



Annual Report 2015/16

*"A Municipality that cares for its community,
creating growth and opportunities"*



WITZENBERG

Municipality • Munisipaliteit • U Masipala Wasa



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Chapter 1

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

"Witzenberg Municipality - A municipality that cares for its community, creating growth and opportunity"

Witzenberg Municipality includes the historical and picturesque towns of Ceres, Wolseley, Tulbagh, Prince Alfred's Hamlet and Op-Die-Berg. Nestled in the valley of fertility, our municipality is well known globally for its agrarian backdrop, rich wines, delicious fruit juices, Rieldans and niche tourism.

This Annual Report closes off the term of Council for the years 2011/2016. I want to express my sincere gratitude to all Councillors, during this term of office whom has contributed to the vision of creating a better Witzenberg for all. Although sometimes politically unstable the term has seen a steady improvement in the finances, service delivery and governance of the Municipality. We have achieved four consecutive clean audits from the Auditor General of South Africa's Office. We have further segmented our position as one of the outstanding Municipalities in the provision of quality water to its citizens (blue drop status for all our water abstraction points), as well as green drop for our sewerage plants. We have completed various housing projects and in the past financial year we have focused on the infrastructure of housing projects in Bella Vista and Vredebos. Vredebos development still poses certain challenges in terms of infrastructure and contributions for bulk infrastructure must be obtained from our Provincial and National counterparts to ensure the success thereof. The Vredebos development will be the first integrated housing development and will be bigger than all of the current housing of the various towns.

Certain areas within our Municipal area were subjected to severe drought conditions which necessitated the declaration of a local state of disaster. Timeous planning by all within the Municipality has prevented a human tragedy and I am particularly proud of our officials for their meticulous planning and dedication to ensure that the Municipality complied with its constitutional mandate to provide water to its citizens. I am also extremely grateful for the assistance of the various Western Cape Departments especially the Department of Local Government and

Treasury for their financial assistance to our Municipality in this regard. Our local farmers in the Tulbagh district must also be acknowledged for their big heartedness in making water available and they have shown what can be achieved when a community stands together.

The Witzenberg Agri Park, which is situated in the Schoonvlei industrial area, has seen the upgrade of the Boerneef Road as well electrical infrastructure. I am excited to follow the development of the Agri Park in the new financial year because I believe it will not only make an impact on the lives of black upcoming farmers but will also give a much needed financial injection in the economy of Witzenberg. The Agricultural sector, which is the largest employment sector within our area, has grown significantly. The provincial Growth and Outlook forecast a dramatic increase in the number of our citizens over the next couple of years which will place our Municipal resources under severe strain. The Eskom infrastructure that feeds electricity to our area is under pressure and Eskom has advised the Municipality that the total upgrade of the project will be in an excess of R300 Million. The indication is that Eskom will most probably only attend to the upgrade during the years 2020 or 2021. This might stagnate our economy for the next five years which will be suicidal for the growth of our area.

We have continued to align our budget with our key performance areas and objectives as set out in our IDP namely:

1. Developing Integrated and Sustainable Human Settlements.
2. Financial Sustainability
3. Good Governance and Institutional Development
4. Local Economic Development
5. Social Development
6. Strategic Partnerships and International Relationships

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

The relationship with both the Business and Agri-sector is still strong and will continue to grow within the next couple of years. The formal Business sector has committed themselves to support Small Business from the previously disadvantaged community and has also adopted an Entrepreneur programme in terms whereof certain viable small businesses will be mentored and supported financially. The Witzenberg Municipality are however still very much dependent on the Agri industry and it remains a challenge to broaden the income stream of the Municipality. Severe droughts are having a negative impact on the industry as well as the Municipal fiscal.

Twinning Agreement between Essen and Witzenberg Municipality

The Belgium Government has given their further approval to the Essen and Witzenberg Twinning Agreement through their Federal Funding Programme. The programme will focus on two areas namely Environmental Management and developing the Youth.

Extended Public Works Programme

The Witzenberg Municipality is still the beneficiary of a grant to roll out an EPW Project. The Projects are mostly focusing on environmental management and has contributed tremendously to the cleanliness of our towns. A substantial number of unemployed were given employment which we believe also had an impact on our Indigent database.

Green Energy

The Municipality is still focused on implementing projects that will focus on Green Energy. Council approved a Hydro project which has at its aim the provision of alternative electricity for Municipal usage. The draft Energy By-law has not been finalised and will be submitted to Council in the new financial year to stimulate further development and projects in the Green Energy field.

Conclusion

In conclusion, Witzenberg Municipality faces the future with optimism. I would like to take this opportunity to thank and acknowledge the Mayoral Council, the Municipal Manager, the Municipal Directorate, our Municipal staff and the residents of Witzenberg Municipality for their

commitment, focus and perseverance to develop our home into a flourishing hub for tourism, business development and agricultural expansion. It gives me great pride to serve Witzenberg as Executive Mayor and I welcome the challenges to come as I know that we will overcome them together.



Barnito Klaasen

EXECUTIVE MAYOR



CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW

The Municipal Finance Management Act (herein after referred to as the MFMA) requires of the Accounting Officer to do an assessment of any arrears on Municipal taxes and service charges as well as the Municipality's performance against the measurable performance objects referred to in Section 17(3)(b) of the said Act. The latter assessment is dealt with in Chapter 5.1 of the Annual Report.

Arrears assessment

The Auditor-General of South Africa has, in its report on the 2015/16 financial statements of the Municipal Council, has emphasised the material impairment of R106 Million on receivables from exchange transactions. As required by the MFMA my assessment of the arrears on municipal taxes and service charges as at 30 June 2016 is as set out below:

- the gross outstanding service debtors in total decreased with 6.3% in relation to the 2014/2015 financial year. The main contributing factor for the decrease is the writing off of prescribed debt during June 2016.
- the leading contributors to the outstanding debt are water at 32.5% and sanitation and refuse at 29.5%.
- the effective implementation of the Credit Control Policy in areas where Eskom is a supplier of electricity is playing a major role in the escalation of the service debtors. Council has approved that prepaid water meters be installed in these areas which will assist in the recouping of the service charges.
- the majority of households are working in the Agri sector which has been adversely affected by strikes and drought not only impacting negatively on the income potential of the breadwinners but also on the Municipal coffers.
- the Municipality will continue to exercise all legal avenues to collect its outstanding debt.
- concerted efforts are therefore being made, inter alia through our service provider to recover debts older than 90 days which constitutes 69.7% of total outstanding debt.

A report will be tabled to the Municipal Council to consider the writing-off irrecoverable debt.

Credit control measures are progressively tightened up, e.g. service provider to perform disconnection on defaulters.

Some amendments to the credit control and incentive policies will be recommended to council in an attempt to improve debt collection.

Revenue collection

The municipality's performance for revenue collection remained unchanged at 94.0% for the 2014/2015 and 2015/2016 financial years. We are mindful that the Municipality's financial sustainability is dependent on its ability to optimally collect the budgeted revenue. For this reason additional capacity was created within the financial department as well as the appointment of an external service provider. The impact of actions taken will hopefully yield the necessary results within the forthcoming months.

Material Losses / Impairments

Electricity

There was a decrease in the electricity losses including technical and non-technical losses. The total loss for the financial year was 8.19% compared to the loss of 98.59% in the previous financial year. The accumulated loss of income amounted to R13 141 000. 00 which is an increase in relation to the 2014/2015 figure of R11 867 008. 00. The electricity losses are mainly the result of ageing infrastructure and theft of electricity in certain areas within the Municipality. The upgrade of the electrical infrastructure will continue in the new financial year which will hopefully lead to a further decrease in electricity losses. As part of Councils on-going programme to cut down on energy losses Council has:

- install bulk meters in all distribution substations in Wolseley
- replacing conventional pre-paid meters with split meters
- using GIS data to monitor electrical distribution
- busy with auditing of all customers connected to individual substations\

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

- installing remote metering to include more customers in the commercial and industrial sectors.

Water Service

The calculated water loss is 15.8%. This is significantly lower than the 20.7% that was recorded in the 2014/2015 financial year.

The technical department is robust and vigorously busy improving the effectiveness of water provision by:

- installing water meters at unmetered plots
- replacing and repairing bulk meters
- installing data loggers at strategic sites
- collecting and calculating monthly data
- replacing badly leaking/eroded pipes on a program within certain areas.

Incidents of Theft / Fraud / Gross Negligence

No incidents of fraud or gross negligence were reported.

General and Closing Comments

The maintenance of municipal infrastructure remains a major challenge for the municipality. The poor state of our roads, in especially Tulbagh, and our inability to rehabilitate roads are causing conflict with our community. I would further like to take this opportunity to thank our Executive Mayor and Political leadership as well as our Directors and other colleagues for their continuous hard work and effort to lift the bar of Good Governance and Service Delivery.



David Nasson

MUNICIPAL
MANAGER

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

This report addresses the performance of the Witzenberg 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 2015/16 Annual Report reflects on the performance of the Witzenberg Municipality for the period 1 July 2015 to 30 June 2016. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year.

1.2.1 VISION AND MISSION

a) *Vision*

A Municipality that cares for its community, creating growth and opportunities

b) *Mission*

- The Witzenberg Municipality is committed to improve the quality of life of its community by:
- Providing and maintaining affordable services.
- Promoting Social and Economic Development
- The effective and efficient use of available resources
- Effective stakeholder and community participation

c) *Value system*

- **Consultation** - Citizens should be consulted about service levels and quality when possible.
- **Service Standard** - Citizens must be made aware of what to expect in terms of level and quality of services.
- **Access** - Citizens should have equal access to the services to which they are entitled.
- **Courtesy** - Citizens should be treated with courtesy and consideration.
- **Information** - Citizens must receive full and accurate information about their services.
- **Openness and Transparency** - Citizens should be informed about government department's operations budgets and management structures.
- **Redress** - Citizens are entitled to an apology, explanation and remedial action if they promised standard of service is not delivered.
- **Value for money** - Public Services should be provided economically and efficiently.

1.2.2 DEMOGRAPHIC INFORMATION

a) *Municipal geographical information*

The Witzenberg Local Municipality (LM), founded in 2000, is classified as a Category B municipality and is responsible for basic service provision to the demarcated municipal area that includes the towns of Ceres, Tulbagh, Prince Alfred's Hamlet, Wolseley and Op-die-Berg. The rural areas within the municipal boundary are Ceres Valley, Koue Bokkeveld, Achter-Witzenberg

and the northern portion of Breede River Valley (Land van Waveren).

The climate in Witzenberg is known for its hot and dry summer days. Winds are seasonal and generally North-westerly or South-easterly. The average annual rainfall in Ceres is about 1 088 mm and the average temperature range is 2.4°C to 29.9°C.

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Located in the picturesque and fertile Breede Valley, Witzenberg is best known for its fruit and wine products. The region is also well-known for producing other agriculturally-linked products such as olives and grain, as well as for producing beef and pork products. Horse and cattle stud farms are also found within the municipal area.

The principal socio-economic realities in our region are:

- Seasonal labour and social grant dependency
- Unemployment rate: 5 339 people
- People in poverty: 24 231
- Skills shortage (Illiteracy rate): 36%
- Youthful population: 56.8% of population is under 30 years of age
- Population concentration: 46.9% Rural; 53.1% Urban

The two largest sector contributors to the GDP are agriculture (35.6%) and the manufacturing sector (20.9%), growing on average at 2.1% and 10.6% respectively per annum. Within the manufacturing sector, the food, beverage sub-sector is clearly dominant, representing 69.4% of total manufacturing.

Graphic illustration of spatial elements, potential and constraints:

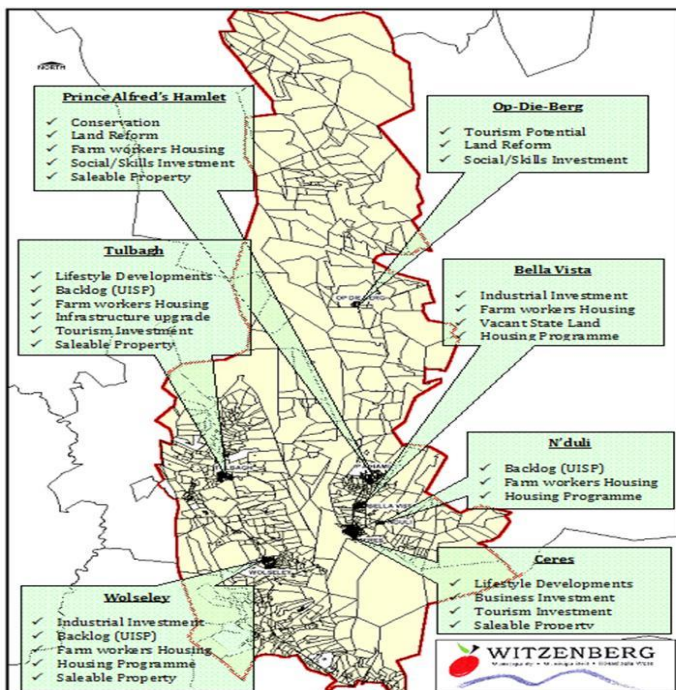


Figure 1: Spatial elements

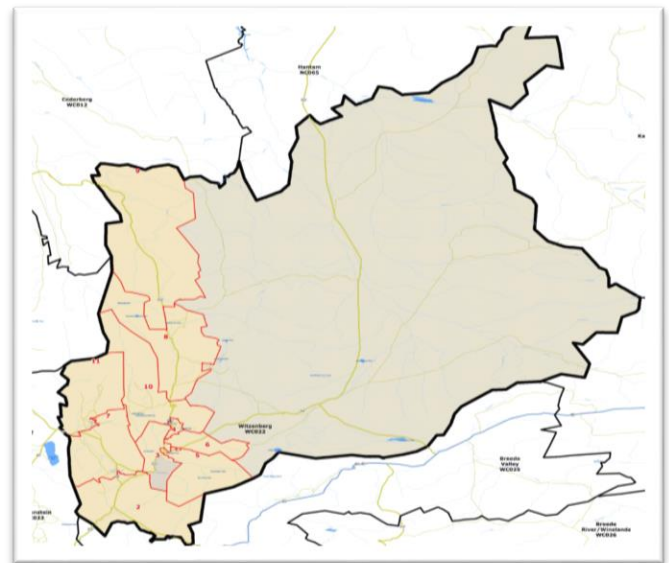


Figure 2: Witzenberg graphic illustration

Witzenberg LM comprises an area of 10 753 km², and is situated about 150 kilometers North-East of Cape Town. The region is surrounded by three mountain ranges: the Obiqua Mountains to the west, the Winterhoek Mountains to the north and the Witzenberg range to the east - mountain ranges which are all often spectacularly covered in snow during the winter months. Witzenberg's natural surroundings are characterized by some selection of fauna and flora, forest wilderness and include the catchment area of three river systems.

The Witzenberg Municipal area is characterised by:

- Urban development - low intensity & density, large under-utilized land in prosperous areas.
- Lower income areas - high density, under-provision of formal business development.
- Towns characterised by segregation in settlements - duplication of services, different levels of development due to historic development patterns.
- Commonage with eco-tourism potential.

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From a spatial perspective, some of the challenges facing the various areas of the municipality are:

- Op-die-Berg and the Koue Bokkeveld: Limited space for human settlement expansion due to bio-physical conditions and the competition for land for the various social and agricultural needs.
- Prince Alfred Hamlet: A low overall density of development, with definite bio-physical constraints to

expansion such as the need to protect biodiversity resources.

- Ceres: Low density development with limited opportunities for densification.
- N'Duli: The scarcity of land to address social needs, and conflict with surrounding agricultural uses.
- Wolseley: Located on a watershed complicates the provision of services, and the wetland area is unsuitable for development.

Wards

The Municipality is currently structured into the following 12 wards:

Ward	Areas
1	N'Duli - Polo Cross & Primary School
2	Wolseley - WF Loots, Petra, Dwarsrivier
3	Ceres - Primary School, Stadsaal, Fairfield School
4	Prince Alfred's Hamlet - Town Hall, Bella Vista High School, Ceres Aartappels
5	Ceres Vallei Church Hall, Bothashalt School, Achtertuint Primary school
6	Bella Vista - URC Hall & Community Hall
7	Tulbagh - Community Hall. Wolseley - Primary & Secondary School
8	Koue Bokkeveld - Môrester, Bronaar, Kromfontein, Rocklands.
9	Op-die-Berg, Tandfontein, Wydekloof, Voorsorg.
10	Phase 4 Hamlet, Agter Witzenberg, Koelfontein.
11	Tulbagh - Town Hall & werkestoer, De Agen, Twee Jonge Gezellen.
12	N'Duli Community Hall, Bo-Swaarmoed, Inverdoorn, Wanganella, Driefontein, Achtertuint, Gansfontein.

Table 1: Municipal wards

Below is maps of the Western Cape that indicates the location of the Municipality in the Cape Winelands District area:

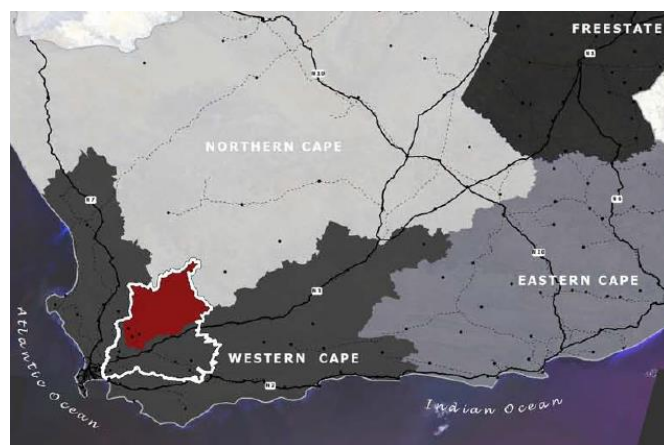
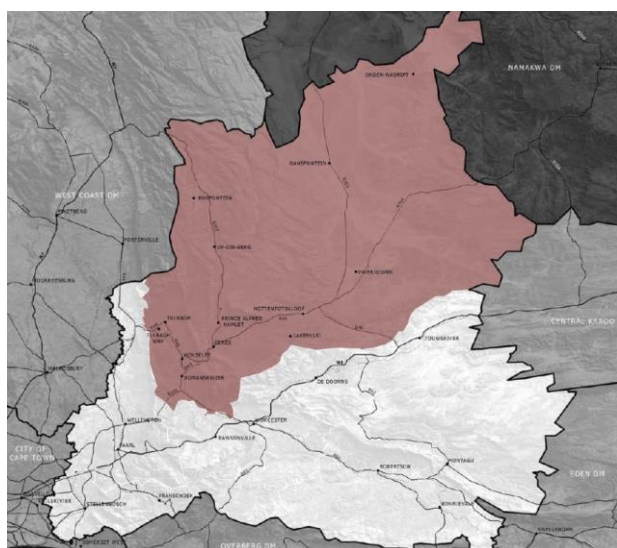


Figure 3: Western Cape Area maps

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1.2.3 POPULATION

According to Census 2011, the Municipality has a total population of 115 946 people, of whom 65.9% are coloured, 25.3% are black african, and 7.7% are white. The other population groups make up the remaining 1.1%.

