG)	2 063 752	1 199 957
Municipal Disaster Grant	3 062 960	-
<b>Conditional Grants - Provincial Government</b>	<b>18 794 671</b>	<b>12 949 220</b>
Human Settlement Development Grant	7 618 103	1 853 998
Library Services MRF	4 156 549	3 660 000
Municipal Drought Support Grant	699 466	-
Marine Living Resources Fund	-	2 825 000
Financial Management Support Grant	1 554 370	1 120 380
Municipal Capacity Building Grant	1 572 076	537 924
Acceleration of Housing Delivery	3 006 495	917 769
Other Provincial Allocations	187 611	2 034 149
<b>Total</b>	<b>91 661 189</b>	<b>77 883 428</b>
Disclosed as:		
Government Grants and Subsidies - Operating	57 682 108	50 308 265
Government Grants and Subsidies - Capital	33 979 081	27 575 163
<b>Total</b>	<b>91 661 189</b>	<b>77 883 428</b>
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	40 873 657	37 173 000
Office of the Municipal Manager Executive and Council	107 212	537 924
Financial Services	119 032	-
Community Development Services	2 084 650	1 481 079
Corporate and Strategic Services	13 610 753	9 289 467
Engineering and Planning Services	469 509	28 162
	34 396 376	29 373 796
<b>Total</b>	<b>91 661 189</b>	<b>77 883 428</b>
The movements per grant can be summarised as follows:		
<b>20.01 Equitable Share</b>		
Opening Unspent Balance	-	-
Grants Received	40 873 657	37 173 000
Transferred to Revenue - Operating	(40 873 657)	(37 173 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

	2018	2017
<b>20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<b>20.02 Municipal Infrastructure Grant (MIG)</b>		
Opening Unspent Balance	5 928 178	-
Grants Received	15 867 000	22 631 000
Transferred to Revenue - Operating	(3 174 514)	(717 600)
Transferred to Revenue - Capital	(16 334 634)	(15 985 222)
Other Movements	-	-
Closing Unspent Balance	<b>2 286 030</b>	<b>5 928 178</b>
The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.		
<b>20.03 Financial Management Grant (FMG)</b>		
Opening Unspent Balance	-	-
Grants Received	1 550 000	1 475 000
Transferred to Revenue - Operating	(1 550 000)	(1 475 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-
The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management		
<b>20.04 Integrated National Electrification Programme (INEP)</b>		
Opening Unspent Balance	-	-
Grants Received	4 000 000	3 000 000
Transferred to Revenue - Operating	(496 403)	-
Transferred to Revenue - Capital	(3 503 597)	(3 000 000)
Other Movements	-	-
Closing Unspent Balance	-	-
The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.		
<b>20.05 Expanded Public Works Program (EPWP)</b>		
Opening Unspent Balance	-	-
Grants Received	1 807 000	1 000 000
Transferred to Revenue - Operating	(1 779 492)	(1 000 000)
Transferred to Revenue - Capital	(27 508)	-
Other Movements	-	-
Closing Unspent Balance	-	-
The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.		
<b>20.06 Regional Bulk Infrastructure Grant (RBIG)</b>		
Opening Unspent Balance	12 454 571	-
Grants received	(12 454 571)	16 838 000
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	(4 383 429)
Other Movements	-	-
Closing Unspent Balance	-	<b>12 454 571</b>
The Regional Bulk Infrastructure Grant is used for the upgrade water infrastructure.		

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

	2018	2017
<b>20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<b>20.07 Water Service Infrastructure Grant (WSIG)</b>		
Opening Unspent Balance	24 087	1 224 044
Grants Received	9 975 913	-
Transferred to Revenue - Operating	(268 420)	-
Transferred to Revenue - Capital	(1 795 332)	(1 199 957)
Other Movements	-	-
Closing Unspent Balance	<b>7 936 248</b>	<b>24 087</b>
This grant is for the design and construction of a reservoir.		
<b>20.08 Municipal Disaster Grant</b>		
Opening Unspent Balance	-	-
Grants received	7 962 000	-
Transferred to Revenue - Operating	(399 517)	-
Transferred to Revenue - Capital	(2 663 443)	-
Other Movements	-	-
Closing Unspent Balance	<b>4 899 040</b>	-
The purpose of this grant is to fund emergency drought relief.		
<b>20.09 Human Settlement Development Grant</b>		
Opening Unspent Balance	4 826	19 412
Grants Received	7 613 277	1 839 412
Transferred to Revenue - Operating	(1 327 391)	(1 602 363)
Transferred to Revenue - Capital	(6 290 712)	(251 635)
Other Movements	-	-
Closing Unspent Balance	-	<b>4 826</b>
Housing grants was utilised for the development of erven and the erection of top structures.		
<b>20.10 Library Services MRF</b>		
Opening Unspent Balance	-	-
Grants Received	4 223 000	3 660 000
Transferred to Revenue - Operating	(4 134 197)	(3 647 401)
Transferred to Revenue - Capital	(22 353)	(12 599)
Other Movements	-	-
Closing Unspent Balance	<b>66 451</b>	-
The Library Services (Municipal Replacement Fund) Grant is used to pay the salaries of library staff.		
<b>20.11 Municipal Drought Support Grant</b>		
Opening Unspent Balance	97 725	-
Grants Received	6 000 000	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(699 466)	-
Other Movements	-	-
Closing Unspent Balance	<b>5 398 259</b>	-
This grant is utilised for the completion of the desalination plant in Lambert's Bay.		



# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

	2018	2017
<b>20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<b>20.12 Marine Living Resources Fund</b>		
Opening Unspent Balance	-	-
Grants Received	-	2 825 000
Transferred to Revenue - Operating	-	(2 825 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-
Marine Living Resource Fund is used for the Elands Bay fishing infrastructure implementation plan.		
<b>20.13 Financial Management Support Grant</b>		
Opening Unspent Balance	-	1 079 892
Grants Received	1 777 000	40 488
Transferred to Revenue - Operating	(1 554 370)	(1 120 380)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	<b>222 630</b>	-
The Financial Management Grant is paid by Provincial Treasury to municipalities to help implement revenue enhancement.		
<b>20.14 Municipal Capacity Building Grant</b>		
Opening Unspent Balance	1 332 076	-
Grants Received	240 000	1 870 000
Transferred to Revenue - Operating	(1 572 076)	(537 924)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	<b>1 332 076</b>
This grant is utilised as a capacity initiative for graduates to enter the workforce in local government.		
<b>20.15 Acceleration of Housing Delivery</b>		
Opening Unspent Balance	12 397 231	-
Grants Received	3 030 000	13 315 000
Transferred to Revenue - Operating	(364 459)	-
Transferred to Revenue - Capital	(2 642 036)	(917 769)
Other Movements	-	-
Closing Unspent Balance	<b>12 420 736</b>	<b>12 397 231</b>
Housing delivery grant was utilised for the construction of infrastructure for housing projects.		

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

*Figures in Rand*

2018

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**20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**

**20.16 Other Provincial Allocations**

Opening Unspent Balance	76 300	90 988
Grants Received	342 000	2 117 186
Transferred to Revenue - Operating	(187 611)	(209 597)
Transferred to Revenue - Capital	-	(1 824 552)
Other Movements	-	-
	<b>230 689</b>	<b>174 025</b>
	<b>230 689</b>	<b>174 025</b>

Other National Allocations include grants such as:

- Spacial Development Framework
- CDW Support
- Housing Consumer Education
- Road Maintenance
- Development of Sport and Recreational Facilities
- Local Government Graduate Internship Grant
- Municipal Infrastructure Support Grant

**20.17 Total Grants**

Opening Unspent Balance	32 314 994	2 414 336
Grants Received	92 806 278	107 784 086
Transferred to Revenue - Operating	(57 682 108)	(50 308 265)
Transferred to Revenue - Capital	(33 979 081)	(27 575 163)
Other Movements	-	-
	<b>33 460 083</b>	<b>32 314 994</b>
	<b>33 460 083</b>	<b>32 314 994</b>

**21 PUBLIC CONTRIBUTIONS AND DONATIONS**

Other donations	-	17 203
	<b>-</b>	<b>17 203</b>
	<b>-</b>	<b>17 203</b>

Individuals and suppliers made cash contributions towards the mayoral golf day.

**22 FINES, PENALTIES AND FORFEITS**

Traffic	15 247 339	21 153 677
Overdue Book Fines	15 433	14 449
Illegal Connections	30 771	10 309
Unclaimed Money	201	428 635
	<b>15 293 744</b>	<b>21 607 070</b>
	<b>15 293 744</b>	<b>21 607 070</b>

As previously reported		21 178 435
Reclassification - note 40.1		428 635
		<b>21 607 070</b>
		<b>21 607 070</b>

In terms of the requirements of GRAP 23 and IGRAP 1, all fines issued during the year less any cancellations or reductions identified are recognised as revenue.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

*Figures in Rand*

		2018	2017
<b>23</b>	<b>ACTUARIAL GAINS / (LOSSES)</b>		
	Post Retirement Medical Benefits	(974 013)	2 916 798
	Long Service Awards	(180 538)	342 446
	<b>Total</b>	<b>(1 154 551)</b>	<b>3 259 244</b>
<b>24</b>	<b>REVERSAL OF IMPAIRMENTS</b>		
	Property, Plant and Equipment	<b>1 653</b>	<b>46 034</b>
	The impairments relate to the capitalised restoration costs. The impairment was caused by the change in the discount rate which is linked to the prime rate.		
<b>25</b>	<b>SERVICE CHARGES</b>		
	Electricity	79 818 072	78 194 108
	Water	24 857 151	25 285 118
	Sanitation	12 743 128	12 160 450
	Refuse	7 599 102	7 610 720
	<b>Total Revenue</b>	<b>125 017 453</b>	<b>123 250 395</b>
	Less: Rebates	(4 675 298)	(4 676 344)
	Electricity	(17 271)	(168 004)
	Water	(931 163)	(780 612)
	Sanitation	(3 291 423)	(3 348 044)
	Refuse	(435 441)	(379 684)
	<b>Total</b>	<b>120 342 155</b>	<b>118 574 051</b>
	As previously reported		108 100 993
	Reclassification - note 40.1		10 473 059
	Restated balance		118 574 051
	Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.		
<b>26</b>	<b>RENTAL OF FACILITIES AND EQUIPMENT</b>		
	Halls and Sportfields	165 846	208 384
	Camping and Entrance Fees	2 972 228	3 248 690
	Commonage	201 894	230 403
	Hawker Stands	110 477	63 458
	Other rentals	1 490	4 147
	<b>Total</b>	<b>3 451 935</b>	<b>3 755 082</b>
<b>27</b>	<b>INTEREST EARNED - OUTSTANDING DEBTORS</b>		
	Property Rates	914 061	1 365 540
	Service Charges	1 153 756	1 595 455
	<b>Total</b>	<b>2 067 817</b>	<b>2 960 994</b>