Of those aged 20 years and older, 9.2% have completed primary school, 40.2% have some secondary education, 18.2% have completed matric, and 5.8% have some form of higher education, while 6.6% of those aged 20 years and older have no form of schooling. The table below indicates the total population within the municipal area:

Population	2014/15	2015/16
	115 946*	115 946*
*Statistics South Africa: Census 2011		

Table 2: Demographic information of the municipal area - Total population

a) Population by gender

The Municipality's population is closely balanced with 48.6% (56 392) representation of females and 51.4% (59 554) of males as shown below.

Population - Gender	2014/15	2015/16
Females	56 392*	56 392*
Males	59 554*	59 554*
Total	115 946*	115 946*

c) Population by race categories

Population - Racial	2014/15*	2015/16
African	29 300	29 300
Coloured	76 450	76 450
Indian	273	273
White	8 944	8 944
Other	979	979
Total	115 946	115 946
*Statistics South Africa: Census 2011		

Population - Gender	2014/15	2015/16
*Statistics South Africa: Census 2011		

Table 3: Demographic information of the municipal area - Gender

b) Population by gender/age

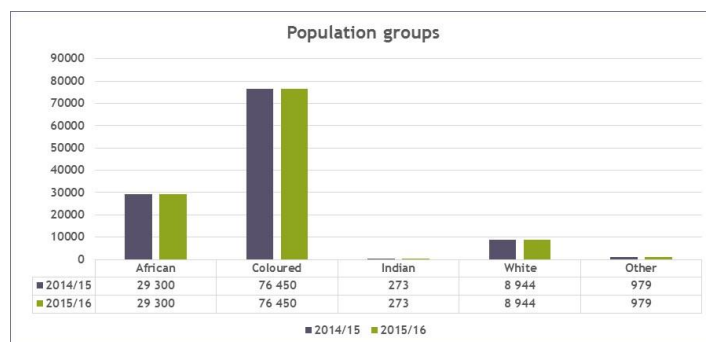
The following table display the female to male ratio of 48.6% : 51.4%

Population - Gender/Age	2014/15*	2015/16
Females aged 0 - 4	5 070	5 070
Males aged 0 - 4	5 238	5 238
Females aged 5 - 14	9 379	9 379
Males aged 5 - 14	9 771	9 771
Females aged 15 - 34	20 555	20 555
Males aged 15 - 34	23 610	23 610
Females aged 35 - 64	18 909	18 909
Males aged 35 - 64	19 022	19 022
Females aged 65 and older	2 478	2 478
Males aged 65 and older	1 912	1 912
Total	115 946	115 946
*Statistics South Africa: Census 2011		

Table 4: Demographic information of the municipal area - Gender/age

Table 5: Demographic information of the municipal area - Race categories

The graph below shows the population by race.



Graph 1: Population by race

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1.2.5 HOUSEHOLDS

There are 27 419 households in the municipality, with an average household size of 3.8 persons per household.

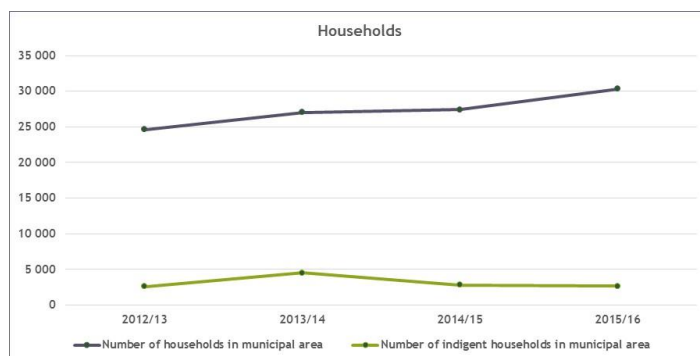
90.9% of households have access to piped water either in their dwelling or in the yard. Only 0.5% of households do not have access to piped water.

The total number of households within the municipal area increased from 27 419 (2014/15) to 30 305 (2015/16) and the indigent households decreased from 2 810 (2014/15) to 2 673 (2015/16).

Households	2012/13*	2013/14	2014/15	2015/16
Number of households in municipal area	24 600	27 039	27 419	30 305
Number of indigent households in municipal area	2 599	4 515	2 810	2 673
Percentage of indigent households in municipal area	10.57	16.70	10.25	8.82
*Statistics South Africa: Census 2011				

Table 6: Total number of households

The graph below shows the total number of households within the municipal area



Graph 2: Total number of households within the municipal area

The following table shows the overall population within the specific area:

Area	Population
Witzenberg NU	52 200
Op-die-Berg	1 530
Meulstroom	1 083
Tulbagh	8 969
Prince Alfred Hamlet	6 809
Bella Vista	13 460
Ceres	10 412
N'Duli	9 350
Wolseley	1 528
Pine Valley	4 341
Montana	6 263
Total	115 946

Table 7: Overview of the neighborhoods within municipal area

1.2.6 KEY ECONOMIC ACTIVITIES

56 334 people are economically active (employed or unemployed but looking for work), and of these, 7.6% are unemployed.

9.9% of the 29 308 economically active youth (15 - 34 years) in the municipality are unemployed

Intensive agricultural areas are located along river courses. The municipality is dependent upon the following economic activities:

Key Economic Activities	Description
Agriculture	Fruit production (deciduous fruit), Vegetable production
Manufacturing	Fruit packaging and processing
Tourism	Marketing and branding, expo's, lifestyle development, eco-tourism (trout, olives)
Finance	Legal services, Financial services
Trade	Wholesale, Retail, Big export activity

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Table 8: Key economic activities

1.2.7 MUNICIPAL CHALLENGES

The following general challenges are experienced by the municipality:

Challenges	Actions to address
Bulk electricity supply from Eskom. The recent growth in the local agro-economy has resulted in the expansion of agro-processing industries in the rural and built environment. The implementation of notified maximum demand limits by Eskom due to the under-capacity of bulk supply infrastructure has restricted further expansion and it was indicated that sufficient infrastructure upgrade will only be completed by 2021. This will severely impact on the region's economic growth	Various deliberations has taken place between the Municipality, Eskom, local business and the agricultural section to address the issue. Discussions with various Government Departments is underway to obtain funding to upgrade Eskom bulk infrastructure on a short term basis to address the need up to 2021
Waste Management. The operating of the municipal landfill sites and overall all management of waste has become a major challenge due to drastically increased maintenance cost of the sites, vandalism, theft and public ignorance on by-laws. The delay in the establishment of a regional waste site at Worcester also contributes to the uncertainty of strategy to be followed in terms of investment into the current sites or towards a material recovery facility aligned with the regional site	The municipality has started with the development of a long-term strategy with regards to waste management in the municipal area. It is expected that the introduction of bins for business premises from October 2016 will increase recycling initiatives by business. A business plan for the establishment of a Material Recovery Facility and drop-off points was developed with our twinning municipality, Essen in Belgium. The business plan will be submitted in October 2016 to the Belgium Federal Government for funding
Drought and Water Sources. The Witzenberg area has experienced a severe drought during 2015/16 and has been declared a disaster area by National- and Western Cape Government. The municipal storage dams at Tulbagh and Ceres has reached critical low points during the summer. Strict water restrictions was implemented by Council since October 2015 and various infrastructure projects funded by the municipality and local/national government was implemented to utilise additional water sources and upgrade existing storage infrastructure. Various local landowners in Tulbagh assisted with provision of surplus water and storage capacity during the drought	The insufficient capacity of the Tulbagh storage dam remains critical and although funding for the construction of a new dam was approved by the Department of Water Affairs, the implementation of the project are being delayed. Further investigations on the long term capacity of water sources will be done in 2016/17 as part of the revision of the Water Services Development Plan
Provision of bulk infrastructure for subsidised housing projects. The implementation of the Vredebes housing project with 2900 residential plots will have to be phased over a longer period due to the bulk infrastructure required for the occupation of the project. The allocation of the annual Municipal Infrastructure Grant that is utilised for bulk infrastructure is limited with the result that bulk water-, sanitation, roads - and storm water infrastructure projects are phased in over the next medium- to long term	The Vredebes project will be phased 1 over a medium- to long term period to ensure that bulk infrastructure as well as social infrastructure are completed and available when phases are occupied. This will also ensure that grant funding is not totally take up by the project but can be utilised for other urgent strategic projects
Maintenance and upgrading of municipal roads. The condition of bituminous pavements (roads) has decreased drastically over the past couple of years in certain areas due to historically poor construction practices and insufficient budgeting for maintenance of these roads. The existing backlog amounts to R 52 million with 36% of roads in Tulbagh in a poor to very poor structural condition. A number of these roads has deteriorated to such a point that they need to be rebuilt	It is expected that funding for maintenance purposes will increase from 2017 onwards as historically loans are being paid of by the municipality. The road maintenance section was also strengthened with new appointments that would also increase operational capacity
Debt collection on municipal rates and taxes. The outstanding debt has increased rapidly over the past couple of years in certain towns due to the inability to implement the debt collection policy. This is especially evident in towns where Eskom supply electricity and the policy can not be	The municipality has budgeted for the implementation of water management devices that would limit water flow to supplement the debt collection policy. Water use for humanitarian purposes will still be available but excessive water usage and non-payment will be addressed

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Challenges	Actions to address
implemented. In certain areas, public hostility has reached such a point that officials are at risk when investigating illegal connections and meter tampering resulting in an increasing non-payment culture	

Table 9: Municipal challenges

1.3 SERVICE DELIVERY OVERVIEW

The investment in municipal infrastructure has historically being influenced mainly by existing backlogs, to ensure sustainable service delivery taken into account new developments and general upgrading and maintenance. The developmental potential of urban areas plays a major role in guiding infrastructure investment to ensure sustainable service delivery to human settlements. Basic services that includes water, sanitation, electricity, refuse, roads and storm water should be the major focus areas for infrastructure budgeting and investment.

Past and current investment into bulk water resources was well supported through funding from the Department of Water and Sanitation. Witzenberg is one of the few municipalities whom are well capacitated for the next 25 years. Upgrade of bulk electricity, sewer and water mains, to ensure sustainable capacity for the new Vredebes development, are well underway and should be completed within the next 3 years. Upgrade of roads, stormwater, electrical bulk provision and networks and water and sanitation networks, however remain underfunded and should be increased over the next couple of years. The external supplier of electricity, ESKOM, does not have sufficient bulk electrical supply for the Witzenberg area of jurisdiction, including municipal supply and rural supply. This is having a major impact on the growth of the economy and intervention at National level is needed.

1.3.1 BASIC SERVICES DELIVERY PERFORMANCE HIGHLIGHTS

Highlight	Description
Vredebes - Housing project	Completion of 605 serviced sites (water, sanitation, roads, stormwater)
Bulk electrical supply	Construction of bulk electrical supply to Vredebes, Schoonvlei and Bella Vista
Bulk water supply - Vredebes & Bella Vista	Construction of bulk water supply mains for Vredebes and Bella Vista

Table 10: Basic services delivery highlights

1.3.2 BASIC SERVICES DELIVERY CHALLENGES

Service Area	Challenge	Actions to address
Water	Severe drought	Implemented water restrictions, obtained grant funding for various drought interventions & obtained funding for construction of raw water dam at Tulbagh
Electricity	High unaccounted for electricity	Theft and illegal electrical connections to be managed/monitored closely

Table 11: Basic services delivery challenges

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

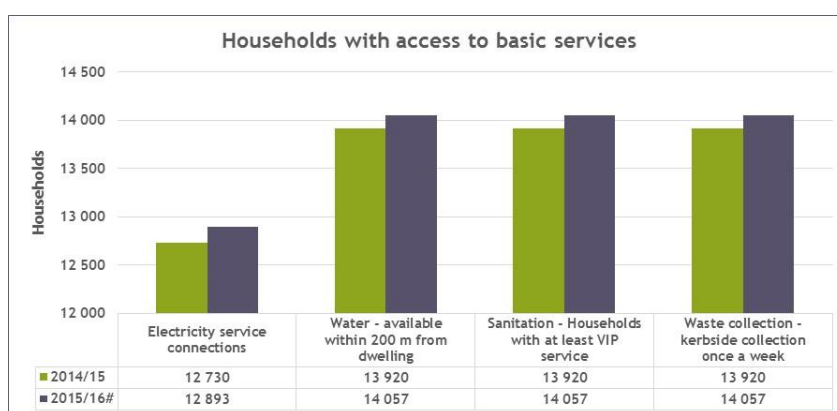
1.3.3 PROPORTION OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES

The table below indicates the number of households with access to minimum level of basic services:

Proportion of Households with minimum level of Basic services		
Description	2014/15	2015/16
Electricity service connections	12 730	12 893
Water - available within 200m from dwelling	13 920	14 057
Sanitation - Households with at least VIP service	13 920	14 057
Waste collection - kerbside collection once a week	13 920	14 057

Table 12: Households with minimum level of basic services

The graph below indicates the amount of households with access to minimum level of basic services:



Graph 3: Households with access to basic services

1.4 FINANCIAL HEALTH OVERVIEW

1.4.1 FINANCIAL VIABILITY HIGHLIGHTS

Highlight	Description
Debt coverage ratio 35.7	The number of times debt payments can be accommodated within operating revenue. This represents the ease with which debt payments can be accommodated by the municipality
Cost coverage ratio 3.5 months	It explains how many months expenditure can be covered by cash and other cash equivalents available to the municipality

Table 13: Financial viability highlights

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1.4.2 FINANCIAL VIABILITY CHALLENGES

Challenge	Action to address
Service debtors to revenue 0.54	A specialised service provider was appointed to collect outstanding debt. The legal process is time consuming. The 2016/17 budget provides for the installation of water management devices which should partly decrease outstanding debt

Table 14: Financial viability challenges

1.4.3 NATIONAL KEY PERFORMANCE INDICATORS - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (RATIO'S)

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	2014/15	2015/16	Comments
Debt coverage ((Total operating revenue-operating grants received):debt service payments due within the year)	27.8 : 1	35.5 : 1	This indicator is to determine if the municipality generates sufficient cash to cover outstanding debtors, the higher the ratio, the better
Service debtors to revenue - (Total outstanding service debtors: revenue received for services)	0.67 : 1	0.54 : 1	This is the percentage that outstanding debtors are of annual revenue, the lower, the better
Cost coverage ((Available cash+ investments): Monthly fixed operating expenditure	2.00 : 1	3.5 : 1	This is the percentage that cash on hands will be able to cover monthly expenditure, the higher, the better

Table 15: National KPI's for municipal financial viability and management

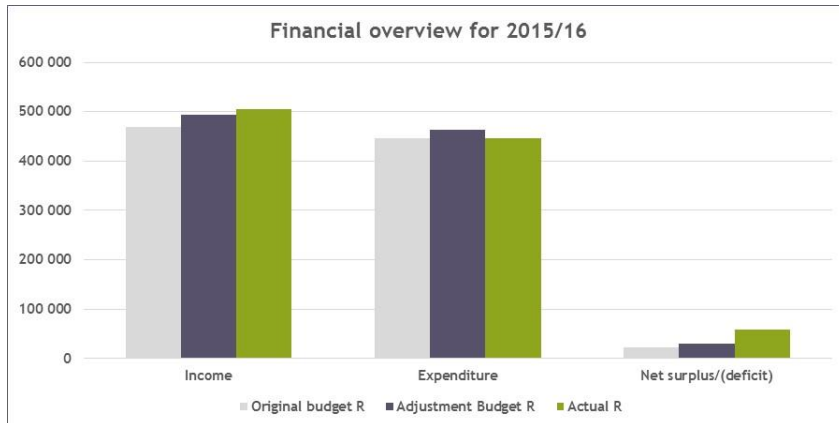
1.4.4 FINANCIAL OVERVIEW

Details	Original budget	Adjustment Budget	Actual
	R	R	R
Income	468 867 908	501 565 150	514 329 476
Grants	106 526 173	129 895 379	129 895 379
Taxes Levies and tariffs	327 496 425	327 496 425	335 146 449
Other	34 845 310	44 173 346	49 287 648
Less Expenditure	445 124 108	472 936 550	449 473 147
Net surplus/(deficit)	13 743 800	28 628 600	64 856 329

Table 16: Financial overview

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

The graph below indicates the financial overview of the municipality for the 2015/16 financial year:



Graph 4: Financial overview for 2015/16

1.4.5 OPERATING RATIO'S

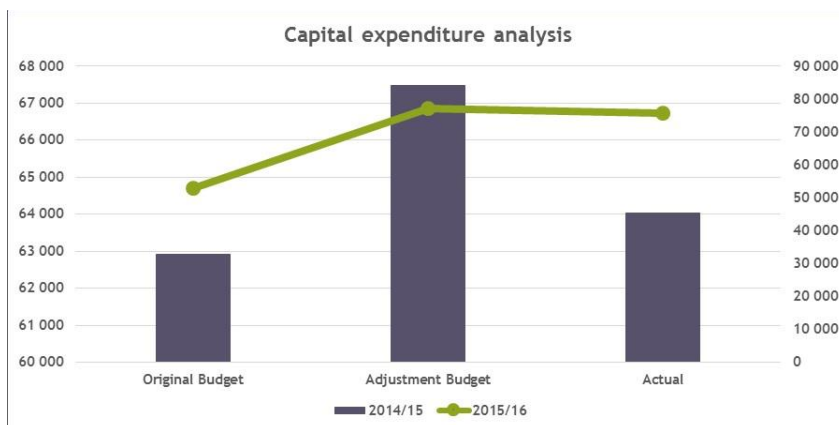
Detail	Expected norm	Actual	Variance
	%	%	%
Employee Cost	30	26.87	3.13
Repairs & Maintenance	20	4.23	15.77
Finance Charges & Depreciation	10	9.70	0.30

Table 17: Operating ratios

1.4.6 TOTAL CAPITAL EXPENDITURE

Detail	2014/15	2015/16
	R'000	
Original Budget	62 922	52 768
Adjustment Budget	67 466	77 104
Actual	64 040	76 258

Table 18: Total capital expenditure



Graph 5: Capital expenditure analysis

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1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

1.5.1 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT HIGHLIGHTS

Highlight	Description
Creation of policy awareness to all levels of employees	Various HR Roadshows
Realisation of public participation with all relevant wards	Five (5) channels of communication between the municipality and communities
Creation of awareness on Corruption and Fraud Policy	Communication of whistle blower process on a quarterly basis to community and personnel
Skilling, capacitating and building of essential personnel	Minimum competency realisation for all key staff

Table 19: Municipal transformation and organizational development highlights

1.5.2 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT CHALLENGES

Challenge	Actions to address
Gap in filling employment equity targeted groups in managerial positions	Specify the recruitments to the targeted in terms of the Employment Equity Plan segment
Low salary (remuneration) equals to lack of attraction of specialized skills	Embarking on salary scale reviews (TASK)
Limited capital budget	Requiring financial support for auxiliary functions from supporting organs of state

Table 20: Municipal transformation and organizational development challenges

1.6 AUDITOR-GENERAL REPORT

1.6.1 AUDITED OUTCOMES

Witzenberg Municipality is proud that it was able to obtain unqualified audit outcomes for the past five financial years. The implementation of General Recognised Accounting Standards (GRAP) was a huge challenge, but still unqualified audit outcomes were obtained. The challenge for the future is to at least maintain this standard, while attempting to obtain clean audits. The Auditor-General of South Africa will issue opinions on the performance indicators in years to come which add to the challenge.

The table below detail the audit comes for the past five financial years

Year	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Status	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified

Table 21: Audit outcomes

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Clean audit report from the Auditor-General for the audit of 2014/15



Chapter 2

CHAPTER 2: GOOD GOVERNANCE

CHAPTER 2: 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.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE STRUCTURE

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

2.1.1 COUNCIL

Below is a table that categorised the councillors within their specific political parties and wards:

Name of councillor	Capacity	Political Party	Ward representing or proportional
K Adams	Deputy Executive Mayor	Independent	Ward 6
R Badela	Councillor	ANC	Ward 12
B Chaaban & M Mentoer & J Okada	Councillor	NPP	Proportional
J Du Plessis	Councillor	DA	Proportional
M Du Toit	Councillor	ANC	Proportional
T Godden	Speaker	COPE	Proportional
W Hanekom	Mayco Member, Councillor	DA	Ward 3
P Heradien & P Daniels	Councillor	DA	Ward 7
B Klaasen	Councillor / Executive Mayor	DA	Proportional
J Klazen	Executive Mayor / Councillor	Democratic Christian Party	Proportional
S Louw	Executive Mayor / MAYCO Member	DA	Proportional
J Mouton	Councillor	ANC	Proportional
S Ndwanya	Councillor	ANC	Proportional
J Phungula	Councillor	ANC	Proportional
L Salmon	Councillor	ANC	Ward 8
M Saula	Councillor	ANC	Ward 1
E Sidego	Councillor	DA	Ward 11
R Simpson	Councillor	ANC	Ward 9
H Smit	MAYCO Member	DA	Ward 5
D Swart	Councillor	DA	Ward 2

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Name of councillor	Capacity	Political Party	Ward representing or proportional
J Veschini & J Fredericks	MAYCO Member	Voice of Independent Party (VIP)	Proportional
J Visagie	MAYCO Member	DA	Ward 4
P Waterboer & A Smit	Councillor	ANC	Ward 10

Table 22: Council 2015/16

Below is a table which indicates the Council meeting attendance for the 2015/16 financial year:

Meeting dates	Number of items submitted	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
28 July 2015	15	91%	9%
24 August 2015	16	91%	9%
28 August 2015	5	83%	17%
26 November 2015	3	87%	13%
9 December 2015	38	96%	4%
5 January 2016	2	70%	30%
25 January 2016	19	91%	9%
26 February 2016	15	91%	9%
30 March 2016	18	87%	13%
18 May 2016	20	87%	13%
27 June 2016	3	78%	22%

Table 23: Council meetings

2.1.2 EXECUTIVE MAYORAL COMMITTEE

The Executive Mayor of the Municipality, **Councillor S Louw**, thereafter followed up **Councillor J Klazen** and **B Klaasen**, assisted by the Mayoral Committee, heads the executive arm of the Municipality. The Executive Mayor is at the center 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 Executive 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 Executive Mayor operates in concert with the Mayoral Committee.

The name and portfolio of each Member of the Mayoral Committee is listed in the table below for the period 1 July 2015 to 30 June 2016:

Name of member	Capacity
Councillor H Smit	Chairperson: Committee for Corporate and Financial Services
Councillors J Veschini & J Visagie	Chairperson: Committee for Technical Services
Councillor S Louw	Chairperson: Committee for Rural and Economic Development
Councillors W Hanekom & J Visagie & J Fredericks	Chairperson: Committee for Community Development
Councillor K Adams	Chairperson: Committee for Housing Matters

Note: The chairpersons changed due to the resignation of Councillor J Veschini

Table 24: Executive Mayoral Committee 2015/16

CHAPTER 2: GOOD GOVERNANCE

The table below indicates the dates of the Committee meetings and the number of reports submitted to Council for the 2015/16 financial year:

Meeting date	Number of items submitted to Council
COMMITTEE FOR HOUSING MATTERS	
21 July 2015	14
13 August 2015	10
10 September 2015	5
08 October 2015	10
12 November 2015	11
11 December 2015	1
17 February 2016	13
10 March 2016	11
21 April 2016	11
28 April 2016	1
10 May 2016	6
09 June 2016	7
COMMITTEE FOR RURAL ECONOMIC DEVELOPMENT, TOURISM AND MARKETING	
20 August 2015	10
14 October 2015	6
25 November 2015	7
16 March 2016	6
13 April 2016	5
17 May 2016	6
COMMITTEE FOR COMMUNITY DEVELOPMENT	
23 July 2015	12
19 August 2015	11
17 September 2015	13
15 October 2015	12
25 November 2015	12
10 February 2016	11
18 March 2016	13
14 April 2016	11
11 May 2016	12
14 June 2016	10
COMMITTEE FOR CORPORATE AND FINANCIAL SERVICES	
4 August 2015	14
25 August 2015	11
15 October 2015	13
26 November 2015	10
14 April 2016	12

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Meeting date	Number of items submitted to Council
11 May 2016	10
21 July 2016	8
COMMITTEE FOR TECHNICAL SERVICES	
22 July 2015	10
21 August 2015	4
16 September 2015	10
14 October 2015	12
25 November 2015	17
16 February 2016	9
16 March 2016	9
13 April 2016	11
15 June 2016	10
<i>Please note that the name and functions of the committees have on numerous occasions been altered due to the change of Council</i>	

Table 25: Table 15: Committee Meetings

2.1.3 PORTFOLIO COMMITTEES

In terms of section 80 of the Municipal Structures Act, 1998, if a council has an executive committee; it may appoint in terms of Section 79 committees of councillors to assist the executive committee or executive mayor. 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.

The portfolio committees for the 2011/16 Mayoral term and their Chairpersons are as follow:

b) Committee for Housing Matters:

Committee	Chairperson	Section 79 or 80 Committee	Number of minutes submitted to Council	Meeting Date
Committee for Housing Matters	Councillor K Adams	Section 80	12	21 July 2015 13 August 2015 10 September 2015 08 October 2015 12 November 2015 11 December 2015 17 February 2016 10 March 2016 21 April 2016 28 April 2016 10 May 2016 09 June 2016

Table 26: Committee for Housing Matters 2015/16

CHAPTER 2: GOOD GOVERNANCE

c) Committee for Community Development:

Committee	Chairperson	Section 79 or 80 Committee	Number of minutes submitted to council	Meeting Date
Committee for Community Development	Councillors W Hanekom & J Visagie & J Fredericks	Section 80	10	23 July 2015 19 August 2015 17 September 2015 15 October 2015 25 November 2015 10 February 2016 18 March 2016 14 April 2016 11 May 2016 14 June 2016

Table 27: Committee for Community Development 2015/16

d) Committee for Corporate and Financial Services:

Committee	Chairperson	Section 79 or 80 Committee	Number of minutes submitted to council	Meeting Date
Committee for Corporate and Financial Services	Councillor H Smit	Section 80	7	4 August 2015 25 August 2015 15 October 2015 26 November 2015 14 April 2016 11 May 2016 21 July 2016

Table 28: Committee for Corporate and Financial Services 2015/16

e) Committee for Technical Services:

Committee	Chairperson	Section 79 or 80 Committee	Number of minutes submitted to council	Meeting Date
Committee for Technical Services	Councillors J Veschini & J Visagie	Section 80	9	22 July 2015 21 August 2015 16 September 2015 14 October 2015 25 November 2015 16 February 2016 16 March 2016 13 April 2016 15 June 2016

Table 29: Committee for Technical Services 2015/16

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f) Committee for Rural Economic Development, Tourism and Marketing:

Committee	Chairperson	Section 79 or 80 Committee	Number of minutes submitted to council	Meeting Date
Committee for Rural Economic Development, Tourism and Marketing	Councilor S Louw	Section 80	6	20 Augustus 2015 14 October 2015 25 November 2015 16 March 2016 13 April 2016 17 May 2016

Table 30: Committee for Rural Economic Development, Tourism and Marketing 2015/16

2.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

The Municipal Manager is the 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	Department	Performance agreement signed
		(Yes/No)
David Nasson	Municipal Manager	Yes
Cobus Kritzinger	Chief Financial Officer	Yes
Monwabisi Mpeluza	Director: Corporate Services	Yes
Jo-Ann Krieger	Director: Community Services	Yes
Joseph Barnard	Director: Technical Services	Yes

Table 31: Administrative Governance Structure

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 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.

2.3.1 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
Municipals Managers Forum	SALGA, neighbouring municipality's MMs	District based initiatives

CHAPTER 2: GOOD GOVERNANCE

Name of Structure	Members	Outcomes of Engagements/Topics Discussed
SALGA Working Groups	SALGA, Neighbouring municipality's Technical Directors and experts	Municipal wide information sharing
IDP Managers Forum	Department of Local Government (DPLG), All municipalities in the Western Cape (WC), IDP Managers	Provincial wide information sharing
LED Managers Forum	Cape Winelands Regional LED Forum	Sharing information and best practises on Economic Development
WMO Forum	DEADP, All municipalities in the Western Cape (waste management officers), and experts	Municipal wide information sharing with all 3 spheres of government.
IDP Indaba's	All provincial sector departments, all municipalities in the Western Cape	Provincial, District & local based planning: JPI's and WCDP
Provincial Public Participation and Communication Forum (PPPCOM)	DPLG, all municipalities in the WC,s IDP Manager	Provincial wide information sharing
Ministerial Technical Committee	Provincial Government and Municipal Managers	Provincial programmes and initiatives aligned with municipal performance
Ministerial Mayoral Committee	Provincial Government and Mayors	Provincial programmes and initiatives aligned with municipal performance

Table 32: Inter-governmental structures

2.3.2 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	Contribution of Sector Department
National War on Poverty	Reduce poverty in identified poorest wards in municipal area	National Department of Rural Development	<ul style="list-style-type: none"> • Established steering committee with municipality and other provincial sector departments • Implementing community based projects with Council of Stakeholders and IGR partners • Mobilising resources
CRDP ISC Meeting	Reducing poverty in the 3 poverty nodes	DRDLR, Agriculture department, Education, Social development, Public Works, CoS	<ul style="list-style-type: none"> • Mobilising resources • Implementing projects to reduce poverty • Sharing information

Table 33: Joint projects and functions with sector departments

COMPONENT C: PUBLIC ACCOUNTABILITY

MSA section 15(b) requires a municipality to establish and organize its administration to facilitate and a culture of accountability amongst its staff. Section 16(i) states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. Section 18(i)(d) requires a municipality to supply its community with information concerning municipal governance, management and development.

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A Municipal Public Accounts Committee has been established. The internal audit function has previously been outsourced and two qualified auditors have been appointed permanently. The capacity of the Performance, Risk and Audit Committee has been increased with the appointment of qualified and specialized members. A representative of the business sector is also invited to attend Mayoral Committee meetings.

- 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; and
- preparation of the municipal budget.

2.4 PUBLIC MEETINGS

Apart from bi-annual community meetings held in each town, the municipality also communicates through monthly newsletters, loud-hailing and distribution of pamphlets, sms and a local radio station.

Nature and purpose of the meeting	Date of events	Number of participating Municipal Councillors	Number of participating municipal administrators	Number of community members attended
IDP /Budget Public meetings				
IDP Review Public Participation	Ceres 12 October 2015	5	9	19
	PA Hamlet 12 October 2015	3	8	3
	Wolseley 13 October 2015	4	7	30
	Tulbagh 14 October 2015	1	8	60
	Bella Vista 15 October 2015	3	6	59
	Ward Committees 17 October 2015	3	6	35
	N'Duli 19 October 2015	4	8	85
	Op Die Berg 20 October 2015	5	4	53
	Bussiness & Agri 20 October 2015	6	5	7
IDP /Budget Public meetings				
IDP Review Public Participation	Ceres 5 April 2016	5	8	21
	Tulbagh 5 April 2016	1	8	45
	N'Duli 7 April 2016	2	9	103
	Wolseley 11 April 2016	3	8	11
	Bussiness & Agri 12 April 2016	3	5	11
	Op Die Berg 12 April 2016	1	7	46
	Ward Committees 13 April 2016	3	9	61
	PA Hamlet 14 April 2016	0	9	3

Table 34: Public meetings

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a) Labour Forum

The table below specifies the members of the Labour Forum for the 2015/16 financial year:

Name of representative	Capacity	Meeting dates
H Smit	Chairperson	
B Klaasen	Executive Mayor	
W Hanekom	Mayco Member	
K Adams	Deputy Mayor	
D Nasson	Municipal Manager	
H Kritzinger	Director Finance	
J Krieger	Director Community Services	
M Mpeluza	Director Corporate Services	
J Barnard	Director Technical Services	
I Swartbooi	Manager Human Resources	9 September 2015
C Wessels	Manager Administration	21 October 2015
H. Arendse	Acting Human Resources Officer	24 February 2016
C Titus	Committee Clerk	23 March 2016
A Christians	IMATU	12 April 2016
J Noble	IMATU	25 May 2016
H Minnaar	IMATU	30 June 2016
J Goedeman	IMATU	
M Pieterse	IMATU	
S Joseph	IMATU	
K Ntanjana	SAMWU	
C Appolis	SAMWU	
L Silver	SAMWU	
R Frans	SAMWU	
A Morkel	SAMWU	

Table 35: Labour Forum

2.4.2 WARD COMMITTEES

The purpose of a ward committee is:

- to get better participation from the community to inform council decisions;
- to make sure that there is more effective communication between the council and the community; and
- to assist the ward councillor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The ward councillor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward councillor who makes specific submissions directly to the Council. These committees play a very important role in the development and annual revision of the IDP of the area.

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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: N'Duli (Polo Cross Hall)

Name of representative	Capacity representing	Number meetings held during the year
Mzimkhulu Baruza	Sport & Culture	9
Vacant	Health & Social	
Nomfuduko Hlazo	Safety	
Kholiwe Lithunya	Youth	
Xolile Swangaza	Education	
Zanemvula Dingilizwe	Business Community	
Tozi Sifile	Women	
Alfred Mpondwana	Churches	
Justice Dlephu	Civics & Taxes	
Nonzame Patsoane	Disabled& Elderly	

Table 36: Ward 1 Committee Meetings

b) Ward 2: Wolseley (Montana Library)

Name of representative	Capacity representing	Number meetings held during the year
Saney De Bruin	Safety	10
Frederik Booysen	Education	
Engela Afrika	Health & Social	
Linda Norman	Disability & Eldery	
Vacant	Civics & Taxes	
Ria Pienaar	Women	
Vacant	Business Community	
Alicia Geduld	Youth	
Elizabeth van Rooyen	Sport & Culture	
Brian Albertus	Churches	

Table 37: Ward 2 Committee Meetings

c) Ward 3: Ceres (Rietvallei Library)

Name of representative	Capacity representing	Number meetings held during the year
Amanda Whitebooi	Business Community	11
Lilly Denation	Health & Social	
Marinda Mankapan	Women	
Margaret Damon	Churches	

CHAPTER 2: GOOD GOVERNANCE

Name of representative	Capacity representing	Number meetings held during the year
Pieter Geldenhuys	Safety	
Willem Fortuin	Youth	
Glen Davids	Disabled & Elderly	
Andrew Vergotine	Sport & Culture	
Warren Hector	Education	
Sara Franse	Civics & Taxes	

Table 38: Ward 3 Committee Meetings

d) Ward 4: Prince Alfred's Hamlet (Kliprug Community Hall)

Name of representative	Capacity representing	Number meetings held during the year
Alma Goosen	Business Community	8
Willem Abrahams	Civics & Taxes	
Dina Snyder	Youth	
Kristina Sanders	Women	
Le-Marco Smith	Safety	
Jane Haas	Churches	
Gerrit Fredericks	Sport & Culture	
Herry Engelbrecht	Health & Social	
Sandralis Pienaar	Disabled & Elderly	
Karin Rode	Education	

Table 39: Ward 4 Committee Meetings

e) Ward 5: Ceres (John Steyn Library)

Name of representative	Capacity representing	Number meetings held during the year
Terry Webb	Health & Social	5
Anne Swarts	Disabled & Elderly	
Alistair Nasson	Youth	
Marius Koopman	Civics & Taxes	
Rudolf Nel	Sport & Culture	
Andries Slinger	Churches	
Alicia Pieterse	Women	
Dave May	Safety	
Ronnie Philander	Education	

Table 40: Ward 5 Committee Meetings

f) Ward 6: Bella Vista (Bella Vista Library)

Name of representative	Capacity representing	Number meetings held during the year
Jacobus Finnies	Youth	10