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

*Figures in Rand*

		2018	2017
<b>28</b>	<b>AGENCY SERVICES</b>		
	Drivers Licence Applications	303 516	254 318
	Drivers Licences Issued	318 861	269 695
	Duplicate Registration Certificates	49 482	43 857
	Keeping of Registration Number	13 750	55 427
	Learner Licence Applications	85 058	91 966
	Learner Licences Issued	20 209	25 798
	Professional Drivers Permit Applications	69 824	61 809
	Professional Drivers Permits Issued	31 512	28 894
	Roadworthy Certificate Applications	223 701	217 631
	Roadworthy Certificates Issued	40 754	44 955
	Temporary and special permits	24 843	23 598
	Vehicle Registration	1 919 825	1 699 486
	<b>Total</b>	<b>3 101 335</b>	<b>2 817 435</b>
	As previously reported		1 699 486
	Reclassification - note 40.1		1 117 949
	Restated balance		<b>2 817 435</b>
<b>29</b>	<b>OTHER INCOME</b>		
	Application Fees for Land Usage	105 391	49 055
	Building Plan Approval	929 178	1 001 563
	Cemetery and Burial	100 512	127 110
	Clearance and Valuation Certificates	44 459	44 021
	Collection Charges	251 791	48 190
	Commission	40 622	37 215
	Development Charges	1 598 402	307 527
	Discounts and Early Settlements	-	75 564
	Photocopies and Faxes	28 818	29 630
	Skills Development Levy Refund	140 059	167 989
	Sub-division and Consolidation Fees	31 445	34 768
	Tender Documents	55 760	80 580
	Sundry Income	17 595	49 617
	<b>Total</b>	<b>3 344 032</b>	<b>2 052 829</b>
	As previously reported		2 725 943
	Reclassification - note 40.1		(673 114)
	Restated balance		<b>2 052 829</b>
	Sundry income represents sundry income such as sale of sundry items (wood, sand and stones) and fees for items not included under service charges		

# CEDERBERG LOCAL MUNICIPALITY

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		2018	2017
<b>30</b>	<b>EMPLOYEE RELATED COSTS</b>		
	Basic Salaries and Wages	60 290 222	51 192 118
	Pension and UIF Contributions	9 349 998	8 278 761
	Medical Aid Contributions	3 217 345	2 979 725
	Overtime	4 550 386	3 651 247
	Motor Vehicle Allowance	4 476 636	4 306 248
	Cellphone Allowance	437 368	317 881
	Housing Allowance	530 429	867 289
	Other benefits and allowances	2 698 993	3 833 064
	Bargaining Council	32 846	29 007
	Group Life Insurance	1 150 723	993 717
	Scarcity Allowance	705 441	699 848
	Standby Allowance	809 983	2 110 492
	Contributions to Employee Benefits	7 612 230	6 838 712
	Bonuses	4 186 069	3 607 539
	Staff Leave	740 828	612 372
	Performance Bonus	295 503	432 706
	Long Service Awards	318 934	324 969
	Post Retirement Medical Benefits	2 070 896	1 861 126
	Workmens Compensation Fund	494 920	435 063
	<b>Total</b>	<b>93 658 527</b>	<b>82 700 107</b>
	As previously reported		83 344 277
	Reclassification - note 40.1		(644 170)
	Restated balance		<b>82 700 107</b>
	<b>Remuneration of Management Personnel</b>		
	The Municipal Manager and Directors are appointed on a 5-year fixed contract.		
	<b>Municipal Manager - GF Matthyse (resigned July 2017)</b>		
	Annual Remuneration	365 413	708 898
	Performance Bonus / 13th Cheque	-	66 000
	Car Allowance	228 977	461 347
	Cellphone Allowance	18 000	30 000
	Rural Allowance	45 795	76 227
	Leave Payout	-	70 998
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	6 752	19 808
	<b>Total</b>	<b>664 937</b>	<b>1 433 277</b>
	The above-mentioned payments were made in terms of the settlement agreement.		
	<b>Municipal Manager - PL Volschenk (appointed November 2017)</b>		
	Annual Remuneration	550 703	-
	Car Allowance	61 091	-
	Cellphone Allowance	22 909	-
	Rural Allowance	59 533	-
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	140 405	-
	<b>Total</b>	<b>834 641</b>	<b>-</b>

# CEDERBERG LOCAL MUNICIPALITY

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**30 EMPLOYEE RELATED COSTS (CONTINUED)**

**Director: Engineering Services - P Majeni (resigned January 2018)**

Annual Remuneration	397 795	710 335
Performance Bonus / 13th Cheque	-	82 272
Car Allowance	56 000	116 650
Housing Allowance	42 000	72 000
Cellphone Allowance	10 500	12 000
Rural Allowance	45 392	12 080
Contributions to UIF, Medical, Pension Funds and Bargaining Council	78 146	136 020
<b>Total</b>	<b>629 832</b>	<b>1 141 356</b>

**Director: Community Services - R Bent (appointed June 2017)**

Annual Remuneration	562 991	42 810
Car Allowance	180 000	15 000
Cellphone Allowance	18 000	1 500
Rural Allowance	70 154	5 445
Contributions to UIF, Medical, Pension Funds and Bargaining Council	143 869	11 018
<b>Total</b>	<b>975 014</b>	<b>75 773</b>

**Director: Finance - E Alfred**

Annual Remuneration	692 446	586 692
Performance Bonus / 13th Cheque	120 972	82 272
Car Allowance	120 000	181 113
Housing Allowance	-	120 991
Cellphone Allowance	18 000	12 000
Rural Allowance	77 870	12 089
Leave Payout	-	82 714
Contributions to UIF, Medical, Pension Funds and Bargaining Council	172 700	148 293
<b>Total</b>	<b>1 201 989</b>	<b>1 226 164</b>

**Director: Corporate Services - A McCullum (April 2017 - May 2018)**

Annual Remuneration	656 809	139 171
Car Allowance	159 277	36 756
Cellphone Allowance	19 500	4 500
Rural Allowance	76 000	16 336
Leave Payout	47 021	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	141 859	30 556
<b>Total</b>	<b>1 100 465</b>	<b>227 319</b>

# CEDERBERG LOCAL MUNICIPALITY

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	2018	2017
<b>31 REMUNERATION OF COUNCILLORS</b>		
Executive Mayor	804 873	796 926
Deputy Executive Mayor	645 194	602 599
Speaker	693 913	633 807
Mayoral Committee Members	1 249 334	1 172 142
All Other Councillors	1 899 902	1 571 032
<b>Total</b>	<b>5 293 216</b>	<b>4 776 507</b>

**The positions of Executive Mayor, Deputy Mayor and Speaker were filled as follow:**

Executive Mayor	- J Barnard (20 August 2016 to date)
	- JJ Muller (16 July 2015 to 14 July 2016)
Deputy Mayor	- BF Zass (20 August 2016 to date)
	C September (20 August 2013 - 9 August 2016)
Speaker	- WJ Farmer (20 August 2016 to date)
	- D Smith (16 July 2015 - 9 August 2016)

**In-kind Benefits**

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee member serve in a full-time capacity. They are provided with secretarial support and an office each at the cost of the Council.

Councillors may utilize municipal transportation when engaged in official duties

**32 DEBT IMPAIRMENT**

Receivables from Exchange Transactions	16 922 625	14 530 389
Receivables from Non-Exchange Transactions	11 733 532	18 680 219
<b>Total Debt Impairment</b>	<b>28 656 158</b>	<b>33 210 608</b>
Movement in VAT included in debt impairment	(2 359 607)	(883 669)
<b>Total</b>	<b>26 296 551</b>	<b>32 326 939</b>

**33 DEPRECIATION AND AMORTISATION**

Investment Property	52 250	52 250
Property, Plant and Equipment	14 245 725	13 844 772
Intangible Assets	52 481	50 260
Capitalised Restoration Cost (PPE)	1 719 557	2 106 365
<b>Total</b>	<b>16 070 013</b>	<b>16 053 646</b>
As previously reported		16 044 593
Correction of error restatement - note 39.3		9 054
Restated balance		16 053 646

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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		2018	2017
<b>34</b>	<b>FINANCE CHARGES</b>		
	<b>Cash</b>	2 680 512	2 667 797
	Eskom Holdings Limited	-	37 222
	Long-term Liabilities	2 525 852	2 294 126
	Overdue accounts	154 660	336 449
	<b>Non-cash</b>	5 393 255	5 219 431
	Post Retirement Medical Benefits	2 485 173	2 346 250
	Long Service Awards	266 296	270 265
	Rehabilitation of Landfill Sites	2 641 786	2 602 916
	<b>Total</b>	<b>8 073 767</b>	<b>7 887 228</b>
	<p>The finance charges relating to Eskom are interest levied as per the payment arrangement entered into with Eskom for arrear accounts which were repaid during 2014/15 to 2016/17.</p>		
<b>35</b>	<b>BULK PURCHASES</b>		
	Electricity	67 510 341	66 736 629
	Water	1 021 028	860 105
	<b>Total</b>	<b>68 531 369</b>	<b>67 596 734</b>
	<p>Bulk Purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for re-sale to consumers. Electricity is purchased from Eskom and water is purchased from a variety of suppliers including DWA and a number of private suppliers.</p>		
<b>36</b>	<b>TRANSFERS AND GRANTS</b>		
	Bursaries	364 269	252 505
	Festivals	263 158	-
	Sport Councils	93 625	114 500
	Tourism Board	300 000	450 000
	<b>Total</b>	<b>1 021 052</b>	<b>817 005</b>
	As previously reported		-
	Reclassification - note 40.1		817 005
	Restated balance		817 005