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Name of representative	Capacity representing	Number meetings held during the year
Vacant	Churches	
Melanie Bê	Disabled & Elderly	
Sara Krotz	Sport & Culture	
Chantel De Bruin	Health & Social	
Petrus Baadtjies	Safety	
Godvin Kammies	Business & Community	
Sylvia Minnar	Women	
Theo Le Cordeur	Education	
Elsabê Julies	Civics & Taxes	

Table 41: Ward 6 Committee Meetings

g) Ward 7: Wolseley (Montana Library)

Name of representative	Capacity representing	Number meetings held during the year
Willem Kamfer	Churches	11
Vacant	Business Community	
Edward Mackriel	Youth	
Mario Harris	Safety	
Gerald Engel	Sport & Culture	
Vacant	Health & Social	
Doreen Lottering	Women	
Lanbertus Johnson	Civics & Taxes	
Kain Hudson	Disable & Elderly	
Neville Africa	Education	

Table 42: Ward 7 Committee Meetings

h) Ward 8: Op -Die-Berg (Op-die-Berg Aksent Office)

Name of representative	Capacity representing	Number meetings held during the year
Wilhemina Ruiters	Disable & Elderly	9
Elizabeth Scheffers	Sport & Culture	
Absalom Snyders	Business Community	
Maria Pretorius	Women	
Miriam Titus	Youth	
Hildagardt Ramasesane	Churches	
Lena Pieterse	Safety	
Natasha Jacobs	Health & Social	
Monique Ambraal	Education	
Vacant	Civic & taxis	

Table 43: Ward 8 Committee Meetings

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i) Ward 9: Op-die-Berg

Name of representative	Capacity representing	Number meetings held during the year
Petrus Esau	Churches	11
Johannes Mars	Health & Social	
Willem Koopman	Disabled & Elderly	
Mgrieta Baartman	Women	
Carol De Klerk	Education	
Abraham Kamfer	Civics & Taxes	
Johannes Fransman	Safety	
Uolandy Kalmeyer	Youth	
Isak Isaks	Business Community	
Ayanda Jack	Sport & Culture	

Table 44: Ward 9 Committee Meetings

j) Ward 10: PA Hamlet (Council Chamber)

Name of representative	Capacity representing	Number meetings held during the year
Karel Mars	Youth	6
Sophia De Bruin	Women	
Ilize Stuurman	Health & Social	
Karliën Rode	Civics & Taxes	
Yolanda Smit	Education	
Jacob Waterboer	Sport & Culture	
Sophia Ismael	Business Community	
Hermanus Hardneck	Churches	
Leonard Baartman	Safety	
Carine Hardneck	Disable & Elderly	

Table 45: Ward 10 Committee Meetings

k) Ward 11: Tulbagh (Council Chamber)

Name of representative	Capacity representing	Number meetings held during the year
Jannie Van Wyngaardt	Education	11
Mina Bagan	Sport & Culture	
Jason Clark	Sport & Culture	
Amos Faro	Churches	
Florencia Adams	Women	
Piet Klink	Disabled & Elderly	
Ann Mybergh	Civics & Taxes	
Daniel Thomas	Youth	
Theo Lombard	Business Community	

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Name of representative	Capacity representing	Number meetings held during the year
Billy Du Toit	Safety	

Table 46: Ward 11 Committee Meetings

l) Ward 12: N'Duli (Community Hall)

Name of representative	Capacity representing	Number meetings held during the year
Tommy Mona	Education	11
Ntombizanele Baruza	Disabled & Elderly	
Ruth Yisa	Churches	
Thandiswa Mdange	Health & Social	
Victor Sifile	Business Community	
Methusi Mabandla	Safety	
Humphrey Ndwanya	Sport & Culture	
Vacant	Women	
Nomboniso Gambushe	Civics & Taxes	
Ndyebo Gili	Youth	

Table 47: Ward 12 Committee Meetings

2.4.3 FUNCTIONALITY OF WARD COMMITTEES

Ward committee members are paid a monthly stipend, and transport is provided, where necessary, to ward committee members to attend ward committee meetings and functions where public participation, through the ward committee system is required.

Venues have been established for the ward meetings and support personnel. The Community Liaison Officers and Community Development Workers have been put at their disposal. Food and beverages are provided at the ward committee meetings.

The table below provides information on the establishment of ward committees and their functionality:

Ward Number	Committee established: Yes / No	Number of reports submitted to the Speakers/IDP Office	Number meetings held during the year	Committee functioning effectively: Yes / No
1	Yes	11	9	Yes
2	Yes	10	10	Yes
3	Yes	12	11	Yes
4	Yes	9	8	Yes
5	Yes	7	5	No
6	Yes	10	10	Yes
7	Yes	11	11	Yes
8	Yes	10	9	Yes
9	Yes	11	11	Yes
10	Yes	10	6	Yes
11	Yes	11	11	Yes

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Ward Number	Committee established: Yes / No	Number of reports submitted to the Speakers/IDP Office	Number meetings held during the year	Committee functioning effectively: Yes / No
12	Yes	11	11	Yes

Table 48: Functioning of ward committees

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.

2.5 RISK MANAGEMENT

Section 62(1)(c)(i) of the MFMA states that: “... *The accounting officer of the 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.*”

Witzenberg Municipality is committed to the optimal management of risk in order to protect our core public service values, achieve our vision, objectives and deliver on our core business.

In the course of conducting our day-to-day business operations, we are exposed to a variety of risks. These risks include operational and other risks that are material and require comprehensive controls and on-going oversight.

To ensure business success the the Municipality have adopted an enterprise-wide integrated approach to the management of risks. By embedding the risk management process into key business processes such as planning, operations and new projects, the Municipality will be better equipped to identify events affecting our objectives and to manage risks in ways that are consistent with the approved risk appetite.

The top 10 inherent strategic risks of Witzenberg Municipality are:

- 1) Poor growth in revenue base
- 2) Un-recoverability of outstanding receivables
- 3) Inadequate supply of electricity to meet existing and future demands due to insufficient capacity and an under-developed Eskom bulk network
- 4) Major unplanned interruptions to deliver basic services
- 5) Deteriorating electrical, water, sanitation, pipe and road infrastructure
- 6) Inability to deal with disaster, business continuity and fire hazards
- 7) Inability to create a safe environment for communities
- 8) Inability to minimise recyclable waste
- 9) Community dissatisfaction with slow progress towards service delivery
- 10) Non-compliance to mSCOA (municipal Standard Chart of Accounts) implementation

2.6 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, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to

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ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

2.6.1 DEVELOPED STRATEGIES

Name of strategy	Developed Yes/No	Date Adopted/Reviewed
Anti-Fraud and Corruption Strategy	Yes	June 2015
Fraud and Corruption prevention policy and response plan	Yes	June 2015

Table 49: Strategies

2.6.2 IMPLEMENTATION OF STRATEGIES

Strategies to implement	Key Risk Areas	Key measures to curb corruption and fraud
Fraud Prevention Policy	Supply Chain Management	Roll-out of Anti-Fraud and Corruption Policy to internal stakeholders through presentations and internal news letters
Ethics Awareness Programme	Possible loss of income at traffic due to inactive follow-up on traffic violations	Roll-out of Anti-Fraud and Corruption Policy to external stake holders through outreach programmes
Outreach programme on fighting fraud and corruption	Lack of awareness of fraud amongst staff	Investigation of fraud and corruption cases
Whistle blowing through the National Fraud Hotline	Possible misuse of policy to disclose sensitive information	Monitoring recommendations with regards to disciplinary, criminal and recovery actions. Effective delegation systems
Establish a Witzenberg Municipal fraud line which is operated by an external provider	Ensure that allegation of fraud and corruption are investigated in order to eliminate fraud and corruption	Prevention and detection of fraud at a more rapid pace
To ensure that all employees and councillors in service of the Witzenberg Municipality has declared all interest/ownership/directorship.	Avoid doing business with employees in service of the municipality who does not declare that they are in service of the municipality	Use Trans Union in order to identify all employees have interest/ownership/directorship in companies
Regular update of the fraud risk register	Detection and prevention of fraud in the municipality	Monitoring key controls to alleviate fraud and corruption

Table 50: Implementation of the Strategies

2.7 PERFORMANCE RISK AND 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; and
- effective governance.

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Section 14(2)(c) of the Local Government Municipal Planning and Performance Management Regulations (R796 dated 24 August 2001) states that a municipality may utilize any Audit Committee established in terms of other applicable legislation as the Performance Audit Committee of the said municipality.

2.7.1 FUNCTIONS OF THE PERFORMANCE, RISK & AUDIT COMMITTEE

Council adopted its Performance, Risk and Audit Committee charter on 9 December 2015.

In order to fulfill its role, the Committee advice the Municipal Council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to:

- Internal financial control and internal audits;
- Risk management;
- Accounting policies;
- The adequacy, reliability and accuracy of financial reporting and information;
- Performance management;
- Effective governance;
- Compliance with the MFMA, Division of Revenue Act (DoRA) and any other applicable legislation;
- Performance evaluation; and
- Any other issues referred to it by the municipality.

2.7.2 MEMBERS OF THE PERFORMANCE, RISK & AUDIT COMMITTEE

Name of representative	Capacity	Meeting dates
Ms B. Daries (reassigned 20 May 2016)	Chairperson (Vacant)	31 July 2015 21 August 2015 4 September 2015 11 September 2015 23 October 2015 27 November 2015 14 March 2016 29 April 2016 20 May 2016
Mr A Amod	Member	31 July 2015 21 August 2015 4 September 2015 11 September 2015 23 October 2015 27 November 2015 14 March 2016 29 April 2016 20 May 2016
Mr J. Basson	Member	31 July 2015 21 August 2015 4 September 2015 11 September 2015 23 October 2015 27 November 2015

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Name of representative	Capacity	Meeting dates
		14 March 2016 29 April 2016 20 May 2016
Mr. T. Lesihla	Member	31 July 2015 21 August 2015 11 September 2015 23 October 2015 27 November 2015 14 March 2016 29 April 2016 20 May 2016

Table 51: Members of the Audit Committee

2.7.3 PERFORMANCE, RISK & AUDIT COMMITTEE (PRAC) RECOMMENDATIONS

Date of the PRAC meetings	Committee recommendations during 2015/16	Recommendations adopted (enter Yes) If not adopted (provide explanation)
11 September 2015	That the approved PRAC Performance Management Bi-Annual Report for 2014/15, be referred to Council for consideration	Yes
11 September 2015	To recommend to Council that the PRAC Charter be adopted by Council	Yes
23 October 2015	To recommend to Council that the Fraud Prevention Policy and Response Plan be approved and accepted	Yes
23 October 2015	To recommend to Council that the Fraud and Corruption Prevention Strategy be approved and accepted	Yes
23 October 2015	That cognisance be taken of the monthly reports of the Department of Finance for July and August 2015	Yes
23 October 2015	To recommend to Council that the Internal Audit Charter with effect from 1 July 2015 to 30 June 2016 be accepted	Yes
27 November 2015	That the second Bi-Annual Report on Performance Management for 2014/15 be tabled at the next Council meeting	Yes
27 November 2015	That cognisance be taken of the monthly reports of the Department of Finance for September and October 2015	Yes
27 November 2015	That the Report of the Performance, Risk and Audit Committee as at 30 June 2015 be included in the Annual Report of Witzenberg Municipality for 2014/15 when tabled to Council	Yes
14 March 2016	That the monthly reports of the Department of Finance for November, December 2015 and January 2016 be noted and accepted	Yes

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Date of the PRAC meetings	Committee recommendations during 2015/16	Recommendations adopted (enter Yes) If not adopted (provide explanation)
20 May 2016	To recommend to Council that the monthly reports of the Department of Finance for February and March 2016 be accepted	Yes

Table 52: Performance, Risk and Audit Committee Recommendations

2.8 INTERNAL AUDITING

An annual risk assessment was performed during April/June 2015 and all relevant risks were populated into the Witzenberg risk register. Updates were performed on a continuous basis. This risk assessment forms the basis of the 2015/16 to 2018/19 Risk Based Audit Plan.

The results of the 3-year strategic internal audit plan are included below:

Audit Activity	2015/16 Revised March 2016	2016/17	2017/18
Statutory Internal Audits			
DORA compliance	✓	✓	✓
Performance Management System (quarterly)	✓	✓	✓
Risk based audits			
AGSA Key controls	✓	✓	✓
Follow up internal Audit findings	✓	✓	✓
OPCAR	✓	✓	✓
Income & Debtors			✓
Risk based audits			
Supply Chain Management	✓		
Human Resources (Including Leave and Training)	➡		
Asset Management	✓	✓	
Inventory	✓		✓
Maintenance Management		✓	
Project & Contract Management		✓	
Indigent Management	➡		
IT - General controls	➡		
MSCOA	✓		✓

Table 53: Three-year strategic internal audit plan

Annual Audit Plan

The Audit Plan for 2015/16 was implemented and the table below provides detail on audits completed:

Audit Activity	Estimated hours	Quarter	Status
Statutory Audits			
DORA compliance	100	3	Completed

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Audit Activity	Estimated hours	Quarter	Status
Performance Management System	600	All	Completed
Follow up audit work			
AGSA key controls	200	All	Completed
Follow up Internal Audit Findings	280	All	Completed
OPCAR	80	All	Completed
Risk based audits			
Supply Chain Management	350	1	Work in Progress
Assessment Management	150	1	Work in Progress
Inventory	100	1	Work In progress
MSCOA	120	4	Completed
Debt Collection	350	4	Work in progress
AD-Hoc audits			
Year-end stock count	50	4	Completed
Consulting arrangements			
Municipal Governance	100	All	Completed
Compliance system	100	All	Completed
Risk Management	200	All	Completed

Table 54: Annual risk based audit plan

2.9 SUPPLY CHAIN MANAGEMENT

2.9.1 COMPETITIVE BIDS IN EXCESS OF R200 000

a) Bid Committee meetings

The following table details the number of Bid Committee meetings held for the 2015/16 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
40	27	29

Table 55: Bid Committee meetings

Attendance of members of the Bid Specification Committee, are as follows:

Member	Percentage attendance (%)
Manager Income / Deputy Director Finance / Manager Financial Administration (Chairperson)	100
Manager Supply Chain	100
Relevant technical expert responsible for a function	100

Table 56: Attendance of members of Bid Specification Committee

Attendance of members of the Bid Evaluation Committee, are as follows:

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Member	Percentage attendance (%)
Manager Income/ Deputy Director Finance Manager Financial Administration (Chairperson)	100
Manager Supply Chain	100
Relevant technical expert responsible for a function	100

Table 57: Attendance of members of Bid Evaluation Committee

Attendance of members of the Bid Adjudication Committee, are as follows:

Member	Percentage attendance (%)
Director Financial Services (Chairperson)	100
Director Technical Services	92.86
Director Community Services	100
Director Corporate Services	50.00
Manager Supply Chain/Deputy Director: Finance	100

Table 58: Attendance of members of bid adjudication committee

Note: The percentages as indicated above include the attendance of those officials acting in the position of a Bid Committee Member.

b) Awards made by the Bid Adjudication Committee

The Bid Adjudication Committee awarded 33 bids of an estimated value of R 36 657 082.42.

The five highest bids awarded by the Bid Adjudication Committee, are as follows:

Bid number	Title of bid	Directorate and section	Successful Bidder	Value of bid awarded R
08/2/13/59	Electrification Of Bella Vista, 312 Erven, Ceres	Technical - Electricity	Powerrec (PTY) Ltd	4 738 073.74
08/2/13/40	Hiring of tipper trucks, digger loaders, bull dozers and excavators for the Witzenberg Municipal Area	Technical - All	JC Services Plant and Tool Hire	2 806 660.00
08/2/13/40	Hiring of tipper trucks, digger loaders, bull dozers and excavators for the Witzenberg Municipal Area	Technical - All	Wolseley Grondverskuiwing CC	2 374 800.00
08/2/13/60	Supply and delivery of black disposable bags for refuse removal	Technical - Solid Waste & Cleansing	AWV Project Management	2 318 850.00
08/2/12/27	Sale of portion 1 of farm 276, Duivelsberg & remainder of farm 274, Twistniet, Tulbagh Road	Corporate services	KP Elbrecht	2 280 000.00

Table 59: Five highest bids awarded by Bid Adjudication Committee

c) Awards made by the Accounting Officer

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In terms of paragraph 5(2)(a) of Council's Supply Chain Management Policy, only the Accounting Officer may award a bid which is in excess of R10 million. The power to make such an award may not be sub-delegated by the Accounting Officer.

The following bid was awarded by the Accounting Officer during the 2015/16 financial year:

Bid number	Title of bid	Directorate and section	Value of bid awarded R
08/2/12/72	Resealing of existing streets in the Witzenberg Municipal Area	Technical - Streets & Stormwater	10 560 094.40

Table 60: Awards made by Accounting Officer

d) Appeals lodged by aggrieved bidders

The following appeals were lodged by aggrieved bidders on awards made in terms of section 62(1) of the Municipal Systems Act (Act 32 of 2000):

Bid number	Bid title	Date of appeal	Appellant	Reason for appeal	Dismissal date	Dismissed by
08/2/13/22	Electrical and Mechanical maintenance of water and sewer pump stations and treatment works in Witzenberg for a period of 24 months	18 April 2016	HSM Amanzi Pump and Sewerage Engineers t/a HSM Amanzi	Claiming sole supplier	Appeal was dismissed by the Accounting officer	Accounting Officer
08/2/13/33	Supply and delivery of 52w, 144w and 279w LED light fittings	7 April 2016	Siyphambili Electrical & Industrial Supplies CC	Reason for non-compliance with bid requirements	Appeal was dismissed by the Accounting officer	Accounting Officer

Table 61: Appeals lodged by aggrieved bidders on awards made

e) Awards made to enterprises within the Witzenberg Municipal Area

The following table details the value of competitive bids awarded to enterprises within the Witzenberg Municipal Area during the 2015/16 financial year:

Number of contracts awarded to enterprises within the Witzenberg Municipal Area	Percentage of contracts awarded to enterprises within the Witzenberg Municipal Area (%)	Value of contracts awarded to enterprises within the Witzenberg Municipal Area R	Percentage of contract value awarded to enterprises within the Witzenberg Municipal Area (%)
3	9.09	8 923 150	24.35

Table 62: Awards to enterprises within Witzenberg Municipal Area

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2.9.2 FORMAL WRITTEN PRICE QUOTATIONS BETWEEN R30 000 AND R200 000

a) Awards made to enterprises within the Witzenberg Municipal Area

A total of 23 formal written price quotations amounting to R2 643 654.95 were awarded.