# CEDERBERG LOCAL MUNICIPALITY

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		2018	2017
<b>37</b>	<b>OTHER EXPENDITURE</b>		
	Advertising, Publicity and Marketing	160 849	188 660
	Bank Charges	662 956	745 798
	Chemicals	308 975	285 009
	Cleaning Materials	285 740	221 758
	Consulting and Professional Fees	8 324 085	10 317 833
	Commission - Prepaid Electricity	1 718 934	1 513 129
	Telephone	1 806 267	1 763 218
	Computer Services	1 021 323	1 787 640
	Drivers Licences and Permits	199 684	182 914
	External Audit Fees	3 643 292	3 766 505
	Fuel and Oil	2 712 525	2 459 404
	Hire Charges	956 725	1 148 478
	Insurance	957 915	800 211
	Laboratory Services	318 314	159 425
	Legal Cost	635 768	1 611 032
	Maintenance Materials and Tools	5 232 709	3 567 888
	Maintenance Services	8 344 747	6 090 956
	Motor Vehicle Licence and Registrations	142 257	124 044
	Printing and Stationary	1 173 618	1 286 895
	Professional Bodies, Membership and Subscription	893 931	859 550
	Training	854 003	222 466
	Remuneration of Ward Committees	214 500	160 500
	Safeguard and Security	3 022 028	2 276 708
	Skills Development Fund Levy	797 505	644 170
	Traffic Fines Management	937 149	1 324 939
	Travel and Subsistence	1 047 990	934 578
	Uniform and Protective Clothing	485 634	237 786
	Other Expenditure	2 314 762	2 121 860
	<b>Total</b>	<b>49 174 185</b>	<b>46 803 351</b>
	As previously reported		47 279 480
	Correction of error restatement - 39.4		(904 439)
	Reclassification - note 40.1		428 310
	Restated balance		46 803 351
<b>38</b>	<b>LOSS ON DISPOSAL OF NON-MONETARY ASSETS</b>		
	Proceeds	501 683	640 725
	Less: Carrying value of Investment Property disposed	(263 400)	-
	Less: Carrying value of Property, Plant and Equipment disposed	(287 791)	(1 562 638)
	Less: Carrying value of Intangible Assets disposed	(1 181)	(522)
	<b>Total</b>	<b>(50 690)</b>	<b>(922 435)</b>

# CEDERBERG LOCAL MUNICIPALITY

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### 39 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR

#### 39.1 Receivables from Non-Exchange Transactions

A non-cash Eskom guarantee was incorrectly raised as a receivable. The net effect of the error was as follow:

- Receivables from Non-Exchange Transactions - note 4	Overstated	(2 900 000)
- Accumulated Surplus - note 39.5	Overstated	(2 900 000)

#### 39.2 Inventory

Land held for sale was disclosed as Inventory. However, the characteristics of the land held for sale actually met the definition of Investment Property, and not that of Inventory. In addition, it was noted that property which was sold in the past, was also included in the land held for sale register. The net effect of the error was as follow:

- Inventory - note 7	Overstated	(1 231 595)
- Investment Property - note 8	Understated	1 142 495
- Accumulated Surplus - note 39.5	Overstated	(89 100)

#### 39.3 Property, Plant and Equipment

Corrections made to Investment Property include the following:

- Property meeting the definition of Investment Property was incorrectly classified as Property, Plant and Equipment.
- Other Assets (movable assets) previously not included in the asset register were identified during the current years asset verification.

The net effect of the above-mentioned errors were as follow:

- Investment Property - note 8	Understated	4 384 340
- Property, Plant and Equipment - note 9	Overstated	(4 356 139)
- Depreciation and Amortisation - note 33	Understated	9 054
- Accumulated Surplus - note 39.5	Understated	37 255

#### 39.4 Payables from exchange transactions

Corrections made to Payables from Exchange Transactions include the following:

- Payables amounting to R1 067 523 (including VAT) was duplicated in the prior year. Accordingly, both Payables from Exchange Transactions and Other Expenditure were overstated.
- Payables amounting to R64 234 (including VAT) was not accrued for as on 30 June 2017. Accordingly both Payables from Exchange Transactions and Other Expenditure were understated.

The net effect of the above-mentioned errors were as follow:

- Payables from exchange transactions - note 14	Overstated	(1 003 289)
- Taxes - note 5	Overstated	(98 850)
- Other Expenditure - note 37	Overstated	(904 439)

# CEDERBERG LOCAL MUNICIPALITY

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### 39 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR (CONTINUED)

#### 39.5 Accumulated Surplus

Receivables from Non-Exchange Transactions - note 39.1	Overstated	(2 900 000)
Inventory - note 39.1	Overstated	(89 100)
Property, Plant and Equipment - note 39.3	Understated	37 255
<b>Total</b>		<b>(2 951 845)</b>

### 40 PRIOR PERIOD ADJUSTMENTS - RECLASSIFICATION

#### 40.1 Revenue and Expenditure

The following items were reclassified in order to be aligned to the nature of the revenue or expenditure.

Item	Previous Classification	Revised Classification	Amount
Infrastructure Levies	Other Taxes	Service charges	10 228 580
Unclaimed Money	Other Income	Fines, Penalties and Forfeits	428 635
Connection / Reconnection Fees	Other Income	Service charges	244 479
Licences and Permits	Licences and Permits	Agency Services	1 117 949
Skills Development Levy	Employee Related Costs	Other Expenditure	644 170
Collection Cost	Collection Cost	Other Expenditure	601 145
Items listed in note - 36	Other Expenditure	Transfers and Grants	817 005

The above mentioned reclassifications affected the following line items:

#### Revenue

- Other Taxes (line item removed from face of Statement of Financial Performance)	(10 228 580)
- Fines, Penalties and Forfeits	428 635
- Service Charges	10 473 059
- Agency Services	1 117 949
- Licences and Permits (line item removed from face of Statement of Financial Performance)	(1 117 949)
- Other Income	(673 114)

#### Expenditure

- Employee Related Costs	(644 170)
- Collection Cost (line item removed from face of Statement of Financial Performance)	(601 145)
- Transfers and Grants	817 005
- Other Expenditure	428 310

#### 40.2 Statement of Financial Position

Capitalised Restoration cost was previously included as part of Property, Plant and Equipment (PPE). Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost has been reclassified as a separate item on the face of the Statement of Financial Position. The reclassification affected the following line items:

- Capitalised Restoration Cost (PPE)	14 757 018
- Property, Plant and Equipment	(14 757 018)

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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	2018	2017
<b>41 NET CASH FROM OPERATING ACTIVITIES</b>		
Net Surplus for the year	13 919 727	12 806 461
Adjusted for:		
Non-cash revenue included in Net Surplus	(1 044 485)	(3 670 810)
Contributed Assets	(1 046 370)	(361 702)
Actuarial Gains	-	(3 259 244)
Reversal of Impairments	(1 653)	(46 034)
Rental of Facilities and Equipment - decrease in operating lease asset	3 538	(3 829)
Non-cash expenditure included in Net Surplus	56 562 575	61 362 913
Employee Related Costs - Contributions towards	7 612 230	6 838 712
Post Retirement Medical Benefits	2 070 896	1 861 126
Long Service Awards	318 934	324 969
Bonuses	4 186 069	3 607 539
Staff Leave	740 828	612 372
Performance Bonuses	295 503	432 706
Debt Impairment	26 296 551	32 326 939
Depreciation and Amortisation	16 070 013	16 053 646
Actuarial Losses	1 154 551	-
Finance Charges	5 393 255	5 219 431
Post Retirement Medical Benefits	2 485 173	2 346 250
Long Service Awards	266 296	270 265
Provision for Rehabilitation of Landfill-sites	2 641 786	2 602 916
Other Expenditure - decrease in operating lease liability	(14 715)	1 750
Loss on disposal of Non-Monetary Assets	50 690	922 435
Cash expenditure not included in Net Surplus	(5 831 055)	(5 268 687)
Post Retirement Medical Benefits	(698 531)	(644 992)
Long Service Awards	(390 504)	(260 355)
Bonuses	(4 048 293)	(3 494 189)
Staff Leave	(572 755)	(540 166)
Performance Bonus	(120 972)	(328 985)
Operating Surplus before changes in working capital	63 606 762	65 229 877
Movement in working capital	(23 096 431)	(17 354 055)
Receivables from Exchange Transactions	(20 756 564)	(13 378 578)
Receivables from Non-Exchange Transactions	(15 656 240)	(21 548 854)
Inventory	(246 848)	(56 908)
Payables from exchange transactions	14 026 393	(13 856 764)
Unspent Conditional Government Grants	1 145 089	29 900 658
Taxes	(1 608 261)	1 586 390
<b>Cash Flow from Operating Activities</b>	<b>40 510 331</b>	<b>47 875 822</b>
<b>42 CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents comprise out of the following:		
Primary Bank Account	8 510 051	2 859 556
Call and Notice Deposits	10 016 900	19 433 004
Cash Floats	5 114	8 330
<b>Total</b>	<b>18 532 065</b>	<b>22 300 890</b>

Refer to note 2 for more details relating to cash and cash equivalents.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 43 BUDGET COMPARISONS

#### 43.1 Original vs Final Budget

##### Statement of Financial Position

Items in the State of Financial Position were adjusted to take into account adjustments made to the operating and capital budget and also to align balances with the actual audit outcomes of 2016/17.

In addition, both non-current assets and non-current liabilities were increased in anticipation of the Municipality entering into a finance lease for the purchase of utility vehicles.

##### Statement of Financial Performance - Revenue

Transfers Recognised (Operational) was adjusted as follow:

- Approval of roll over application for the Municipal Capacity Building Grant (R1.3 million)
- Additional funding for the Financial Management Support Grant (R1.7 million)
- Additional funding for the Municipal Drought Relief (R2.1 million)

Other Own Revenue was decreased mainly due to less Traffic Fines issued than what was anticipated (R13 million).

Transfers Recognised (Capital) was adjusted as follow:

- Approval of roll over application for the Municipal Infrastructure Grant (R5.2 million)
- Additional funding for the Municipal Drought Relief (R3.9 million)
- Additional funding for the Municipal Disaster Grant (R6.9 million)
- Human Settlement Development Grant (R10.7 million) allocation was reallocated to 2018/19.

##### Statement of Financial Performance - Expenditure

Employee Related Costs were increased as a result of TASK evaluation results and the appointment of general workers.

Debt Impairment was decreased due to a reduction Traffic Fines revenue of which the greater percentage of traffic fines issued are considered to be impaired.

Contracted Services was increased to take into account grant expenditure relating the Transfers Recognised (Operational).

##### Cash Flow Statement

Net Cash Flow from Operating Activities was decreased to take into account unspent grant monies which had to be surrendered.

Net Cash Flow from Investing Activities was increased to take into account additional capital expenditure resulting from grant funding, as well the Municipality entering into a finance lease for the purchase of utility vehicles.

Net Cash Flow from Financing Activities was increased to take into account the Municipality entering into a finance lease for the purchase of utility vehicles.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 43 BUDGET COMPARISONS (CONTINUED)

#### 43.2 Actual Amounts vs Final Budget

##### Statement of Financial Position

*Current assets were more than budgeted for due to several grant funded projects which were not concluded at year-end, resulting in a higher bank balance.*

*Non-current assets were less than budgeted as not all grant funded capital projects were concluded at year-end.*

*Current liabilities were more than budgeted for due to several grant funded projects which were not concluded at year-end, resulting in a higher unspent conditional grant balance.*

*Non-Current liabilities were more less than budget due to a decrease in the landfill site provision, where as a increase was budgeted for.*

##### Statement of Financial Performance - Revenue

*Service Charges were less than budget due to less water revenue levied than expected as a result of the drought being experienced in the municipal area.*

*Transfers recognised (operational) were less than budgeted due to grant funded projects which were not concluded at year-end.*

*Own Revenue were more than budgeted for due to fines issued, less any reductions and withdrawals, were less than anticipated.*

*Transfers recognised (capital) was less than budget due to several grant funded projects which were not concluded at year-end.*

##### Statement of Financial Performance - Expenditure

*Debt Impairment was less than the budget due to less fines issued (after deducting reductions and withdrawals) than anticipated.*

*Other Material, Contracted Services and Other Expenditure should be read in conjunction. The nett effect of the variances combined is less than materiality.*

##### Cash Flow Statement

*Net Cash Flow from Operating Activities was less than budgeted for due to the drought experienced and less water usage than expected.*

*Net Cash Flow from Investing Activities was less than budgeted for as not all projects were implemented.*

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

#### 44.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

Opening balance	1 163 123	12 556 589
Unauthorised expenditure current year - operating	447 177	1 163 123
Unauthorised expenditure current year - capital	190 066	-
Approved by Council	(1 163 123)	(12 556 589)
<b>Unauthorised expenditure awaiting further action</b>	<b>637 243</b>	<b>1 163 123</b>

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. Refer below for votes of which the expenditure was in excess of the approved budget:

	2018 (Actual) R	2018 (Final Budget) R	2018 (Variance) R	2018 (Unauthorised) R
<b>Unauthorised expenditure - Operating</b>				
Vote 1 - Executive and Council	8 009 545	7 914 510	95 035	95 035
Vote 2 - Office of Municipal Manager	3 575 817	3 596 341	(20 524)	-
Vote 3 - Financial Services	56 203 793	60 403 194	(4 199 401)	-
Vote 4 - Community Development Services	43 508 561	52 037 113	(8 528 552)	-
Vote 5 - Corporate and Strategic Services	19 924 119	19 571 977	352 142	352 142
Vote 6 - Engineering and Planning Services	138 102 084	141 361 301	(3 259 217)	-
<b>Total</b>	<b>269 323 919</b>	<b>284 884 436</b>	<b>(15 560 517)</b>	<b>447 177</b>
<b>Unauthorised expenditure - Capital</b>				
Vote 1 - Executive and Council	59 549	72 963	(13 414)	-
Vote 2 - Office of Municipal Manager	-	-	-	-
Vote 3 - Financial Services	5 160 336	5 281 145	(120 809)	-
Vote 4 - Community Development Services	7 389 934	7 199 868	190 066	190 066
Vote 5 - Corporate and Strategic Services	373 494	702 812	(329 318)	-
Vote 6 - Engineering and Planning Services	32 701 002	63 260 369	(30 559 367)	-
<b>Total</b>	<b>45 684 315</b>	<b>76 517 157</b>	<b>(30 832 842)</b>	<b>190 066</b>

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

#### 44.2 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

Opening balance	14 633 550	4 379 930
Irregular expenditure incurred in the current year	36 543 090	-
Irregular expenditure incurred in the prior year but identified in the current year	-	14 633 550
Approved by Council	(14 633 550)	(4 379 930)
<b>Irregular expenditure awaiting further action</b>	<b>36 543 090</b>	<b>14 633 550</b>

Details of irregular expenditure incurred:

(a) Procurement process not followed with regards to a supplier appointed by Council in 2011	36 543 090	14 633 550
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No disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred.

#### 44.3 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

Opening balance	256 409	256 409
Fruitless and wasteful expenditure incurred	122 438	-
Approved by Council	-	-
<b>Fruitless and wasteful expenditure awaiting further action</b>	<b>378 847</b>	<b>256 409</b>

Details of fruitless and wasteful expenditure incurred

(a) Electricity vendor did not pay electricity sales to Municipality	256 409	256 409
(b) SARS interest and penalties	122 438	-
<b>Total</b>	<b>378 847</b>	<b>256 409</b>

Disciplinary steps or criminal proceedings undertaken on above-mentioned fruitless and wasteful expenditure incurred:

- (a) Matter has been reported to SAPD and case 156/01/2013 has been opened.
- (b) The matter will be table to MPAC for resolution.

### 45 MATERIAL LOSSES

#### 45.1 Water distribution losses

Kilo litres disinfected/purified/purchased	3 096 910	3 617 874
Kilo litres sold and free basic services	(2 736 232)	(3 156 084)
Kilo litres lost during distribution	360 678	461 790
Percentage lost during distribution	11.65%	12.76%

Normal pipe bursts and field leakages are responsible for water losses.

#### 45.2 Electricity distribution losses

Units purchased (Kwh)	64 376 526	64 526 113
Units sold, free basic services and standard friction losses	(60 418 539)	(60 532 626)
Units lost during distribution (Kwh)	3 957 987	3 993 487
Percentage lost during distribution	6.15%	6.19%

Electricity losses are due to electricity theft on pre-paid meters. Fines were issued for first time offenders.



# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

*Figures in Rand*

	2018	2017
<b>46 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>46.1 SALGA Contributions [MFMA 125 (1)(b)]</b>		
Opening balance	-	-
Expenditure incurred	864 246	796 300
Payments	(864 246)	(796 300)
<b>Payments in advance</b>	<u>-</u>	<u>-</u>
<b>46.2 Audit Fees [MFMA 125 (1)(c)]</b>		
Opening balance	-	512 637
Expenditure incurred	3 678 879	3 810 562
External Audit - Auditor-General	3 643 292	3 766 504
Audit Committee	35 587	44 058
Payments	(3 678 879)	(4 323 199)
<b>Outstanding Balance</b>	<u>-</u>	<u>-</u>
<b>46.3 VAT [MFMA 125 (1)(c)]</b>		
Opening balance	(1 756 773)	(1 089 695)
Net amount claimed during the year	5 325 586	328 256
Net amount received during the year	(678 585)	(995 334)
<b>Outstanding Balance Payable</b>	<u>2 890 228</u>	<u>(1 756 773)</u>
<p>VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors. All VAT returns have been submitted by the due date throughout the year.</p>		
<b>46.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]</b>		
Opening balance	981 020	848 755
Payroll deductions and Council Contributions during the year	13 299 741	11 535 505
Payments	(13 254 687)	(11 102 849)
<b>Outstanding Balance</b>	<u>1 026 074</u>	<u>981 020</u>

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

*Figures in Rand*

		2018	2017
<b>46</b>	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)</b>		
<b>46.5</b>	<b>Pension and Medical Aid Contributions [MFMA 125 (1)(c)]</b>		
	Opening balance	-	-
	Payroll deductions and Council Contributions during the year	20 638 389	18 265 079
	Payments made to pension and medical fund	(20 638 389)	(18 265 079)
	<b>Outstanding Balance</b>	-	-
<b>46.6</b>	<b>Councillors Arrear Accounts [MFMA 124 (1)(b)]</b>		
	The following Councillors had arrear accounts for more than 90 days as at 30 June:		
	J White	-	7 341
<b>46.7</b>	<b>Deviations from Supply Chain Management Regulations</b>		
	Deviations from Supply Chain Management Regulations were identified on the following categories:		
	Section 36(1)(a)(i) - Emergencies	487 648	689 248
	Section 36(1)(a)(ii) - Single provider	571 007	308 138
	Section 36(1)(a)(iii) - Specialised services	-	-
	Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
	Section 36(1)(a)(v) - Impractical so follow official procurement process	44 780	2 159 561
	<b>Total</b>	<b>1 103 435</b>	<b>3 156 947</b>
	Deviations from Supply Chain Management Regulations can be allocated as follow:		
	Office of the Municipal Manager	-	-
	Financial Services	243 684	521 077
	Corporate and Strategic Services	17 933	105 982
	Community Development Services	265 525	219 195
	Engineering and Planning Services	576 293	2 310 693
	<b>Total</b>	<b>1 103 435</b>	<b>3 156 947</b>
	All the deviations were ratified by the Municipal Manager and reported to Council.		
<b>46.8</b>	<b>Other Non-Compliance [MFMA 125(2)(e)]</b>		
	<b>(a) Payments not made within 30 days</b>		
	Money owed by the Municipality was not always paid within 30 days, as required by section 65(2)(e) of the Municipal Finance Management Act.		
<b>47</b>	<b>CAPITAL COMMITMENTS</b>		
	Approved and contracted for	<b>16 923 761</b>	<b>18 956 431</b>
	This expenditure will be financed from:		
	Government Grants	16 373 735	16 838 939
	Own funding	550 025	2 117 493
	<b>Total</b>	<b>16 923 761</b>	<b>18 956 431</b>
	Capital Commitments are disclosed exclusive of Value Added Tax (VAT).		