The following table detail the value of formal written price quotations awarded to enterprises within the Witzenberg Municipal Area during the 2015/16 financial year:

Number of contracts awarded to enterprises within the Witzenberg Municipal Area	Percentage of contracts awarded to enterprises within the Witzenberg Municipal Area (%)	Value of contracts awarded to enterprises within the Witzenberg Municipal Area R	Percentage of contract value awarded to enterprises within the Witzenberg Municipal Area (%)
5	21.74	451 992	17.10

Table 63: Enterprises within Witzenberg Municipal Area quotation awards

2.9.3 DEVIATION FROM NORMAL PROCUREMENT PROCESSES

Paragraph 44 of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement process. Deviations amounting to R19 495 741.91 were approved by the Accounting Officer. The following table provide a summary of deviations approved on an annual and monthly basis respectively:

Type of deviation	Number of deviations	Value of deviations R	Percentage of total deviations value (%)
Single supplier	91	2 519 068.60	12.92
Impossible	1	351 220.00	1.80
Impractical	182	11 109 207.32	56.99
Emergency	81	5 516 245.99	28.29

Table 64: Summary of deviations

Deviations from the normal procurement processes have been monitored closely since the start of the previous financial year. Monthly reporting in terms of paragraph 44 of the SCM policy has been complied with. SCM implemented procurement processes where deviations can be avoided. The Disaster Recovery Unit notified Provincial Cabinet on 25 November 2015 of the prevailing situation pertaining to the drought. Subsequently the affected 5 municipalities was requested to declare local disaster for drought of Witzenberg Municipality as part of the 5 municipalities. The drought led to urgent procurement of goods and services where deviation processes had to be followed which significantly increased the total value of deviations for the year under review.

2.9.4 LOGISTICS MANAGEMENT

The system of logistics management must ensure the following:

- the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- the placing of manual or electronic orders for all acquisitions other than those from petty cash;

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- before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

Each stock item at the municipal stores, Dromedaris Street are coded and are listed on the financial system. Monthly monitoring of patterns of issues and receipts are performed by the Storekeeper.

Inventory levels are set at the start of each financial year. These levels are set for normal operations. In the event that special projects are being launched by departments, such information is not communicated timely to the Stores section in order for them to gear them to order stock in excess of the normal levels.

Internal controls are in place to ensure that goods and service that are received are certified by the responsible person which is in line with the general conditions of contract.

Regular checking of the condition of stock is performed. Quarterly stock counts are performed at which surpluses, deficits, damaged and redundant stock items are identified and reported to Council.

As at 30 June 2016, the value of stock at the municipal stores amounted to R4 590 287.35 with a satisfactory stock turnover rate of 1.43. For the 2015/16 financial year a total of R377.35 were accounted for as damaged and redundant items. No stock was accounted for as shortage or surplus items.

2.9.5 DISPOSAL MANAGEMENT

The system of disposal management must ensure the following:

- immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- Firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
- Immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- Where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- In the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

No disposals took place during the 2015/16 financial year. A consolidated list of items to be disposed of was compiled and will be submitted to Council for approval. The bid for the appointment of an auctioneer were advertised but cancelled due to all bids

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received being non-responsive to the preset criteria. A new bidding process will be initiated in the 2016/17 financial year for the disposal of assets.

2.9.6 PERFORMANCE MANAGEMENT

The SCM policy requires that an internal monitoring system be established and implemented in order to determine, on the basis of retrospective analysis, whether the SCM processes were followed and whether the objectives of the SCM policy were achieved.

Monitoring of internal processes is an on-going process. Procedure manuals for various SCM processes have been developed approved and are being implemented. Monthly reporting of appeals received by aggrieved bidders is also done to measure the performance of the bid specification and bid evaluation committees.

The Accounting Officer has appointed the Internal Auditor as the independent observer to attend bid committee meetings. This further enhances transparency with regards to our bid committee system and compliance to all relevant legislation.

No companies were listed as restricted suppliers during the 2015/16 financial year.

2.10 BY-LAWS AND POLICIES

Below is a list of all the policies developed and reviewed during the financial year:

Policies developed/ revised	Date adopted	Public Participation conducted prior to adoption of policy (Yes/No)	Date of Publication
Whistle Blowing Policy	23 October 2015	No	Not applicable
Risk Management Policy, Strategy and Work Plan	23 October 2015	No	Not applicable
Fraud and Corruption Prevention Policy and Response Plan	9 December 2015	No	Not applicable
Fraud and Corruption Prevention Strategy	9 December 2015	No	Not applicable
Adjustment of Credit Control and Debt Collection Policy	9 December 2015	No	Not applicable
Amendment of the Consumer Payment Incentive Policy	26 February 2016	No	Not applicable
Extended Public Works (EPWP) Policy	30 March 2016	No	Not applicable
Policy: Naming and Renaming of Streets, Residential Areas, etc	18 May 2016	No	Not applicable
Koekedouw Dam: Water Carry Over Policy	18 May 2016	No	Not applicable

Table 65: Policies

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2.11 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
Municipal contact details (Section 14 of the Promotion of Access to Information Act)	
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
Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)	
Draft Budget 2015/16	Yes
Adjusted Budget 2015/16	Yes
Asset Management Policy	Yes
Customer Care, Credit control and Debt collection Policy	Yes
Indigent Policy	Yes
Funds and Reserves Policy	Yes
Investment and Cash Management Policy	Yes
Rates Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
Virement Policy	Yes
Petty Cash Policy	Yes
Long Term Financial Policy	Yes
Borrowing Policy	Yes
SDBIP 2015/16	Yes
Integrated Development Plan and Public Participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)	
Reviewed IDP for 2015/16	Yes
IDP Process Plan for 2015/16	Yes
Supply Chain Management (Sections 14(2), 33, 37 and 75(1)(e) and (f) and 120(6)(b) of the MFMA and Section 18(a) of the National SCM Regulation)	
List of capital assets that have been disposed	Yes
Long Term borrowing contracts	Yes

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Description of information and/or document	Yes/No
Reports (Sections 52(d), 71, 72 and 75(1)(c) and 129(3) of the MFMA)	
Annual Report of 2014/15	Yes
Oversight reports	Yes
Mid-year budget and performance assessment	Yes
Quarterly Reports	Yes
Monthly Budget Statement	Yes
Performance Management (Section 75(1)(d) of the MFMA)	
Performance Agreements for employees appointed as per S57 of Municipal Systems Act	Yes
Assurance Functions (Sections 62(1), 165 and 166 of the MFMA)	
Audit Committee charter	Yes
Risk Management Policy	Yes

Table 66: Website checklist

2.12 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 Act 1996 and other statutory enactments all impose an obligation on local government communicators 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 of fundamental importance to government organisations due to their constant interaction with members of the public. All local government entities strive to uphold the following Constitutional ideals towards the development of acceptable policy and legislative framework regarding service delivery in public service:

- Promoting and maintaining high standards of professional ethics;
- Providing service impartially, fairly, equitably and without bias;
- Utilising resources efficiently and effectively;
- Responding to people's needs; the citizens are encouraged to participate in policy-making; and
- Rendering an accountable, transparent, and development-oriented public administration

These ideals are achieved through the 8 principles of Batho Pele:

1. Consultation

There are many ways to consult consumers of services including conducting customer surveys, interviews with individual users, consultation with groups, and holding meetings with consumer representative bodies, NGO's and CBO's. Often, more than one method of consultation will be necessary to ensure comprehensiveness and representativeness. Consultation is a powerful tool that enriches and shapes government policies such as the Integrated Development Plans (IDPs) and its implementation in Local Government sphere.

2. Setting service standards

This principle reinforces the need for benchmarks to constantly measure the extent to which citizens are satisfied with the service or products they receive from departments. It also plays a critical role in the development of service delivery improvement plans



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to ensure a better life for all South Africans. Citizens should be involved in the development of service standards. Required are standards that are precise and measurable so that residents can judge for themselves whether or not they are receiving what was promised. Some standards will cover processes, such as the length of time taken to authorise a housing claim, to issue a passport or identity document, or even to respond to letters. To achieve the goal of making South Africa globally competitive, standards should be benchmarked (where applicable) against those used internationally, taking into account South Africa's current level of development.

3. Increasing access

One of the primary aims of Batho Pele is to provide a framework for making decisions about delivering public services to the many South Africans who do not have access to them. Batho Pele also aims to rectify the inequalities in the distribution of existing services. Examples of initiatives by government to improve access to services include such platforms as the Gateway, Multi-Purpose Community Centres and Call Centres. Access to information and services empowers citizens and creates value for money, quality services. It reduces unnecessary expenditure for the citizens.

4. Ensuring courtesy

This goes beyond a polite smile, 'please' and 'thank you'. It requires service providers to empathize with the citizens and treat them with as much consideration and respect, as they would like for themselves. Local government is committed to continuous, honest and transparent communication with the citizens. This involves communication of services, products, information and problems, which may hamper or delay the efficient delivery of services to promised standards. If applied properly, the principle will help demystify the negative perceptions that the citizens in general have about the attitude of the public servants.

5. Providing information

As a requirement, available information about services should be at the point of delivery, but for residents who are located far from the point of delivery, other arrangements will be needed.

6. Openness and transparency

A key aspect of openness and transparency is that the public should know more about the way national, provincial and local government institutions operate, how well they utilise the resources they consume, and who is in charge. It is anticipated that the public will take advantage of this principle and make suggestions for improvement of service delivery mechanisms, and to even make government employees accountable and responsible by raising queries with them.

7. Redress

This principle emphasises a need to identify quickly and accurately when services are falling below the promised standard and to have procedures in place to remedy the situation. This should be done at the individual transactional level with the public, as well as at the organisational level, in relation to the entire service delivery programme. Public servants are encouraged to welcome complaints as an opportunity to improve service, and to deal with complaints so that weaknesses can be remedied quickly for the good of the citizen.

8. Value for money

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Many improvements that the public would like to see often require no additional resources and can sometimes even reduce costs. Failure to give a member of the public a simple, satisfactory explanation to an enquiry may for example, result in an incorrectly completed application form, which will cost time to rectify.

2.12.1 COMMUNICATION STRATEGY

The Witzenberg Municipality Communication Strategy 2013/2017 illustrates the views of local residents regarding communication and perceptions of the municipality. Many views expressed display dissatisfaction levels with aspects related to elements beyond the scope of local government, for example access to housing, employment opportunities, education and healthcare. However, local government acts as the conduit to expedite issues of this nature to the correct government entities as well as support and invest in various programmes aimed at skills development, youth development, social development and short term temporary employment. Levels of literacy, understanding of language, public apathy, level of education, knowledge of government processes and access to communication tools can also affect how the public formulates perceptions of local government and can potentially hamper how they communicate and assimilate communication, especially within rural environs.

A successful communication strategy therefore links local demographics to the municipality's programme for the year and influences budgetary expenditure according to the needs of the public.

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

Communication activities	Yes/No
Communication unit	Yes
Communication strategy	Yes
Communication Policy	Part of the Strategy
Media communication	Yes
Public participation and ward committees	Yes
Online communication	Yes
Customer satisfaction surveys	No
Functional complaint management systems	Yes
Newsletters distributed at least quarterly	Yes

Table 67: Communication Activities

2.12.2 COMMUNICATION AND QUERY/COMPLAINT MANAGEMENT

Witzenberg Municipality runs a 24 hour control centre that provides assistance to the public, 7 days a week, 365 days a year. The control centre offers the dual function of escalating service delivery queries to the correct departments such as water and sewerage, electrical, streets and stormwater, as well as escalate emergency service queries to police, ambulance, fire, traffic. They also perform the function of informing senior management and Council concerning high priority incidents such as shack fires, housing issues, motor vehicle accidents, obstructions and health hazards. This ensures that decisions regarding expenditure and overtime can be made and monitored. The control centre will be used to conduct research in the next financial year concerning client satisfaction and receipt of communication from the municipality. Complaints are also received via fax, email, website and letters and this communication is routed to the correct sections and personnel to address. Speedy turn around times and feedback towards clients ensure that they are not disgruntled and have a realistic expectation of when the service will be delivered, its delivery method and how the query will be resolved. This greatly aids in educating the public on how the municipality conducts its operations, how to use the municipality to address issues as well as creating public support. Failure to validate complaints and communicate the reasons for service interruptions can result in discord and protest.



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2.12.3 COMMUNICATION AND MUNICIPAL MARKETING

Marketing of a municipality differs vastly from corporate marketing in its conventional sense within the private sector. Marketing is a commercial term referring to sales generation and promotion of services/goods for purchase. The exercise of marketing according to its traditional definition is an imperative exercise as it has direct impact upon profits, needs to be current and competitive as well as exert influence on consumer decision-making.

Branding is the establishment of a persona and value system associated to a service or product and is often linked to the user experience, graphical representation, sound bite or smell which inspires a mental link to the value of the product or service. Traditional marketing models identify the consumer as being the party with decision making and buying power .

Marketing in a municipal context is very similar but has fundamental differences. Municipal marketing is not focussed upon sales to drive its profit margins in the same way as the private sector, as it is the sole supplier of public services to residents and businesses, i.e. municipalities provide access to drinking water, residential garden waste removal, residential refuse removal, commercial refuse removal, fire services, traffic services, law enforcement, waste water management, etc. This means that municipalities often possess the monopoly of services. The target public for municipalities concentrate on mainly are the local residents within its geographical area and the residents targeted crosses all demographics, social statuses and income levels. Whilst municipal marketing aims to focus in part upon municipal revenue, it also aims to protect the security and integrity of vulnerable communities. Thus, municipal marketing includes support programmes to address social issues and poverty alleviation.

Municipal marketing places emphasis upon the promotion of milestones and success stories to motivate residents to consistently pay their municipal accounts. Municipal marketing towards local businesses and residents encompasses the creation of transparent communication processes, timeous responses to queries, query resolution and validation of complaints. Municipal marketing also plays a role in marketing our projects, campaigns and initiatives towards other legs of government. The municipality's participation and roll out of these types of events, markets Witzenberg Municipality as a municipality which is focussed upon delivery and poverty alleviation as per its Constitutional mandate and that of its Integrated Development Plan as well as being a forerunner and pioneer in pilot projects. The cornerstone of municipal marketing is the quality of service which includes speed of initial response, workmanship of service rendered, duration of address before resolution, feedback to the complainant, professional closure/finishing of the problem addressed.

Branding is associated with all types of municipal marketing and as illustrated in the Communication Strategy 2013/2017, the public do not have a negative perception of services rendered by the municipality, but neither do they have a positive perception of the municipality. Thus, the branding objective during this Communication Strategy is focussed upon brand establishment. This means that the marketing effort will focus upon placing logos upon all infrastructure, creation of printed collateral, monthly newsletters, social media engagement, media statements, corporate gifting, etc. The overarching theme projected with communication is to offer the public easy access towards services, information, personnel and complaint resolution.

2.12.4 COMMUNICATION AND INTERNATIONAL RELATIONS

Witzenberg Municipality is open towards establishing mutually beneficial partnerships with international organisations and municipalities aimed at skills development, knowledge sharing, local economic empowerment and job creation. The municipality regularly conducts meetings with visiting international delegations to discuss aspects of operations and best practice models. Some of these engagements have resulted in twinning agreements offering developmental support towards our vulnerable communities.

2.12.5 COMMUNICATION AND INVESTOR RELATIONS



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Witzenberg Municipality consistently markets its service delivery levels and infrastructure in a bid to attract investors to the area through the promotion of its facilities, management, political stability, water and air quality, natural environment and unskilled labour force.

2.12.6 EMERGENCY AND DISASTER COMMUNICATION

In the event of an emergency or disaster being declared by the District, Witzenberg Municipality is able to provide communication support through mechanisms of communications relay to line functions within its competence, able to source landscape and geographical mapping of the area in question, gather inputs from visceral line functions and services, perform communication reports to monitor the situation, act as spokesperson, manage and support media relations, drafting articles/statements, providing photographic evidence of the situation if so required.

2.12.7 FINANCIAL COMMUNICATION

Witzenberg Municipality engages frequently with the public regarding its expenditure on projects, financial legislation, anti-fraud and corruption mechanisms, the bid and tender processes, etc through social media and printed collateral. The aim of financial communication is to create transparency regarding our expenditure and asset management. As a municipality our ultimate goal is to comply and, where possible, to exceed the audit standards set forth for local government and attain unqualified audit status. Due to the regulatory nature of financial management, Witzenberg Municipality aims to make this information freely available for the public to access as well as make use of language calibration to ensure that the information disseminated is simple and easily assimilated. Use of graphics and household comparisons are frequently used to illustrate technical information. Witzenberg Municipality strives to relay this type of communication in the three official languages for local government within the Western Cape.

2.12.8 ELECTRONIC COMMUNICATION

Witzenberg Municipality performs media scanning of communication by following commonly used alerts, hashtags, bookmarks and words associated with our municipality on social media. This allows the municipality to bring important information to the attention of senior management and Council to address. It also aids with complaint management as it allows us to mitigate situations before they escalate. Social media is a cost effective resource to use to convey information and is an effective method of relaying municipal communication as many residents are in possession of cellphones. However, this mode of communication is labour intensive and does not have great penetration in our rural environs. We also make use of text message communication to residents to convey urgent updates concerning power outages, water interruptions, road closures, dangerous weather conditions, municipal jamborees, etc. Witzenberg Municipality also uploads Council information and minutes of meetings and tender information onto our corporate website.

2.12.9 INTERPERSONAL COMMUNICATION

Witzenberg Municipality conducts internal communication with employees to promote and convey our organisational policies and procedures to staff through internal newsletters. This newsletter covers employee related information concerning long service awards, retirement, information regarding their salary structures and benefits, births, marriages, deaths, sporting achievements, training and educational accolades, health and safety, anti-fraud strategies and whistle blowing. The communication aimed at employees carries a monthly theme concerning employee wellness to promote better health management and personal welfare. It is also a platform for senior management to engage with employees and relay important information.

2.12.10 MEDIA COMMUNICATION

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The Witzenberg Municipality creates, promotes and liaises with local and regional media regarding project and programme launches, milestones, municipal issues, local events. We also respond to media queries and requests for statements. All external communication is approved by the Municipal Manager as per his delegation, however, he may appoint spokespersons within the organisation at his discretion.