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 48 FINANCIAL RISK MANAGEMENT

The Municipality is potentially exposed to the following risks:

#### 48.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The following financial assets are exposed to credit risk:

Cash and Cash Equivalents	18 532 065	22 300 890
Receivables from exchange transactions	30 307 216	26 473 276
<b>Total</b>	<b>48 839 281</b>	<b>48 774 166</b>

#### Cash and Cash Equivalents

Deposits of the Municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

#### Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours 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.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

Also refer to note 3 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are passed due, but not impaired:

Electricity	3 660 451	2 955 249
Water	2 844 123	5 633 615
Refuse	1 533 383	2 113 969
Sewerage	2 406 812	2 556 585
Other	1 896 859	183 893
Rates (Statutory Receivable)	7 848 758	4 664 849
<b>Total</b>	<b>20 190 387</b>	<b>18 108 160</b>

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 48 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 48.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The financial instruments of the Municipality is not directly exposed to any currency risk.

#### 48.3 Interest rate risk (Market Risk)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (excluding cash on hand)	18 526 951	22 292 560
Long-term Liabilities (including current portion)	(21 767 153)	(22 051 586)
<b>Net balance exposed</b>	<b>(3 240 202)</b>	<b>240 974</b>

Potential effect of changes in interest rates on surplus and deficit for the year:

1% (2017 - 1%) increase in interest rates	(32 402)	2 410
0% (2017 - 0%) decrease in interest rates	-	-

South Africa is currently in an upward interest rate cycle and management does not foresee a decrease in the next 12 months.

#### 48.4 Liquidity risk

Liquidity risk is the risk encountered by the Municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The Municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk:

	Within 1 Year	Between 2 to 5 years	After 5 years	Total
<b>30 JUNE 2018</b>				
Annuity Loans	4 242 425	15 772 360	4 481 974	24 496 759
Finance Lease Liabilities	1 360 789	3 782 432	-	5 143 221
Payables from exchange transactions	50 416 734	-	-	50 416 734
Unspent Conditional Government Grants	33 460 083	-	-	33 460 083
<b>Total</b>	<b>89 480 031</b>	<b>19 554 792</b>	<b>4 481 974</b>	<b>113 516 797</b>
<b>30 JUNE 2017</b>				
Annuity Loans	4 546 228	16 071 695	8 425 064	29 042 986
Finance Lease Liabilities	745 146	1 688 525	-	2 433 671
Payables from exchange transactions	36 427 333	-	-	36 427 333
Unspent Conditional Government Grants	32 314 994	-	-	32 314 994
<b>Total</b>	<b>74 033 701</b>	<b>17 760 219</b>	<b>8 425 064</b>	<b>100 218 985</b>

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 48 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 48.5 Other price risk (Market Risk)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Municipality is not exposed to any other price risk.

### 49 FINANCIAL INSTRUMENTS

The Municipality recognised the following financial instruments at amortised cost:

#### Financial Assets

Cash and Cash Equivalents	18 532 065	22 300 890
Receivables from Exchange transactions	30 307 216	26 473 276
<b>Total</b>	<b>48 839 281</b>	<b>48 774 166</b>

#### Financial Liabilities

Current Portion of Long-term Liabilities	3 399 988	3 039 169
Payables from exchange transactions	50 416 734	36 427 333
Unspent Conditional Government Grants	33 460 083	32 314 994
Long-Term Liabilities	18 367 165	19 012 417
<b>Total</b>	<b>105 643 970</b>	<b>90 793 914</b>

### 50 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the Municipality are classified as follows:

Receivables from Non-Exchange Transactions	13 024 217	9 256 553
Rates	11 461 546	6 906 875
Fines	1 562 671	2 349 679
<b>Total</b>	<b>26 048 434</b>	<b>18 513 107</b>

The amounts above are disclosed after any provision for impairment has been taken into account.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 51 EVENTS AFTER REPORTING DATE

The Municipal had no significant events after reporting date.

### 52 IN-KIND DONATIONS AND ASSISTANCE

The Municipality did not receive any in-kind donations or assistance during the year under review.

### 53 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The Municipality did not enter into any PPP's in the current and prior year.

### 54 CONTINGENT LIABILITIES

The Municipality were exposed to the following contingent liabilities at year end:

<b>54.1</b>	<b>Matter against the Municipality by Jimmy Barnard</b>	50 000	50 000
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This matter has been finalised but legal costs still have to be taxed or agreed. The legal costs for which the Municipality may be liable are estimated at R50 000.

<b>54.2</b>	<b>Matter against the Municipality by Mathilda Smith</b>	15 000	15 000
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This applicant is claiming for damages amounting to R15 000. Since 2010, the applicant's attorneys has not taken any action on this matter. However, in 2015 she instructed her attorneys to continued with the matter.

<b>54.3</b>	<b>Matter against the Municipality by Siphokazi Sinxo (on behalf of her minor son, Lunje Sinxo)</b>	1 800 000	1 400 000
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The applicant is claiming for damages amounting to R1 400 000 in total. These damages relate to an injury her son obtained on the property of the Municipality when an entrance gate became dislodged and fell on her son. Legal costs are estimated at approximately R 400 000.

<b>54.4</b>	<b>Matter against the Municipality by Patt Gooddall</b>	142 000	-
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The applicant is pleading sett of services against road and stormwater for the amount to R 92 000. The legal cost for which the Municipality may be liable are estimated at R 50 000.

<b>54.5</b>	<b>Matter against the Municipality by Elandsbaai Handelsmaatskappy</b>	700 000	-
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The applicant claims against infringement of property for the amount of R 650 000. The legal cost for which the Municipality may be liable are estimated at R 50 000.

<b>54.6</b>	<b>Matter against the Municipality by MJ Coetsee</b>	250 000	-
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This matter involves an application by the owners of Erf 234 Graafwater against the Municipality for declaratory relief, alternatively a review regarding the decision taken in respect of an application for consent use. The matter in ongoing , pleadings have closed and the Applicants have to set it down for hearing. The legal costs and disbursements that the Municipality may be liable for in the event that the application is successful, is estimated at R 250 000.

# CEDERBERG LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

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### 55 RELATED PARTIES

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

#### 55.1 Related Party Loans

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

#### 55.2 Compensation of management personnel

Remuneration of management personnel are disclosed in notes 30 and 31.

#### 55.3 Other transactions in terms of Section 45 of the Municipal Supply Chain Regulations

The following purchases were made during the year where Councillors, Management or Employees have an interest:

Company Name	Related Party	Service Capacity	Relationship	Amount	Amount
P J Sobekwa	J Sobekwa	Foreman	Brother	79 250	104 450
HM Henderson	C Henderson	Senior Clerk Stores	Sister	95 548	105 623
Rural Impact	P V Blankenberg	Ward Assistant	Brother	-	29 950
<b>Total</b>				<b>174 798</b>	<b>240 023</b>

### 56 FINANCIAL SUSTAINABILITY

In the current year a financial turn-around strategy was implemented as part of the long-term financial plan. The results of the said implantation were as follow:

- The current assets to liabilities ratio decreased to 0.68:1 in comparison with 0.71:1 of the prior year.
- The average creditors' repayment days increased from 68 days to 93 days.
- Despite a worsening economic conditions and drought, the Municipality collection rate stabilised at 85%.

As cash shortfall of R14 928 018 as reported in note 2 is only of a temporary nature. After year-end the municipality was able to maintain positive cash balance which is more than sufficient address all outstanding statutory obligations.

In addition, harsh austerity measures has been implemented. The 2018/19 budget approved by Council is projecting a cash surplus of R6 386 576 over the MTREF period. The said austerity measures will have no negative impact on service delivery.

# CEDERBERG LOCAL MUNICIPALITY

## APPENDIX A (UNAUDITED)

### SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2018

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2017	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2018
<b><u>ANNUITY LOANS</u></b>							
ABSA	038-723-0991	9.84%	30 Sep 2018	820 335	-	(535 146)	285 189
ABSA	038-723-0992	9.84%	1 April 2025	2 609 204	-	(226 126)	2 383 078
ABSA	038-723-0993	10.43%	17 June 2025	4 368 208	-	(369 365)	3 998 843
ABSA	038-723-0994	10.45%	17 Nov 2025	1 830 218	-	(141 213)	1 689 005
ABSA	038-723-0995	10.45%	17 Aug 2028	1 891 477	-	(129 084)	1 762 393
Standard Bank	03-263-793-4	10.36%	31 Mar 2023	8 585 791	-	(1 095 548)	7 490 243
<b>Total Annuity Loans</b>				<b>20 105 233</b>	<b>-</b>	<b>(2 496 482)</b>	<b>17 608 751</b>
<b><u>FINANCE LEASE LIABILITIES - PRINTERS</u></b>							
Printers MPC2003SP			30 Nov 2017	51 869	-	(51 869)	-
Printers MP2501SP			30 Nov 2017	14 408	-	(14 408)	-
Printers D3Q20B			31 Dec 2019	46 176	-	(15 821)	30 355
Printers MPC305SPF			31 Dec 2019	50 056	-	(17 133)	32 923
Printers MPC2004SP			30 Apr 2020	188 515	-	(58 410)	130 105
Printers MPC8003SP			30 Apr 2020	181 213	-	(54 707)	126 506
<b>Total Finance Lease Liabilities - Printers</b>				<b>532 237</b>	<b>-</b>	<b>(212 347)</b>	<b>319 889</b>
<b><u>FINANCE LEASE LIABILITIES - VEHICLES</u></b>							
ISUZU KB 250c Fleetside Regular CAB	00089668811		1 Jul 2022	257 263	-	(63 143)	194 120
ISUZU KB 250c Fleetside Regular CAB	00089668986		1 Jul 2022	257 263	-	(63 143)	194 120
ISUZU KB 250c Fleetside Regular CAB	00089669184		1 Jul 2022	257 263	-	(63 143)	194 120
Chevrolet Utility 1.4 + A/C (M18)	00089669583		1 Jul 2022	192 531	-	(47 230)	145 301
Chevrolet Utility 1.4 + A/C (M18)	00089670107		1 Jul 2022	192 531	-	(47 230)	145 301
ISUZU KB 250c Fleetside Regular CAB	00089670301		1 Jul 2022	257 263	-	(63 143)	194 120
ISUZU KB 250c Fleetside Regular CAB	00089733109		1 Aug 2022	-	257 263	(58 987)	198 276
ISUZU KB 250c Fleetside Regular CAB	00089733338		1 Aug 2022	-	454 236	(104 325)	349 911
ISUZU N Series NLR 150	00089733443		1 Aug 2022	-	491 280	(112 805)	378 476
ISUZU KB 250c Fleetside Regular CAB	00089733478		1 Aug 2022	-	257 263	(58 987)	198 276
ISUZU N Series NLR 150	00089733656		1 Aug 2022	-	491 280	(112 805)	378 476
ISUZU N Series NLR 150	00089733664		1 Aug 2022	-	491 280	(112 805)	378 476
ISUZU N Series NLR 150	00089733915		1 Aug 2022	-	491 280	(112 805)	378 476
ISUZU KB 250c Fleetside Regular CAB	00089734008		1 Aug 2022	-	257 263	(58 987)	198 276
TOYOTA ETIOS SEDAN 1.5SD SPRINT	00089760637		1 Aug 2022	-	179 491	(23 098)	156 393
TOYOTA ETIOS SEDAN 1.5SD SPRINT	00089760769		1 Aug 2022	-	179 491	(23 098)	156 393
<b>Total Finance Lease Liabilities - Vehicles</b>				<b>1 414 116</b>	<b>3 550 129</b>	<b>(1 125 733)</b>	<b>3 838 512</b>
<b>Total Long-Term Liabilities</b>				<b>22 051 586</b>	<b>3 550 129</b>	<b>(3 834 563)</b>	<b>21 767 152</b>



# CEDERBERG LOCAL MUNICIPALITY

## APPENDIX B (UNAUDITED)

### DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2018

	OPENING BALANCE R	GRANTS RECEIVED / (REPAID) R	TRANSFERRED TO REVENUE (OPERATING) R	TRANSFERRED TO REVENUE (CAPITAL) R	OTHER MOVEMENT R	CLOSING BALANCE R
<b>NATIONAL GOVERNMENT</b>						
Equitable Share	-	40 873 657	(40 873 657)	-	-	-
Municipal Infrastructure Grant (MIG)	5 928 178	15 867 000	(3 174 514)	(16 334 634)	-	2 286 030
Financial Management Grant (FMG)	-	1 550 000	(1 550 000)	-	-	-
Integrated National Electrification Programme (INEP)	-	4 000 000	(496 403)	(3 503 597)	-	-
Expanded Public Works Program (EPWP)	-	1 807 000	(1 779 492)	(27 508)	-	-
Regional Bulk Infrastructure Grant (RBIG)	12 454 571	(12 454 571)	-	-	-	-
Water Service Infrastructure Grant (WSIG)	24 087	9 975 913	(268 420)	(1 795 332)	-	7 936 248
Municipal Disaster Grant	-	7 962 000	(399 517)	(2 663 443)	-	4 899 040
<b>Total</b>	<b>18 406 836</b>	<b>69 580 999</b>	<b>(48 542 003)</b>	<b>(24 324 514)</b>	<b>-</b>	<b>15 121 318</b>
<b>PROVINCIAL GOVERNMENT</b>						
Human Settlement Development Grant	4 826	7 613 277	(1 327 391)	(6 290 712)	-	-
Library Services MRF	-	4 223 000	(4 134 197)	(22 353)	-	66 451
CDW Support	40 173	167 000	(119 032)	-	-	88 141
Housing Consumer Education	2 247	-	-	-	-	2 247
Municipal Drought Support Grant	97 725	6 000 000	-	(699 466)	-	5 398 259
Local Government Graduate Internship Grant	33 880	66 000	(39 479)	-	-	60 401
Financial Management Support Grant	-	1 777 000	(1 554 370)	-	-	222 630
Municipal Capacity Building Grant	1 332 076	240 000	(1 572 076)	-	-	-
Acceleration of Housing Delivery	12 397 231	3 030 000	(364 459)	(2 642 036)	-	12 420 736
Thusong Service Centre Grant	-	109 000	(29 100)	-	-	79 900
<b>Total</b>	<b>13 908 158</b>	<b>23 225 277</b>	<b>(9 140 105)</b>	<b>(9 654 567)</b>	<b>-</b>	<b>18 338 765</b>
<b>ALL SPHERES OF GOVERNMENT</b>	<b>32 314 994</b>	<b>92 806 276</b>	<b>(57 682 108)</b>	<b>(33 979 081)</b>	<b>-</b>	<b>33 460 083</b>

# CEDERBERG LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATEMENT OUTCOME 2017 R
<b>Financial Performance</b>						
Property rates	40 870 550	-	40 870 550	41 372 155	501 605	38 308 187
Service charges	125 832 858	-	125 832 858	120 342 155	(5 490 703)	118 574 051
Investment revenue	391 125	1 400 000	1 791 125	1 426 564	(364 561)	863 414
Transfers and subsidies - operational	58 056 306	6 910 238	64 966 544	57 682 108	(7 284 436)	50 325 468
Other own revenue	49 799 732	(14 599 765)	35 199 967	27 395 215	(7 804 752)	36 682 427
<b>Total Operating Revenue (excluding capital transfers)</b>	<b>274 950 571</b>	<b>(6 289 527)</b>	<b>268 661 044</b>	<b>248 218 197</b>	<b>(20 442 847)</b>	<b>244 753 548</b>
Employee costs	87 718 311	5 819 367	93 537 678	93 658 527	120 849	82 700 107
Remuneration of councillors	4 928 058	184 753	5 112 811	5 293 216	180 405	4 776 507
Debt impairment	42 939 396	(4 624 566)	38 314 830	26 296 551	(12 018 279)	32 326 939
Depreciation and asset impairment	17 252 624	(1 025)	17 251 599	16 070 013	(1 181 586)	16 053 646
Finance charges	8 544 400	(938 695)	7 605 705	8 073 767	468 062	7 887 228
Bulk purchases	69 234 799	(154 617)	69 080 182	68 531 369	(548 813)	67 596 734
Other Materials	7 595 300	1 617 148	9 212 448	-	(9 212 448)	-
Contracted Services	15 500 630	8 743 968	24 244 598	-	(24 244 598)	-
Transfers and grants	870 000	912 562	1 782 562	1 021 052	(761 510)	817 005
Other expenditure	19 683 486	(941 463)	18 742 023	50 328 736	31 586 713	46 803 351
Loss on disposal of PPE	-	-	-	50 690	50 690	922 435
<b>Total Expenditure</b>	<b>274 267 004</b>	<b>10 617 432</b>	<b>284 884 436</b>	<b>269 323 921</b>	<b>(15 560 515)</b>	<b>259 883 952</b>
<b>Surplus/(Deficit)</b>	<b>683 567</b>	<b>(16 906 959)</b>	<b>(16 223 392)</b>	<b>(21 105 724)</b>	<b>(4 882 332)</b>	<b>(15 130 404)</b>
Transfers and subsidies - capital (monetary)	59 493 693	2 188 041	61 681 734	33 979 081	(27 702 653)	27 575 163
Transfers and subsidies - capital (in-kind)	-	-	-	1 046 370	1 046 370	361 702
<b>Surplus/(Deficit) for the year</b>	<b>60 177 260</b>	<b>(14 718 918)</b>	<b>45 458 342</b>	<b>13 919 727</b>	<b>(31 538 615)</b>	<b>12 806 461</b>
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	<b>70 634 840</b>	<b>5 882 317</b>	<b>76 517 157</b>	<b>45 684 315</b>	<b>(30 832 842)</b>	<b>28 253 461</b>
Transfers recognised - capital	59 493 692	2 188 041	61 681 733	33 887 554	(27 794 179)	22 965 974
Public contributions & donations	-	-	-	-	-	-
Borrowing	-	3 550 129	3 550 129	3 809 487	259 358	-
Internally generated funds	11 141 148	144 147	11 285 295	7 987 274	(3 298 021)	5 287 487
<b>Total sources of capital funds</b>	<b>70 634 840</b>	<b>5 882 317</b>	<b>76 517 157</b>	<b>45 684 315</b>	<b>(30 832 842)</b>	<b>28 253 461</b>
<b>Cash flows</b>						
Net cash from (used) operating	75 197 945	(20 222 430)	54 975 515	40 510 331	(14 465 184)	47 875 822
Net cash from (used) investing	(70 634 841)	(5 882 318)	(76 517 159)	(44 136 262)	32 380 897	(27 115 296)
Net cash from (used) financing	(3 260 115)	3 084 694	(175 421)	(142 894)	32 527	(949 867)
Net Cash Movement for the year	1 302 989	(23 020 055)	(21 717 065)	(3 768 825)	17 948 240	19 810 659
Cash/cash equivalents at beginning of year	2 505 080	19 795 811	22 300 890	22 300 890	(0)	2 490 231
<b>Cash/cash equivalents at the year end</b>	<b>3 808 069</b>	<b>(3 224 244)</b>	<b>583 825</b>	<b>18 532 065</b>	<b>17 948 240</b>	<b>22 300 890</b>