2.12.11 COMMUNICATION AND LEGISLATION

The Witzenberg Municipality liaises with the public regarding decisions by Council and Portfolio Committees with impact upon local regulations and by-law generation. The municipality often engages with the public for initial commentary and feedback to aid the municipality with their decision-making on issues highlighted by the public. The municipality also performs official communication to residents and businesses concerning contravention of established by-laws and regulations. The municipality always strives to be open, consistent and transparent regarding legal issues and aims to engage with the parties involved to ensure clarity, mutual understanding and respect of heritage, cultural and religious beliefs as long as it does not infringe upon the rights of other residents.

2.12.12 VISUAL COMMUNICATION

The Witzenberg Municipality is in the process of developing policies to manage our visual usage and corporate identity. Visual communication is pivotal to our Communication Strategy as a large sector of our demography have poor literacy levels and rely upon visual communication to understand municipal messages. Visual communication is performed through the use of correspondence, branding, photographs, marketing collateral, videos, industrial theatre, animation and events. Municipal vehicles are branded with decal which identifies them as official conveyances and inspires trust with residents that the work being administered by employees or the information being disseminated by employees is accurate and reliable. It is for this reason that 'loud hailing' is an effective communication practice to relay urgent notifications to the public in our community.

2.12.13 COMMUNICATION CHALLENGES

The Witzenberg Municipality communicates regularly with its target public, but faces financial challenges which hamper the following areas of our communication initiatives:

- 🍷 Branding of assets, employees and infrastructure
- 🍷 Limited brand collateral available
- 🍷 Outsourced media scanning
- 🍷 Development of our intranet
- 🍷 Poor network coverage due to the topography
- 🍷 Limited to no free Wi-Fi access
- 🍷 Access to better technology for our communication systems, brand development, feedback mechanisms and reporting
- 🍷 No access to communication or perception specific research regarding language usage and message penetration
- 🍷 Neglect or exclude small pockets of the community which are located in remote, rural environs

Local government is frequently criticised on their lack of communication and engagement with the community, but although our municipality faces adversity, Witzenberg Municipality is successful in our good governance as we progress each year in this field, due to prioritising the needs of our all our residents; commercial, residential, rural and informal. Our communities are vocal and hold the municipality accountable for our performance and our areas for improvement in our departments. The reputation of the municipality is that we are approachable and accessible to the public and this is largely as a result of our frequent interaction with

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the public, addressing issues raised by the public, admitting fault and limitation where relevant and building a trust relationship with the public based upon reliability and quality services.

2.12.14 COMMUNICATION MILESTONES

The Witzenberg Municipality has revamped their corporate website as from 01 May 2016. The improved look and feel of the interface reflects our corporate identity and provides a positive experience for our visitors due to its ease of navigability and the generous use of white space. The optimised content has allowed it to be ranked high on search engine indexing, ensuring that the municipality maintains an online presence of high visibility.

2.13 DISCLOSURES OF FINANCIAL INTERESTS

Schedule 1, Section 7 as well as Schedule 2, Section 5A of the Municipal Systems Act states that when a councillor is elected or appointed or a person appointed in terms of section 56 or a municipal manager, he or she must within 60 days declare in writing to the municipal manager or the chairperson of the municipal council the following financial interests held:

- shares and securities in any company;
- membership of any close corporation;
- interest in any trust;
- directorships;
- partnerships;
- other financial interests in any business undertaking;

- employment and remuneration;
- interest in property;
- pension; and
- Subsidies, grants and sponsorships by any organisation.

Any change in the nature or detail of the financial interests of any councillor or official must be declared in writing to the municipal manager or to the chairperson of the municipal council annually. The municipal council must determine which of the financial interests referred in the abovementioned list must be made public, having regard to the need for confidentiality and the public interest for disclosure.

The following table lists the disclosure of financial interests of the administrative and strategic role players of the municipality which were deemed to be disclosed for public interest:

Disclosures of Financial Interests		
2015/16		
Name	Description of Financial interests*	
Executive Mayor		
Cllr JNED Klazen	No Financial Interest	
Cllr BC Klaasen	Shares and securities in any	NASPERS and SASOL
	Directorships	Klaasen Incorporated
	Employment and Remuneration	Klaasen Incorporated
	Property	Residential (only 2)
Member of Mayoral Committee / Executive Committee		
Cllr K Adams	Pension	Consolidated Retirement Fund
Cllr T Godden	Pension	Consolidated Retirement Fund
Cllr JP Fredericks	Pension	Consolidated Retirement Fund
Cllr HJ Smit	Pension	Consolidated Retirement Fund
Cllr JJ Visagie	Property	Residential

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Disclosures of Financial Interests		
2015/16		
Name	Description of Financial interests*	
Cllr S Louw	Pension	Municipal Councillors Pension Fund
	Property	Residential
	Pension	Municipal Councillors Pension Fund
Councillor		
Cllr R Badela	No Financial Interest	
Cllr P Daniels	Membership of any close corporation	Avaxa514- Dormant
	Property	Residential (only 1)
Cllr JJ Du Plessis	Membership of any close corporation	Moulin Du Plessis BK
	Trust	Du Plessis Trust
	Trust	Oude Tol Trust
	Employment and Remuneration	Cllr Cape Winelands District Municipality and Witzenberg Municipality
	Pension	Sanlam
Cllr MC Du Toit	Trust	IB du Toit
	Property	IB Du Toit Trust
	Employment and Remuneration	Ceres Rem Hoogte; Boerdery BPK
	Pension	Consolidated Retirement Fund
Cllr WJ Hanekom	Employment and Remuneration	Councillor at Witzenberg Municipality and Koue Bokkeveld Training Centre
	Property	Residential
	Pension	Consolidated Retirement Fund
Cllr BC Klaasen	Shares and securities in any	NASPERS and SASOL
	Directorships	Klaasen Incorporated
	Employment and Remuneration	Klaasen Incorporated
	Property	Residential (only 2)
Cllr JS Mouton	Directorships 2 Companies	2 Companies
	Property	Residential (only 1) and business (only 1)
	Pension	Consolidated Retirement Fund
Cllr SM Ndwanya	No Financial Interest	
Cllr JT Phungula	Employment and Remuneration	Councillor at Witzenberg Municipality
	Property	Residential
	Pension	Consolidated Retirement Fund
Cllr L Salmon	Pension	Consolidated Retirement Fund
Cllr MI Saula	No Financial Interest	
Cllr EM Sidego	Shares and securities in any	SANLAM
Cllr RJ Simpson	Pension	Municipal Councillors Pension Fund
Cllr A Smit	Trust	Leeupoort
	Employment and Remuneration	Dennekruin

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Disclosures of Financial Interests		
2015/16		
Name	Description of Financial interests*	
	Pension	Consolidated Retirement Fund
Cllr D Swart	Shares and securities in any company	Crispy Farming
	Employment and Remuneration	Councillor at Witzenberg Municipality
	Property	Residential
	Pension	Municipal Councillors Pension Fund
Chief Accounting Officer		
Mr D Nasson	Shares and securities in any company	Old Mutual
Chief Financial Officer		
Mr HJ Kritzinger	Property	Residential
Directors		
Mr JF Barnard	Property	Residential (Small Holding); Farm
Mrs JS Krieger	Directorship and Partnerships	NAWA
Mr M Mpeluza	Property	Residential
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A		

Table 68: Disclosures of Financial Interests



Chapter 3

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

3.1.1 INTRODUCTION

Performance management is prescribed by Chapter 6 of the MSA and the Municipal Planning and Performance Management Regulations, 2001. Regulation 7(1) of the aforementioned regulation 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, organized and managed, including determining the responsibilities of the different role players.” This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance. The municipality adopted a performance management **policy framework** that was approved by Council on **26 November 2009**.

The Top Layer SDBIP was approved by the Mayor on the **26 May 2015**. The following were considered in the development of the Top Layer SDBIP:

- Alignment with the IDP, National KPA’s, Municipal KPA’s and IDP objectives
- Alignment with the budget
- Oversight Committee Report on the Annual Report of 2014/15
- The risks identified by the Internal Auditor during the municipal risk analysis
- Areas to be addressed and root causes of the Auditor-General management letter, as well as the risks identified during the audit
- Local Government Turnaround Strategy

3.1.2 ORGANISATIONAL PERFORMANCE

The organisational performance is monitored and evaluated via the SDBIP. An operating procedure for the management and implementation of the SDBIP has been developed. The operating procedure was workshopped with the relevant kpi owners and senior management. The procedures can be summarised as follows:

- The Performance Administrator informs the relevant kpi owners, senior management and departmental secretaries of the closure date to submit actuals achieved for the preceding month. The date varies, but is usually around the 10th of each month. By this date the managers must submit their actuals achieved on the performance web based system.
- Proof of evidence is saved on the system.
- A second date is indicated whereby senior management must verify the information submitted by the manager, as well as the proof of evidence that confirms the information submitted. Any interventions for under-performance and/or general comments should be included on the system. The second closure date is usually approximately 3 days after the first closure date.
- After the second closure date the Performance Administrator generate reports for the relevant portfolio committees, as well as for each directorate. The senior managers signs each of his/her directorate reports as an indication that the information submitted has been verified and that proof of evidence does exist for the actual performance.
- The relevant departmental secretary print the signed manager monthly report and save it on Trim, the municipal archive system.
- The monthly reports are then submitted for inclusion in the relevant Council Portfolio Committee.

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- The Performance Administrator generate an overall municipal report and submit it as the monthly SDBIP report to the Municipal Manager for submission to the Mayoral Committee.
- The first quarterly report was submitted to the Executive Mayor on 23 November 2015 and the second quarterly report was submitted to the Executive Mayor on 23 February 2016. The third quarter report was submitted to the Executive Mayor on 13 May 2016. The fourth quarter report was submitted to the Executive Mayor on 25 July 2016.

3.1.3 INDIVIDUAL PERFORMANCE

a) Municipal Manager and Managers directly accountable to the Municipal Manager

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance based agreements with the Section 57-employees 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 2015/16 financial year were signed on the 31 July 2015 as prescribed.

The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The final evaluation of the 2014/15 financial year took place on 7 December 2015 and the mid-year performance of 2015/16 on 11 April 2016 and 28 April 2016.

The appraisals 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
- Chairperson of the Performance, Risk and Audit Committee
- Municipal Manager
- Manager: Human Resources
- Mr. A Paulse Municipal Manager of Bitou Municipality, took part in the review of the Municipal Manager

3.1.4 THE IDP AND THE BUDGET

The IDP for 2015/16 was reviewed and approved on 27 May 2015, whilst the budget for 2015/16 was approved by Council on the same day. The IDP process and the performance management process are integrated. The IDP fulfills the planning stage of performance management. Performance management in turn, fulfills the implementation management, monitoring and evaluation of the IDP.

3.1.5 STRATEGIC ALIGNMENT

b) Municipal Key Performance Areas

Municipal Key Performance Area	Strategic Objective	
Essential Services	1.1	Sustainable provision & maintenance of basic infrastructure
	1.2	Provide for the needs of informal settlements through improved services
Governance	2.1	Support Institutional Transformation & Development
	2.2	Ensure financial viability

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Municipal Key Performance Area	Strategic Objective	
	2.3	To maintain and strengthen relations with international- & inter-governmental partners as well as the local community through the creation of participative structures.
Communal Services	3.1	Provide & maintain facilities that make citizens feel at home
Socio-Economic Support Services	4.1	Support the poor & vulnerable through programmes & policy
	4.2	Create an enabling environment to attract investment & support local economy.

Table 69: Strategic Alignment

c) Performance indicators set in the approved Top Layer SDBIP for 2015/16 per strategic objective

i) Create an enabling environment to attract investment & support local economy

Ref	KPI	Unit of Measurement	Wards	Target for 2014/15	Actual performance of 2014/15	Target for 2015/16				
						Q1	Q2	Q3	Q4	Annual
TL35	Revisit Municipal Land Audit and draw up an implementation plan. Phase implementation from 14/15 onwards.	Phased implementation	All	1	1	0	0	0	1	1
TL36	Compile & Implementation of LED Strategy	Phased implementation	All	1	1	0	0	0	1	1

Table 70: Performance indicators set in the approved Top Layer SDBIP for 2015/16 per strategic objective: Create an enabling environment to attract investment & support local economy

ii) Ensure financial viability

Ref	KPI	Unit of Measurement	Wards	Target for 2014/15	Actual performance of 2014/15	Target for 2015/16				
						Q1	Q2	Q3	Q4	Annual
TL18	Financial viability expressed as Debt-Coverage ratio	Ratio	All	16	27	16	16	16	16	16
TL19	Financial viability expressed as Cost-Coverage ratio	Ratio	All	1.6	2.5	1.6	1.6	1.6	1.6	1.6
TL20	Financial viability expressed outstanding service debtors	Ratio	All	46%	70%	44%	44%	44%	44%	44%
TL21	Opinion of the Auditor-General on annual financial statements of the previous year.	Opinion of AG.	All	1	1	0	0	1	0	1
TL22	Increased revenue collection	Percentage revenue collected.	All	96%	94%	96%	96%	96%	96%	96%
TL23	Percentage of budget spent on maintenance.	Percentage of budget spent.	All	99%	99%	25%	50%	75%	98%	98%
TL24	Percentage spend of capital budget.	Percentage of budget spent.	All	96%	95%	10%	40%	60%	95%	95%

Table 71: Performance indicators set in the approved Top Layer SDBIP for 2015/16 per strategic objective: Ensure financial viability

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iii) Provide and maintain facilities that make citizens feel at home

Ref	KPI	Unit of Measurement	Wards	Target for 2014/15	Actual performance of 2014/15	Target for 2015/16				
						Q1	Q2	Q3	Q4	Annual
TL27	Customer satisfaction survey (Score 1-5) - community facilities.	Score of survey.	All	3	2.3	0	0	0	4	4
TL28	% Expenditure on Maintenance Budget by Community Directorate	Percentage of budget spent.	All	99% of the operational budget spent	99% of the operational budget spent	25%	50%	75%	98%	98%
TL29	% Expenditure on Capital Budget by Community Directorate	Percentage of budget spent.	All	96%	97%	10%	40%	60%	95%	95%

Table 72: Performance indicators set in the approved Top Layer SDBIP for 2015/16 per strategic objective: Provide and maintain facilities that make citizens feel at home

iv) Provide for the needs of informal settlements through improved services

Ref	KPI	Unit of Measurement	Wards	Target for 2014/15	Actual performance of 2014/15	Target for 2015/16				
						Q1	Q2	Q3	Q4	Annual
TL11	Number of subsidised serviced sites developed.	Number of serviced plots.	All	485	470	0	0	300	600	600
TL12	Provide basic services - number of informal areas with sufficient communal water services points (taps).	Number of informal areas.	All	2	2	3	3	3	3	3
TL13	Provide basic services - number of informal areas with sufficient communal sanitation services points (toilets).	Number of informal areas.	All	2	2	3	3	3	3	3
TL14	Improve basic services - number of informal settlements receiving a door-to-door refuse collection and area-cleaning service.	Number of informal areas.	All	2	2	3	3	3	3	3
TL15	Number of subsidised electricity connections installed.	Number of connections.	All	50	42	0	0	158	158	158

Table 73: Performance indicators set in the approved Top Layer SDBIP for 2015/16 per strategic objective: Provide for the needs of informal settlements through improved services

v) Support institutional transformation and development

Ref	KPI	Unit of Measurement	Wards	Target for 2014/15	Actual performance of 2014/15	Target for 2015/16				
						Q1	Q2	Q3	Q4	Annual
TL16	Percentage budget spent on implementation of Workplace Skills Plan.	Percentage of budget spent.	All	99%	100%	25%	50%	75%	99%	99%
TL17	Percentage of people from employment equity target groups employed in the three highest levels of management in	Percentage of equity groups	All	70%	71%	0	72%	0	72%	72%

Table 74: Performance indicators set in the approved Top Layer SDBIP for 2015/16 per strategic objective: Support institutional transformation and development

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vi) Support the poor and vulnerable through programmes and policy

Ref	KPI	Unit of Measurement	Wards	Target for 2014/15	Actual performance of 2014/15	Target for 2015/16				
						Q1	Q2	Q3	Q4	Annual
TL30	Number of account holders subsidised through the municipality's indigent Policy	Number of account holders.	All	3 100	2 794	2 500	2 600	2 700	2 750	2 750
TL31	The number of jobs created through municipality's local economic development initiatives including capital projects.	Number of jobs created.	All	380	421	100	200	300	380	380
TL32	Number of social development programmes implemented	Number of programmes.	All	17	17	4	8	12	19	19
TL33	Number of housing opportunities provided per year.	Number of top structures.	All	42	42	0	0	0	0	0
TL34	Number of Rental Stock transferred	Number of properties transferred.	All	65	58	15	45	45	55	55

Table 75: Performance indicators set in the approved Top Layer SDBIP for 2015/16 per strategic objective: Support the poor and vulnerable through programmes and policy

vii) Sustainable provision and maintenance of basic infrastructure

Ref	KPI	Unit of Measurement	Wards	Target for 2014/15	Actual performance of 2014/15	Target for 2015/16				
						Q1	Q2	Q3	Q4	Annual
TL1	% Expenditure on Maintenance Budget by Technical Directorate	Percentage of budget spent.	All	99% of the operational budget spent	99% of the operational budget spent	25%	50%	75%	98%	98%
TL2	% Expenditure on Capital Budget by Technical Directorate	Percentage of budget spent.	All	96%	96%	10%	40%	60%	95%	95%
TL3	Percentage compliance with drinking water quality standards.	Percentage compliance.	All	97%	100%	97%	97%	97%	97%	97%
TL4	Number of outstanding valid applications for water services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	2%	0%	<1%	<1%	<1%	<1%	<1%
TL5	Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	2%	0%	<1%	<1%	<1%	<1%	<1%
TL6	Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	2%	0%	<1%	<1%	<1%	<1%	<1%
TL7	Number of outstanding valid applications for refuse collection services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	2%	0%	<1%	<1%	<1%	<1%	<1%
TL8	Decrease unaccounted water losses.	Percentage water losses.	All	26%	21%	23%	23%	23%	23%	23%

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Ref	KPI	Unit of Measurement	Wards	Target for 2014/15	Actual performance of 2014/15	Target for 2015/16				
						Q1	Q2	Q3	Q4	Annual
TL9	Decrease unaccounted electricity losses.	Percentage electricity losses.	All	9%	9%	9%	9%	9%	9%	9%
TL10	Kilometres of roads upgraded & rehabilitated	Kilometres of roads	All	2.6	4.83	0	0.5	4	9.41	9.41

Table 76: Performance indicators set in the approved Top Layer SDBIP for 2015/16 per strategic objective: Sustainable provision and maintenance of basic infrastructure

- viii) To maintain and strengthen relations with international- and intergovernmental partners as well as the local community through the creation of participative structures

Ref	KPI	Unit of Measurement	Wards	Target for 2014/15	Actual performance of 2014/15	Target for 2015/16				
						Q1	Q2	Q3	Q4	Annual
TL25	Number of IDP community meetings held.	Number of meetings held.	All	14	14	0	7	0	7	14
TL26	Number of meetings with inter-governmental partners.	Number of meetings held.	All	10	10	3	5	5	10	10

Table 77: Performance indicators set in the approved Top Layer SDBIP for 2015/16 per strategic objective: To maintain and strengthen relations with international- and intergovernmental partners as well as the local community through the creation of participative structures

3.1.6 BUDGET SPENDING PER IDP KEY PERFORMANCE AREA

The table below provide an analysis of the budget allocation per Municipal Key Performance Area (Opex excludes internal transfers):

Municipal Key Performance Area	Capital Budget R'000	Operational Budget (Opex) R'000
Essential Services	72 961	325 936
Governance	1 899	99 166
Communal Services	2 245	40 829
Socio-Economic Support Services	0	7 003
Total	77 104	472 934

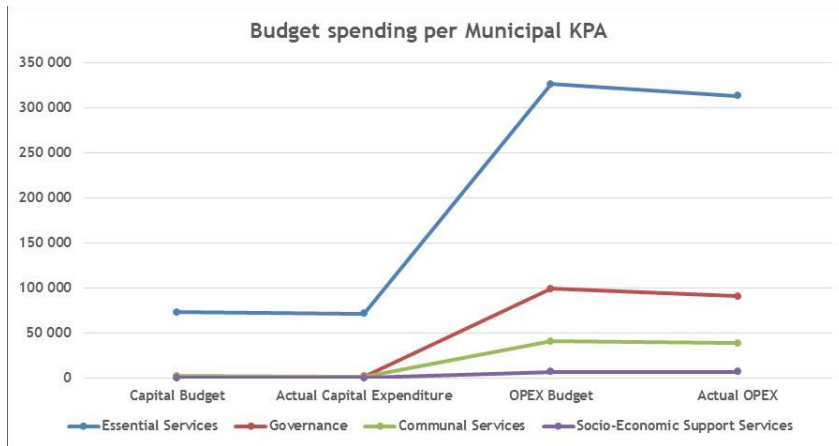
Table 78: Budget spending per IDP Key Performance Area (as per approved amended 2015/16 SDBIP. Opex includes internal transfers)

The table below provide an analysis of the actual spending per Municipal Key Performance Area for 2015/16:

Municipal Key Performance Area	Actual Capital Expenditure for 2015/16 R'000	Actual Operating Expenditure for 2015/16 R'000
Essential Services	71 481	313 005
Governance	1 821	90 632
Communal Services	1 412	38 909
Socio-Economic Support Services	0	6 864
Total	74 715	449 410

Table 79: Actual capital and operating expenditure (excluding internal transfers) per IDP Key Performance Area for 2015/16

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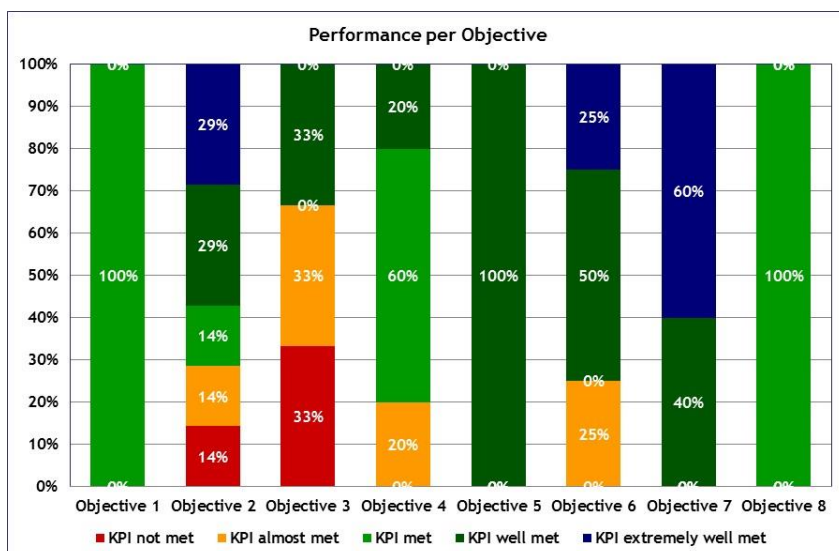
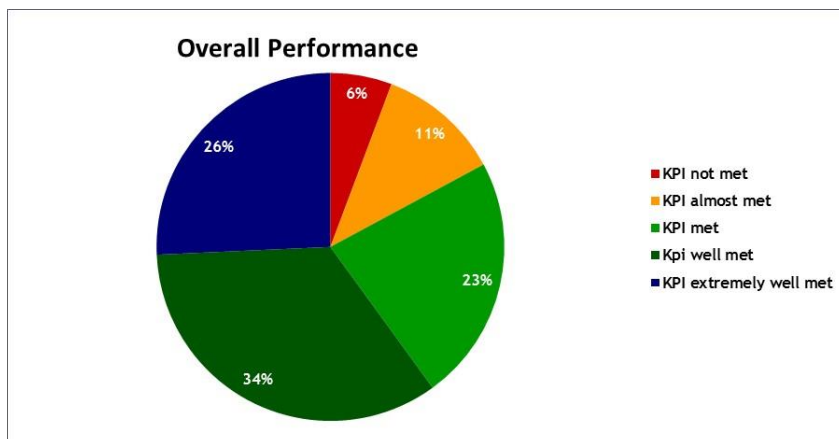


Graph 6: Budget spending per Municipal KPA

3.1.7 STRATEGIC PERFORMANCE (TOP LAYER SDBIP) FOR 2015/16

Strategic performance of the municipality is measured in terms of the municipality's performance on its key performance indicators set in the Top Layer SDBIP.

d) Overall performance for 2015/16



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Measurement Category	Objective 1	Objective 2	Objective 3	Objective 4	Objective 5	Objective 6	Objective 7	Objective 8	Total
	Create an enabling environment to attract investment & support local economy.	Ensure financial viability.	Provide & maintain facilities that make citizens feel at home.	Provide for the needs of informal settlements through improved services.	Support institutional transformation & development.	Support the poor & vulnerable through programmes & policy.	Sustainable provision & maintenance of basic infrastructure.	To maintain & strengthen relations with international & intergovernmental partners as well as the local community through the creation of participative structures.	
KPI Not Measured	0	0	0	0	0	1	0	0	1
KPI Not Met	0	1	1	0	0	0	0	0	2
KPI Almost Met	0	1	1	1	0	1	0	0	4
KPI Met	2	1	0	3	0	0	0	2	8
KPI Well Met	0	2	1	1	2	2	4	0	12
KPI Extremely Well Met	0	2	0	0	0	1	6	0	9
Total	2	7	3	5	2	5	10	2	36

Graph 7: Overall strategic performance (Top Layer SDBIP)

e) Actual strategic performance (Top Layer) and corrective measures that will be implemented

i) Create an enabling environment to attract investment & support local economy

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall actual performance for 2015/16
					Q1	Q2	Q3	Q4	Annual	
TL35	Revisit Municipal Land Audit and draw up an implementation plan. Phase implementation from 14/15 onwards.	Phased implementation	All	1	0	0	0	1	1	1
TL36	Compile & Implementation of LED Strategy	Phased implementation	All	1	0	0	0	1	1	1

Table 80: Create an enabling environment to attract investment & support local economy

ii) Ensure financial viability

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall actual performance for 2015/16
					Q1	Q2	Q3	Q4	Annual	
TL18	Financial viability expressed as Debt-Coverage ratio	Ratio	All	27	16	16	16	16	16	35.9
TL19	Financial viability expressed as Cost-Coverage ratio	Ratio	All	2.5	1.6	1.6	1.6	1.6	1.6	3.6
TL20	Financial viability expressed outstanding service debtors	Ratio	All	70%	44%	44%	44%	44%	44%	55%
Performance comment:		<i>Target not achieved</i>								
Corrective action:		<i>Implementation of water management meters</i>								
TL21	Opinion of the Auditor-General on annual financial statements of the previous year.	Opinion of AG.	All	1	0	0	1	0	1	1

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Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall actual performance for 2015/16
					Q1	Q2	Q3	Q4	Annual	
TL22	Increased revenue collection	Percentage revenue collected.	All	94%	96%	96%	96%	96%	96%	94%
Performance comment:		Target not achieved								
Corrective action:		Full credit control measures as per Council's Policy. Implementation of water management meters.								
TL23	Percentage of budget spent on maintenance.	Percentage of budget spent.	All	99%	25%	50%	75%	98%	98%	98.53%
TL24	Percentage spend of capital budget.	Percentage of budget spent.	All	95%	10%	40%	60%	95%	95%	96.90%

Table 81: Ensure financial viability

iii) Provide and maintain facilities that make citizens feel at home

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall actual performance for 2015/16
					Q1	Q2	Q3	Q4	Annual	
TL27	Customer satisfaction survey (Score 1-5) - community facilities.	Score of survey.	All	2.3	0	0	0	4	4	2.33
Performance comment:		Limited funds on previous budget. Community members do not want to take part in survey								
Corrective action:		On 2016/17 capital budget funds were made available for upgrading of community facilities								
TL28	% Expenditure on Maintenance Budget by Community Directorate	Percentage of budget spent.	All	99% of the operational budget spent	25%	50%	75%	98%	98%	99.91%
TL29	% Expenditure on Capital Budget by Community Directorate	Percentage of budget spent.	All	97%	10%	40%	60%	95%	95%	83.50%
Performance comment:		Specifications on Community halls is not finalized								
Corrective action:		Modular Unit for libraries procurement has been finalized. Await delivery								

Table 82: Provide and maintain facilities that make citizens feel at home

iv) Provide for the needs of informal settlements through improved services

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall actual performance for 2015/16
					Q1	Q2	Q3	Q4	Annual	
TL11	Number of subsidised serviced sites developed.	Number of serviced plots.	All	470	0	50	300	600	600	605
TL12	Provide basic services - number of informal areas with sufficient communal water services points (taps).	Number of informal areas.	All	2	3	3	3	3	3	3
TL13	Provide basic services - number of informal areas with sufficient communal sanitation services points (toilets).	Number of informal areas.	All	2	3	3	3	3	3	3
TL14	Improve basic services - number of informal settlements receiving a door-to-door refuse collection and area-cleaning service.	Number of informal areas.	All	2	3	3	3	3	3	3

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Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall actual performance for 2015/16
					Q1	Q2	Q3	Q4	Annual	
TL15	Number of subsidised electricity connections installed.	Number of connections.	All	43	0	0	158	0	158	140
Performance comment:		All customers did not move to Plne Valley stands and/or all customers has not paid yet for their electrical connections								
Corrective action:		Connect an additional 47 houses								

Table 83: Provide for the needs of informal settlements through improved services

v) Support institutional transformation and development

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall actual performance for 2015/16
					Q1	Q2	Q3	Q4	Annual	
TL16	Percentage budget spent on implementation of Workplace Skills Plan.	Percentage of budget spent.	All	100%	25%	50%	75%	99%	99%	100%
TL17	Percentage of people from employment equity target groups employed in the three highest levels of management in	Percentage of equity groups	All	71%	75%	75%	0%	72%	72%	74%

Table 84: Support institutional transformation and development

vi) Support the poor and vulnerable through programmes and policy

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall actual performance for 2015/16
					Q1	Q2	Q3	Q4	Annual	
TL30	Number of account holders subsidised through the municipality's indigent Policy	Number of account holders.	All	2 794	2 500	2 600	2 700	2 750	2 750	2 673
TL31	The number of jobs created through municipality's local economic development initiatives including capital projects.	Number of jobs created.	All	421	100	200	300	380	380	427
TL32	Number of social development programmes implemented	Number of programmes.	All	17	4	8	12	19	19	23
TL33	Number of housing opportunities provided per year.	Number of top structures.	All	42	0	0	0	0	0	0
TL34	Number of Rental Stock transferred	Number of properties transferred.	All	58	15	45	45	55	55	45
Performance comment:		Due to unforeseen circumstance and problems for example lost original title deeds of the mother erven and erven not registered in Land Surveyors Offices the transfer process are very slow								
Corrective action:		Attorney needs to fast track the process of registration to get title deeds issued quicker								

Table 85: Support the poor and vulnerable through programmes and policy

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vii) Sustainable provision and maintenance of basic infrastructure

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall actual performance for 2015/16
					Q1	Q2	Q3	Q4	Annual	
TL1	% Expenditure on Maintenance Budget by Technical Directorate	Percentage of budget spent.	All	99% of the operational budget spent	25%	50%	75%	98%	98%	98.78%
TL2	% Expenditure on Capital Budget by Technical Directorate	Percentage of budget spent.	All	96%	10%	40%	60%	95%	95%	97.90%
TL3	Percentage compliance with drinking water quality standards.	Percentage compliance.	All	100%	97%	97%	97%	97%	97%	100%
TL4	Number of outstanding valid applications for water services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	0%	<1%	<1%	<1%	<1%	<1%	0%
TL5	Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	0%	<1%	<1%	<1%	<1%	<1%	0%
TL6	Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	0%	<1%	<1%	<1%	<1%	<1%	0.04%
TL7	Number of outstanding valid applications for refuse collection services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	0%	<1%	<1%	<1%	<1%	<1%	0%
TL8	Decrease unaccounted water losses.	Percentage water losses.	All	21%	23%	23%	23%	23%	23%	16%
TL9	Decrease unaccounted electricity losses.	Percentage electricity losses.	All	9%	9%	9%	9%	9%	9%	8.19%
TL10	Kilometers of roads upgraded & rehabilitated	Kilometers of roads	All	4.83	0	0.5	4	9.41	9.41	10.15

Table 86: Sustainable provision and maintenance of basic infrastructure

viii) To maintain and strengthen relations with international- and intergovernmental partners as well as the local community through the creation of participative structures

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Target					Overall actual performance for 2015/16
					Q1	Q2	Q3	Q4	Annual	
TL25	Number of IDP community meetings held.	Number of meetings held.	All	14	0	7	0	7	14	14
TL26	Number of meetings with inter-governmental partners.	Number of meetings held.	All	10	3	5	8	10	10	10

Table 87: To maintain and strengthen relations with international- and intergovernmental partners as well as the local community through the creation of participative structures

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3.1.8 5 YEAR CORPORATE SCORECARD: DEVELOPMENT AND SERVICE DELIVERY PRIORITIES

The main development and service delivery priorities for 2015/16 forms part of the Municipality's 5 Year Corporate Scorecard and are indicated in the table below:

Municipal KPA	Pre-determined objectives	Ref	Key Performance Indicator	Baseline 2014/15 (2015/16 not available at time of tabling)	Adjusted Target 2015/16	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018/19	Target 2019/20
Essential Services	Sustainable provision & maintenance of basic infrastructure	TL1	% Expenditure on Maintenance Budget by Technical Directorate	99%	98%	98%	98%	99%	99%	99%
		TL2	% Expenditure on Capital Budget by Technical Directorate	96%	95%	95%	95%	96%	96%	97%
		TL3	Percentage compliance with drinking water quality standards.	100%	97%	97%	97%	98%	98%	98%
		TL4	Number of outstanding valid applications for water services expressed as a % of total number of billings for the service.	0%	<2%	<1%	<1%	<1%	<1%	<1%
		TL5	Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service.	0%	<2%	<1%	<1%	<1%	<1%	<1%
		TL6	Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service.	0%	<2%	<1%	<1%	<1%	<1%	<1%
		TL7	Number of outstanding valid applications for refuse collection services expressed as a % of total number of billings for the service.	0%	<2%	<1%	<1%	<1%	<1%	<1%

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Municipal KPA	Pre-determined objectives	Ref	Key Performance Indicator	Baseline 2014/15 (2015/16 not available at time of tabling)	Adjusted Target 2015/16	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018/19	Target 2019/20
		TL8	Decrease unaccounted water losses.	21%	23%	23%	21%	18%	16%	14%
		TL9	Decrease unaccounted electricity losses.	9%	9%	9%	9%	8%	8%	8%
		TL10	Kilometres of roads upgraded & rehabilitated	4.83	9.41	2.3	2	3	3	3
	Provide for the needs of informal settlements through improved services	TL11	Number of subsidised serviced sites developed.	470	600	150	200	200	150	150
		TL12	Provide basic services - number of informal areas with sufficient communal water services points (taps).	2	3	3	3	3	3	2
		TL13	Provide basic services - number of informal areas with sufficient communal sanitation services points (toilets).	2	3	3	3	3	3	2
		TL14	Improve basic services - number of informal settlements receiving a door-to-door refuse collection and area-cleaning service.	2	3	3	3	3	3	2
		TL15	Number of subsidised electricity connections installed.	43	158	0	185	225	200	200
Governance	Support Institutional Transformation & Development	TL16	Percentage budget spent on implementation of Workplace Skills Plan.	100%	99%	99%	99%	99%	99%	99%
		TL17	Percentage of people from employment equity target groups employed in the three highest levels of management in	71%	72%	74%	85%	85%	85%	85%
	Ensure financial viability	TL18	Financial viability expressed as	27	16	16	16	16	16	16