# CEDERBERG LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATEMENT OUTCOME 2017 R
<b>REVENUE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>						
Executive and council	7 426 947	117 389	7 544 336	7 446 712	(97 624)	2 438 127
Finance and administration	49 269 198	839 232	50 108 430	50 343 672	235 242	49 410 698
Internal audit	-	-	-	-	-	-
<b>Community and public safety</b>						
Community and social services	4 523 181	-	4 523 181	4 296 714	(226 467)	40 186 000
Sport and recreation	3 748 522	(934)	3 747 588	3 052 791	(694 797)	15 231
Public safety	-	-	-	-	-	-
Housing	19 540 000	(10 452 985)	9 087 015	7 618 103	(1 468 912)	1 867 070
<b>Economic and environmental services</b>						
Planning and development	38 029 629	2 342 289	40 371 918	25 220 738	(15 151 180)	1 404 292
Road transport	38 447 388	(12 758 063)	25 689 325	18 649 872	(7 039 453)	48 658
<b>Trading services</b>						
Energy sources	91 775 759	797 000	92 572 759	91 743 061	(829 698)	87 513 589
Water management	48 461 132	15 014 586	63 475 718	41 484 976	(21 990 742)	54 099 486
Waste water management	17 753 218	-	17 753 218	18 004 671	251 453	21 907 187
Waste management	15 469 290	-	15 469 290	15 382 337	(86 953)	13 800 074
<b>Total Revenue - Standard</b>	<b>334 444 264</b>	<b>(4 101 486)</b>	<b>330 342 778</b>	<b>283 243 647</b>	<b>(47 099 131)</b>	<b>272 690 413</b>
<b>EXPENDITURE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>						
Executive and council	10 372 545	(89 347)	10 283 198	10 439 874	156 676	9 827 861
Finance and administration	81 224 907	9 706 989	90 931 896	86 570 139	(4 361 757)	68 755 133
Internal audit	685 095	54 990	740 085	725 874	(14 211)	-
<b>Community and public safety</b>						
Community and social services	6 227 952	(166 115)	6 061 837	5 290 801	(771 036)	51 308 534
Sport and recreation	9 265 796	1 485 932	10 751 728	10 205 360	(546 368)	-
Public safety	-	-	-	-	-	-
Housing	2 159 201	2 419 237	4 578 438	3 300 487	(1 277 951)	1 596 963
<b>Economic and environmental services</b>						
Planning and development	5 896 464	(294 583)	5 601 881	5 087 123	(514 758)	8 498
Road transport	43 900 372	(7 795 784)	36 104 588	30 036 312	(6 068 276)	6 146 232
<b>Trading services</b>						
Energy sources	78 238 224	1 200 711	79 438 935	78 221 374	(1 217 561)	71 424 552
Water management	17 037 984	2 737 690	19 775 674	19 083 654	(692 020)	43 250 537
Waste water management	9 615 606	(125 932)	9 489 674	9 035 015	(454 659)	4 096 350
Waste management	9 642 858	1 483 644	11 126 502	11 327 906	201 404	3 469 288
<b>Total Expenditure - Standard</b>	<b>274 267 004</b>	<b>10 617 432</b>	<b>284 884 436</b>	<b>269 323 919</b>	<b>(15 560 517)</b>	<b>259 883 950</b>
<b>Surplus/(Deficit) for the year</b>	<b>60 177 260</b>	<b>(14 718 918)</b>	<b>45 458 342</b>	<b>13 919 728</b>	<b>(31 538 614)</b>	<b>12 806 463</b>

# CEDERBERG LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)</b>						
<b>REVENUE</b>						
Vote 1 - Executive and Council	7 426 947	40 173	7 467 120	7 378 979	(88 141)	1 900 203
Vote 2 - Office of Municipal Manager	-	177 096	177 096	107 212	(69 884)	537 924
Vote 3 - Financial Services	46 348 891	389 232	46 738 123	47 478 767	740 644	47 552 442
Vote 4 - Community Development Services	68 392 991	(23 511 982)	44 881 009	35 425 688	(9 455 321)	41 816 666
Vote 5 - Corporate and Strategic Services	781 372	450 000	1 231 372	750 224	(481 148)	743 955
Vote 6 - Engineering and Planning Services	211 494 063	18 353 995	229 848 058	192 102 777	(37 745 281)	180 139 223
<b>Total Revenue by Vote</b>	<b>334 444 264</b>	<b>(4 101 486)</b>	<b>330 342 778</b>	<b>283 243 647</b>	<b>(47 099 131)</b>	<b>272 690 413</b>
<b>EXPENDITURE</b>						
Vote 1 - Executive and Council	8 237 798	(323 288)	7 914 510	8 009 545	95 035	5 610 118
Vote 2 - Office of Municipal Manager	2 949 842	646 499	3 596 341	3 575 817	(20 524)	4 217 743
Vote 3 - Financial Services	53 882 289	6 520 905	60 403 194	56 203 793	(4 199 401)	49 695 058
Vote 4 - Community Development Services	56 184 084	(4 146 971)	52 037 113	43 508 561	(8 528 552)	52 363 384
Vote 5 - Corporate and Strategic Services	17 134 975	2 437 002	19 571 977	19 924 119	352 142	19 060 075
Vote 6 - Engineering and Planning Services	135 878 016	5 483 285	141 361 301	138 102 084	(3 259 217)	128 937 571
<b>Total Expenditure by Vote</b>	<b>274 267 004</b>	<b>10 617 432</b>	<b>284 884 436</b>	<b>269 323 919</b>	<b>(15 560 517)</b>	<b>259 883 950</b>
<b>Surplus/(Deficit) for the year</b>	<b>60 177 260</b>	<b>(14 718 918)</b>	<b>45 458 342</b>	<b>13 919 728</b>	<b>(31 538 614)</b>	<b>12 806 463</b>

# CEDERBERG LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>REVENUE AND EXPENDITURE</b>						
<b>REVENUE BY SOURCE</b>						
Property rates	40 870 550	-	40 870 550	41 372 155	501 605	38 308 187
Service charges - electricity revenue	80 640 390	-	80 640 390	79 800 801	(839 589)	78 026 103
Service charges - water revenue	27 692 727	-	27 692 727	23 925 988	(3 766 739)	24 504 506
Service charges - sanitation revenue	9 200 252	-	9 200 252	9 451 705	251 453	8 812 406
Service charges - refuse revenue	8 299 489	-	8 299 489	7 163 661	(1 135 828)	7 231 036
Rental of facilities and equipment	470 913	-	470 913	3 451 935	2 981 022	3 755 082
Interest earned - external investments	391 125	1 400 000	1 791 125	1 426 564	(364 561)	863 414
Interest earned - outstanding debtors	3 081 538	(1 540 768)	1 540 770	2 067 817	527 047	2 960 994
Fines, penalties and forfeits	35 482 484	(13 058 063)	22 424 421	15 293 744	(7 130 677)	21 607 070
Licences and permits	-	-	-	-	-	-
Agency services	2 995 665	-	2 995 665	3 101 335	105 670	2 817 435
Transfers and subsidies - Operating	58 056 306	6 910 238	64 966 544	57 682 108	(7 284 436)	50 325 468
Other revenue	7 769 132	(934)	7 768 198	3 480 384	(4 287 814)	5 541 846
Gain on disposal of PPE	-	-	-	-	-	-
<b>Total Revenue (excl capital transfers)</b>	<b>274 950 571</b>	<b>(6 289 527)</b>	<b>268 661 044</b>	<b>248 218 197</b>	<b>(20 442 847)</b>	<b>244 753 548</b>
<b>EXPENDITURE BY TYPE</b>						
Employee related costs	87 718 311	5 819 367	93 537 678	93 658 527	120 849	82 700 107
Remuneration of councillors	4 928 058	184 753	5 112 811	5 293 216	180 405	4 776 507
Debt impairment	42 939 396	(4 624 566)	38 314 830	26 296 551	(12 018 279)	32 326 939
Depreciation and asset impairment	17 252 624	(1 025)	17 251 599	16 070 013	(1 181 586)	16 053 646
Finance charges	8 544 400	(938 695)	7 605 705	8 073 767	468 062	7 887 228
Bulk purchases	69 234 799	(154 617)	69 080 182	68 531 369	(548 813)	67 596 734
Other Materials	7 595 300	1 617 148	9 212 448	-	(9 212 448)	-
Contracted Services	15 500 630	8 743 968	24 244 598	-	(24 244 598)	-
Transfers and grants	870 000	912 562	1 782 562	1 021 052	(761 510)	817 005
Other expenditure	19 683 486	(941 463)	18 742 023	50 328 736	31 586 713	46 803 351
Loss on disposal of PPE	-	-	-	50 690	50 690	922 435
<b>Total Expenditure</b>	<b>274 267 004</b>	<b>10 617 432</b>	<b>284 884 436</b>	<b>269 323 921</b>	<b>(15 560 515)</b>	<b>259 883 952</b>
<b>Surplus/(Deficit)</b>	<b>683 567</b>	<b>(16 906 959)</b>	<b>(16 223 392)</b>	<b>(21 105 724)</b>	<b>(4 882 332)</b>	<b>(15 130 404)</b>
Transfers and subsidies - Capital (monetary)	59 493 693	2 188 041	61 681 734	33 979 081	(27 702 653)	27 575 163
Transfers and subsidies - Capital (in-kind)	-	-	-	1 046 370	1 046 370	361 702
<b>Surplus/(Deficit) for the year</b>	<b>60 177 260</b>	<b>(14 718 918)</b>	<b>45 458 342</b>	<b>13 919 727</b>	<b>(31 538 615)</b>	<b>12 806 461</b>

# CEDERBERG LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>CAPITAL EXPENDITURE</b>						
<b>CAPITAL EXPENDITURE (MUNICIPAL VOTE)</b>						
<b>Multi-year expenditure</b>						
Vote 1 - Executive and Council	-	-	-	-	-	-
Vote 2 - Office of Municipal Manager	-	-	-	-	-	-
Vote 3 - Financial Services	-	-	-	-	-	-
Vote 4 - Community Development Services	17 140 000	(17 140 000)	-	-	-	-
Vote 5 - Corporate and Strategic Services	-	-	-	-	-	-
Vote 6 - Engineering and Planning Services	40 449 701	4 657 913	45 107 614	24 320 111	(20 787 503)	18 749 747
<b>Total Multi-year expenditure</b>	<b>57 589 701</b>	<b>(12 482 087)</b>	<b>45 107 614</b>	<b>24 320 111</b>	<b>(20 787 503)</b>	<b>18 749 747</b>
<b>Single-year expenditure</b>						
Vote 1 - Executive and Council	430 000	(357 037)	72 963	59 549	(13 414)	-
Vote 2 - Office of Municipal Manager	-	-	-	-	-	-
Vote 3 - Financial Services	2 462 708	2 818 437	5 281 145	5 160 336	(120 809)	538 070
Vote 4 - Community Development Services	1 085 500	6 114 368	7 199 868	7 389 934	190 066	838 747
Vote 5 - Corporate and Strategic Services	1 032 940	(330 128)	702 812	373 494	(329 318)	749 064
Vote 6 - Engineering and Planning Services	8 033 991	10 118 764	18 152 755	8 380 891	(9 771 864)	7 377 832
<b>Total Single-year expenditure</b>	<b>13 045 139</b>	<b>18 364 404</b>	<b>31 409 543</b>	<b>21 364 204</b>	<b>(10 045 339)</b>	<b>9 503 714</b>
<b>Total Capital Expenditure by Vote</b>	<b>70 634 840</b>	<b>5 882 317</b>	<b>76 517 157</b>	<b>45 684 315</b>	<b>(30 832 842)</b>	<b>28 253 461</b>
<b>CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>						
Executive and council	430 000	(357 037)	72 963	59 549	(13 414)	-
Finance and administration	3 636 148	2 423 809	6 059 957	5 605 398	(454 559)	538 070
Internal audit	-	-	-	-	-	749 064
<b>Community and public safety</b>						
Community and social services	245 000	(79 000)	166 000	512 665	346 665	852 328
Sport and recreation	1 000 000	(368 000)	632 000	573 909	(58 091)	605 681
Public safety	-	-	-	-	-	-
Housing	17 140 000	(10 736 132)	6 403 868	6 290 712	(113 156)	-
<b>Economic and environmental services</b>						
Planning and development	30 002 990	5 607 843	35 610 833	22 156 610	(13 454 223)	277 282
Road transport	1 120 000	(644 000)	476 000	220 773	(255 227)	3 366 274
<b>Trading services</b>						
Energy sources	5 218 772	149 990	5 368 762	4 391 831	(976 931)	3 512 477
Water management	9 521 930	11 613 574	21 135 504	5 526 691	(15 608 813)	4 872 112
Waste water management	700 000	(160 730)	539 270	325 577	(213 693)	12 150 410
Waste management	1 620 000	(1 568 000)	52 000	20 600	(31 400)	1 329 762
<b>Total Capital Expenditure - Standard</b>	<b>70 634 840</b>	<b>5 882 317</b>	<b>76 517 157</b>	<b>45 684 315</b>	<b>(30 832 842)</b>	<b>28 253 461</b>

# CEDERBERG LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>CAPITAL EXPENDITURE (CONTINUED)</b>						
<b>FUNDING SOURCES</b>						
National Government	29 589 692	8 088 458	37 678 150	24 324 712	(13 353 438)	20 549 157
Provincial Government	29 904 000	(5 900 417)	24 003 583	9 562 843	(14 440 740)	2 416 818
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>59 493 692</b>	<b>2 188 041</b>	<b>61 681 733</b>	<b>33 887 554</b>	<b>(27 794 179)</b>	<b>22 965 974</b>
Public contributions & donations	-	-	-	-	-	-
Borrowing	-	3 550 129	3 550 129	3 809 487	259 358	-
Internally generated funds	11 141 148	144 147	11 285 295	7 987 274	(3 298 021)	5 287 487
<b>Total Capital Funding</b>	<b>70 634 840</b>	<b>5 882 317</b>	<b>76 517 157</b>	<b>45 684 315</b>	<b>(30 832 842)</b>	<b>28 253 461</b>

# CEDERBERG LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>CASH FLOWS</b>						
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Property rates, penalties & collection charges	37 192 200	(1 757 434)	35 434 767	37 233 630	1 798 863	32 839 893
Service charges	114 507 902	(2 193 956)	112 313 946	99 585 591	(12 728 356)	105 195 474
Other revenue	19 212 628	(3 246 532)	15 966 096	12 203 307	(3 762 789)	15 935 359
Government - operating	58 056 307	3 273 793	61 330 100	58 827 197	(2 502 903)	80 208 923
Government - capital	59 493 693	(26 490 509)	33 003 184	33 979 081	975 896	27 575 163
Interest	3 195 325	(248 622)	2 946 703	3 494 381	547 678	3 824 409
<b>Payments</b>						
Suppliers and employees	(212 790 659)	10 889 378	(201 901 280)	(201 111 292)	789 989	(214 218 596)
Finance charges	(2 799 452)	689 938	(2 109 514)	(2 680 512)	(570 998)	(2 667 797)
Transfers and grants	(870 000)	(1 138 487)	(2 008 487)	(1 021 052)	987 435	(817 005)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>75 197 945</b>	<b>(20 222 430)</b>	<b>54 975 515</b>	<b>40 510 331</b>	<b>(14 465 184)</b>	<b>47 875 822</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of PPE	-	-	-	501 683	501 683	640 725
<b>Payments</b>						
Capital assets	(70 634 841)	(5 882 318)	(76 517 159)	(44 637 945)	31 879 214	(27 756 021)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(70 634 841)</b>	<b>(5 882 318)</b>	<b>(76 517 159)</b>	<b>(44 136 262)</b>	<b>32 380 897</b>	<b>(27 115 296)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Borrowing long term/refinancing	-	3 550 129	3 550 129	3 550 129	-	1 414 116
Increase (decrease) in consumer deposits	105 734	-	105 734	141 540	35 805	150 298
<b>Payments</b>						
Repayment of borrowing	(3 365 849)	(465 436)	(3 831 284)	(3 834 563)	(3 278)	(2 514 280)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(3 260 115)</b>	<b>3 084 694</b>	<b>(175 421)</b>	<b>(142 894)</b>	<b>32 527</b>	<b>(949 867)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>1 302 989</b>	<b>(23 020 055)</b>	<b>(21 717 065)</b>	<b>(3 768 825)</b>	<b>17 948 240</b>	<b>19 810 659</b>
Cash/cash equivalents at the year begin:	2 505 080	19 795 811	22 300 890	22 300 890	(0)	2 490 231
Cash/cash equivalents at the year end:	3 808 069	(3 224 244)	583 825	18 532 065	17 948 240	22 300 890



# Annexure B

## Report of the Auditor General

# Report of the auditor-general to the Western Cape Provincial Parliament and council on the Cederberg Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Cederberg Municipality set out on pages 4 to 77, 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 and actual amounts 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 Cederberg 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).

### Context for the 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.

### Restatement of corresponding figures

7. As disclosed in notes 39 to 40 to the financial statements, the corresponding figures for 30 June 2017 have been restated as a result of errors and municipal standard chart of accounts (mSCOA) related reclassifications discovered during the 2017-18 financial year in the financial statements of the municipality at, and for the year ended, 30 June 2018.

### Material losses/impairments

8. As disclosed in note 3 to the financial statements, the municipality provided for the impairment of receivables from exchange transactions amounting to R39,7 million (2016-17: R30,4 million).
9. As disclosed in note 4 to the financial statements, the municipality provided for the impairment of receivables from non-exchange transactions amounting to R51,3 million (2016-17: R40,8 million).

### Significant uncertainties

10. With reference to note 54 to the financial statements, the municipality is the defendant in a number of lawsuits with third parties totalling R2 957 000. The outcomes of these matters cannot currently be determined and no provision for any liability that may result has been made in the financial statements.

### Other matters

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Unaudited supplementary schedules

12. The supplementary information set out on pages 78 to 86 does not form part of the financial statements and is presented as additional information. I have not audited this information and, accordingly, we do not express an opinion thereon.

### 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. 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 strategic objectives 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 strategic objective presented in the annual performance report of the municipality for the year ended 30 June 2018:

Strategic objective	Pages in the annual performance report
Objective 4 – implement strategies to ensure financial viability and economically sustainability	12 to 15

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. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following strategic objective:
- Objective 4 – implement strategies to ensure financial viability and economically sustainability

## Other matters

23. I draw attention to the matters below.

### Achievement of planned targets

24. Refer to the annual performance report on pages 10 to 19 for information on the achievement of planned targets for the year.

### Adjustment of material misstatements

25. I identified material misstatement in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of objective 4 – implement strategies to ensure financial viability and economically sustainability. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

## Report on the audit of compliance with legislation

### Introduction and scope

26. 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.

27. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

### Other information

28. 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 the selected strategic objective presented in the annual performance report that have been specifically reported in this auditor's report.

29. 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.

30. 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 strategic objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

31. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, 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

32. 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. I did not identify any significant deficiencies in internal control.

*Auditor-General*

Cape Town

30 November 2018



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected strategic objectives and on the municipality’s compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Cederberg Municipality’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.