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Municipal KPA	Pre-determined objectives	Ref	Key Performance Indicator	Baseline 2014/15 (2015/16 not available at time of tabling)	Adjusted Target 2015/16	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018/19	Target 2019/20
			Debt-Coverage ratio							
		TL19	Financial viability expressed as Cost-Coverage ratio	2.5	1.6	1.6	1.6	1.6	1.6	1.6
		TL20	Financial viability expressed outstanding service debtors	70%	46%	44%	44%	42%	42%	42%
		TL21	Opinion of the Auditor-General on annual financial statements of the previous year.	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
		TL22	Increased revenue collection	94%	96%	96%	97%	97%	98%	98%
		TL23	Percentage of budget spent on maintenance.	99%	98%	98%	98%	99%	99%	99%
		TL24	Percentage spend of capital budget.	95%	95%	95%	95%	96%	96%	97%
	To maintain and strengthen relations with international- & inter-governmental partners as well as the	TL25	Number of IDP community meetings held.	14	14	14	14	14	14	14
		TL26	Number of meetings with inter-governmental partners.	10	10	10	12	12	12	12
		TL27	Customer satisfaction survey (Score 1-5) - community facilities.	2.3	4	4	4	4	4	4
Communal Services	Provide & maintain facilities that make citizens feel at home.	TL28	% Expenditure on Maintenance Budget by Community Directorate	99%	98%	98%	98%	99%	99%	99%
		TL29	% Expenditure on Capital Budget by Community Directorate	97%	96%	95%	95%	96%	96%	97%
		TL30	Number of account holders subsidised through the municipality's indigent Policy	2 794	2 750	2 750	2 600	2 500	2 400	2 200
Socio-Economic Support Services	Support the poor & vulnerable through programmes & policy	TL31	The number of jobs created through municipality's local economic development initiatives	421	380	380	390	390	400	400

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Municipal KPA	Pre-determined objectives	Ref	Key Performance Indicator	Baseline 2014/15 (2015/16 not available at time of tabling)	Adjusted Target 2015/16	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018/19	Target 2019/20
			including capital projects.							
		TL32	Number of social development programmes implemented	17	19	19	20	20	20	20
		TL33	Number of housing opportunities provided per year.	42	0	0	185	225	200	200
		TL34	Number of Rental Stock transferred	58	55	100	120	120	120	120
	Create an enabling environment to attract investment & support local economy.	TL35	Revisit Municipal Land Audit and draw up an implementation plan. Phase implementation from 14/15 onwards.	Phase 1 implement	Phase 2 implement	Phase 2 implement	Phase 3 implement	Phase 4 implement	Phase 5 implement	Phase 5 implement
		TL36	Compile & Implementation of LED Strategy	Approved Strategy	Phase 1 implement	Phase 1 implement	Phase 2 implement	Phase 3 implement	Phase 4 implement	Phase 4 implement

Table 88: Service delivery priorities for 2015/16

3.1.9 OVERVIEW OF PERFORMANCE PER WARD

f) Ward 1 and 12: N'Duli

Capital Projects				
No.	Project Name and detail	Start Date	End Date	Total Value R
1	Resealing of Chris Hani Drive	25 May 2016	25 June 2016	1 800 000
<i>The above analysis include only the largest capital project of the ward</i>				

Table 89: Capital projects of N'Duli, Wards 1 and 12

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal households	1 111	1 131	1 705	1 111	
Informal households	1 096	1 096	N/A	1 096	
Total Households*	2 207	2 227	1 705	2 207	
Houses completed in year					0
Shortfall in Housing units					1 820
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>					

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Table 90: Basic service provision: N'Duli, Wards 1 and 12

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During 2015/16
1	Sewer network	Periodic maintenance
2	Street/flood lights and electrical failure due to illegal connections	Illegal connections remain high priority to be addressed
3	Ablution facilities for informal areas	Periodic maintenance
4	Housing need	605 Serviced sites developed at Vredebes

Table 91: Top four service delivery priorities for N'Duli, Wards 1 and 12

g) Ward 3 and 5: Ceres

Capital Projects				
No.	Project Name and detail	Start Date	End Date	Total Value R
1	Bulk water supply to Vredebes low-cost housing development	April 2015	February 2016	4 735 871
2	605 Serviced sites at Vredebes low-cost housing project	October 2015	April 2016	26 534 090
<i>The above analysis includes only the largest capital projects of the wards</i>				

Table 92: Capital projects of Ceres, Wards 3 and 5

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal Households	2 305	2 557	3 013	2 480	
Informal Households	0	0	0	0	
Total Households*	2 305	2 557	3 013	2 480	
Houses completed in year (serviced sites)					605
Shortfall in Housing units (Ceres and Bella Vista)					2 721
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>					

Table 93: Basic service provision: Ceres, Wards 3 and 5

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During 2015/16
1	Maintenance and upgrade of stormwater network	Routine maintenance as per allocated budget
2	Poor quality street lights and maintenance thereof	Routine maintenance as per allocated budget
3	Upgrade of water network	Routine maintenance as per allocated budget
4	Sidewalks to be tarred/ upgraded and maintained	Routine maintenance as per allocated budget

Table 94: Top four service delivery priorities for Ceres, Wards 3 and 5

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h) Ward 4 and 6: Bella Vista

Capital Projects				
No.	Project Name and detail	Start Date	End Date	Total Value R
1	230 Serviced sites for low-cost housing development	December 2014	September 2015	13 611 312
2	Bulk sewer network upgrade	March 2016	October 2016	11 500 000
3	Bulk stormwater upgrade	March 2016	October 2016	4 100 000
<i>The above analysis includes only the largest capital projects of the wards</i>				

Table 95: Capital projects of Bella Vista, Wards 4 and 6

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal Households	2 268	2 612	2 275	2 293	
Informal Households	0	0	0	0	
Total Households*	2 268	2 612	2 275	2 293	
Houses completed in year (Serviced sites)					
Shortfall in Housing units (Ceres and Bella Vista)					2 721
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>					

Table 96: Basic service provision: Bella Vista, Wards 4 and 6

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During 2015/16
1	Traffic control/speed calming	Routine traffic control
2	Maintenance of parks and open spaces (greening)	Routine maintenance as per allocated budget
3	High unemployment rate	Accommodate unemployed in local projects
4	Illegal shops and shebeens	Address with SAPS

Table 97: Top four service delivery priorities for Bella Vista, Wards 4 and 6

i) Ward 4 and 10: Prince Alfred's Hamlet

Capital Projects				
No.	Project Name and detail	Start Date	End Date	Total Value R
1	New Clinic (Dept of Health)	March 2016	August 2017	15 000 000
<i>The above analysis include only the largest capital project of the wards</i>				

Table 98: Capital projects of Prince Alfred's Hamlet, Wards 4 and 10

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal Households	1 141	1 184	Eskom	1 234	
Informal Households	0	0	Eskom	0	
Total Households*	1 141	1 184	Eskom	1 234	
Houses completed in year					0

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Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Shortfall in Housing units					1 463
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>					

Table 99: Basic service provision: Prince Alfred's Hamlet, Wards 4 and 10

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During 2015/16
1	Traffic control/speed calming	Routine traffic control
2	Unemployment	Accommodate unemployed in local projects
3	Streetlights and electrical failures	Eskom delivery area, complaints addressed to Eskom
4	Maintenance of parks and open spaces (greening)	Routine maintenance as per allocated budget

Table 100: Top four service delivery priorities for Prince Alfred's Hamlet, Wards 4 and 10

j) Ward 9: Op-die-Berg

Capital Projects				
No.	Project Name and detail	Start Date	End Date	Total Value R
1	Upgrade of Nuykintana Community Hall	February 2016	June 2016	620 000
<i>The above analysis include only the largest capital project of the ward</i>				

Table 101: Capital projects of Op-die-Berg, Ward 9

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal Households	527	468	Eskom	535	
Informal Households	0	0	Eskom	0	
Total Households*	527	468	Eskom	535	
Houses completed in year					0
Shortfall in Housing units					926
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>					

Table 102: Basic service provision: Op-die-Berg, Ward 9

Top Three Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During 2015/16
1	Upgrade of roads and sidewalks	Road paving project implemented by the Department of Rural Development
2	Sports and recreational facilities	Routine maintenance as per allocated budget
3	Streetlights and electrical failures	Eskom delivery area, complaints addressed to Eskom

Table 103: Top three service delivery priorities for Op-die-Berg, Ward 9

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k) Ward 7 and 11: Tulbagh

Capital Projects				
No.	Project Name and detail	Start Date	End Date	Total Value R
1	Upgrade of bulk water supply	October 2015	March 2016	1 500 000
<i>The above analysis include only the largest capital project of the wards</i>				

Table 104: Capital projects of Tulbagh, Wards 7 and 11

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal Households	1 786	1 823	2 219	1 911	
Informal Households	537	537	N/A	537	
Total Households*	2 323	2 360	2 219	2 448	
Houses completed in year					0
Shortfall in Housing units					1 612
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>					

Table 105: Basic service provision: Tulbagh, Wards 7 and 11

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During 2015/16
1	Resealing and rehabilitation programme of roads	Routine maintenance as per allocated budget
2	Maintenance and upgrade of stormwater	Routine maintenance as per allocated budget
3	Traffic services	Routine traffic control
4	Sport and recreation facilities	Routine maintenance as per allocated budget

Table 106: Top four service delivery priorities for Tulbagh, Wards 7 and 11

l) Ward 2 and 7: Wolseley

Capital Projects				
No.	Project Name and detail	Start Date	End Date	Total Value R
1	Upgrade bulk electricity supply	October 2015	October 2016	570 000
2	Electrical network in Pine Valley (Phase 2)	October 2015	February 2016	1 900 000
<i>The above analysis includes only the largest capital projects of the wards</i>				

Table 107: Capital projects of Wolseley, Wards 2 and 7

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal Households	2 524	2 588	2 730	2 675	
Informal Households	312	312	N/A	312	
Total Households*	2 836	2 900	2 730	2 987	
Houses completed in year (Serviced sites)					158
Shortfall in Housing units					1 879

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Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>					

Table 108: Basic service provision: Wolseley, Wards 2 and 7

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During 2015/16
1	Safety and security in all areas	Regular meetings with local Police Forum to address
2	Maintenance and upgrade of stormwater	Routine maintenance as per allocated budget
3	Traffic services and speed calming	Routine traffic control
4	Poor quality street lights	Routine maintenance as per allocated budget

Table 109: Top four service delivery priorities for Wolseley, Wards 2 and 7

3.1.10 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 to or for the benefit of the local community
- External service provider 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 municipal services 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 in terms of Section 51(3) of the Supply Chain Management Policy which stipulates that vendor performance must be monitored as follows:

- a) Each project manager shall monitor the supplier's compliance and performance to the set of specifications.
- b) If the supplier fails to perform in accordance with the specification requirements, the project manager must report such failure to the supplier in writing immediately upon becoming aware of such non-compliance for them to correct the situation.
- c) The above information will be kept and made available for future evaluation purposes, contract negotiations and regular feedback to vendors.
- d) If vendors fail to deliver in terms of paragraph 23(1)(a) of the General conditions of the contract, the municipality reserves the right to make use of remedies at its disposal in terms of applicable law.

3.1.11 MUNICIPAL FUNCTIONS

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function: Yes / No
Constitution Schedule 4, Part B functions:	
Air pollution	Yes

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Municipal Function	Municipal Function: Yes / No
Building regulations	Yes
Child care facilities	No (support)
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	No (support)
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	No (only planning & operating licenses)
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	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Storm water 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
Constitution Schedule 5, Part B functions:	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours 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	No
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes

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Municipal Function	Municipal Function: Yes / No
Street lighting	Yes
Traffic and parking	Yes

Table 110: Functional areas

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.

3.2 WATER SERVICES

3.2.1 INTRODUCTION

All the towns in die Witzenberg Municipal area have independent water services with their own resources, distribution systems and treatment works.

Ceres

The main resources for Ceres are the Koekedouw Dam. Six boreholes serve as a backup source of supply. Water quality from Koekedouw is good and is only chlorinated before distribution. Two reservoirs (3 and 5 ML) serve as storage reservoir to the distribution network of 114 km with 4 supply zones (Bella Vista, N'Duli, Ceres main supply zone and Ceres central PRV zone). The network includes a 2 ML services reservoir, a booster pump station to the pressure tower at Bella Vista, as well as a 750 kl service reservoir and booster pump station at N'Dulli. The new storage reservoir will be constructed in N'Duli in the 2016/17 financial year to secure adequate storage and supply to Vredebos.

Tulbagh

Klein Berg, Moordenaarskloof and Tierkloof are the main resources for the supply of water to Tulbagh at present. Construction has been completed to provide an additional 1.2 x 106 m³/a from the Klein Berg River. The project will include a storage dam with a capacity of approximately 1 200 000 m³. Funding applications have been approved by the Department of Water and Sanitation (DWS) for the construction of the dam. One borehole at Krusvallei serves as a back-up emergency supply to the town of Tulbagh. Moordenaarskloof is evenly shared with two other users (SAPCO & Krusvallei). During 2006 two additional resources,

referred to as the Schalkenbosch tributaries and Skilpadrug, were also identified as possible future resources. Infrastructure to partially link Schalkenbosch with the water supply network, was implemented in 2007 after an agreement of the management of this resource was reached with the property owner. Funding applications has been submitted to the DWS to complete these projects, but the agreement remains a major challenge. All the water is stored in a 570 ML raw water dam at present.

The purification plant consists of five slow gravity sand filters, as well as a chlorination system. Funding was also secured to upgrade the existing purification plant to deal with the additional water expected from the Kleinberg River at the end of 2012. This project is complete and the filters and chlorination system is operational. Two reservoirs (800 kl and 1 ML) serve as clear water storage reservoir to the distribution network of 29 km with 2 pressure zones. The network includes a booster pump station to the pressure tower (500 kl). The new reservoir for extra storage capacity is planned for 2016/17.

Wolseley

Wolseley receives its water supply from the Tierkloof weir. Purification consists of pressure filters and chlorination. The Ceres Road Reservoir (680 kl) and newly constructed 6 ML Wolseley Reservoir serves as a storage reservoir to the distribution network of 44 km with two pressure zones. The network includes a 4.5 ML services reservoir (Stamper Street Reservoir), which has been resealed to prevent losses, and a booster pump station. An additional pump station with a

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capacity of 58 l/s was completed during 2010/11 to enable the transfer of “lei” water during periods of low flow from the Artois Canal to this Reservoir. The project also allow for treatment at the reservoir.

Prince Alfred’s Hamlet

Prince Alfred’s Hamlet has four water sources. They consist of the Wabooms River Weir, a fountain, 3 boreholes and a supply line from the Koekedouw Dam. These boreholes have been pump tested and it was recommend that one be abandoned, while the other two can effectively be used to supplement the water supply to Prince Alfred’s Hamlet. One of these boreholes is connected, while the other, although all pipe and electrical works are in place, has not been commissioned yet due to vandalism of the pump equipment.

Due to the quality of the raw water only chlorination is required. Four 500 kl reservoirs serve as storage reservoirs to the distribution network of 32 km with only 1 pressure zone.

Op-die-Berg

Op-die-Berg has three water sources, a fountain and 2 boreholes. Due to the quality of the water only chlorination is required. 3 Reservoirs namely a 50kl, 60kl and 500kl serve as storage reservoirs to the distribution network of 6 km with only 1 pressure zone. The new storage reservoir is planned for Op-die-Berg to ensure adequate storage capacity, as well as meeting the peak demands of the town.

All the towns within Witzenberg has Blue Drop status and we also scored in the top ten nationally.

3.2.2 HIGHLIGHTS

Highlights	Description
Blue Drop	Retaining Blue Drop status for all towns

Table 111: Water Services Highlights

3.2.3 CHALLENGES

Challenges	Description
Personnel shortage	Number of vacant positions
Budget	Limited budget for infrastructure refurbishment, upgrade and replacement

Table 112: Water Services Challenges

3.2.4 WATER SERVICE DELIVERY LEVELS

Total Use of Water by Sector (cubic meters)

Year	All	Unaccountable water losses
	Cubic meters	
2014/15	7 079 144	1 463 304
2015/16	6 088 276	962 345

Table 113: Total use of water by sector (cubic meters)

Water losses decreased from 1 463 304 (20.7%) in the 2014/15 financial year to 16% in the 2015/16 financial year and are within the target set for the financial year. Management processes are, however, on-going to achieve an even lower rate of losses.

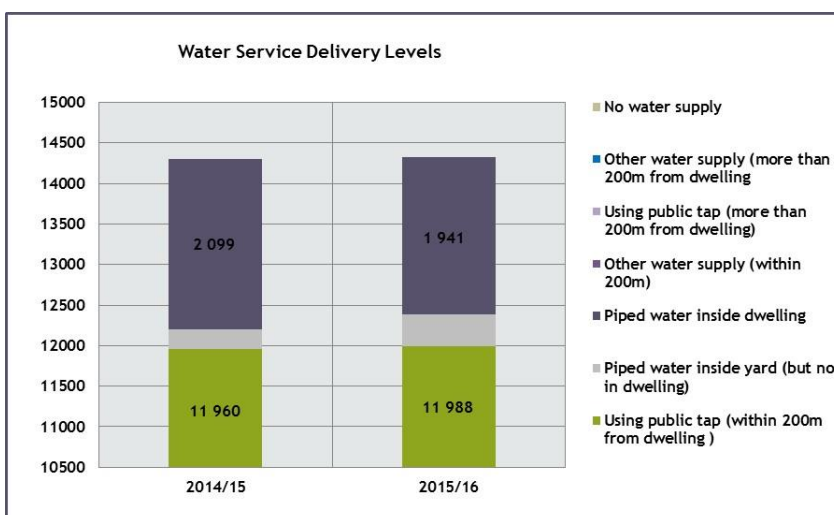
Below is a table that specifies the different water service delivery levels per households for the financial years 2014/15 and 2015/16: Note that the 2015/16 “piped water inside dwelling” number is made up of accounts and not a true reflection of households. Other figures are for households. The figures exclude rural areas.

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Description	2014/15	2015/16
	Actual	Actual
Household		
<u>Water:</u> (above minimum level)		
Piped water inside dwelling (accounts)	11 960	11 988
Piped water inside yard (but not in dwelling) (accounts)	242	400
Using public tap (within 200m from dwelling) (households)	2 099	1 941
Other water supply (within 200m)	0	0
Minimum Service Level and Above Sub-total	14 301	14 329
Minimum Service Level and Above Percentage	100	100
<u>Water:</u> (below minimum level)		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	0	0
No water supply	0	0
Below Minimum Service Level Sub-total	0	0
Below Minimum Service Level Percentage	0	0
Total number of households (formal and informal)	14 301	14 329
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>		

Table 114: Water service delivery levels

The graph below shows the different water service delivery levels per total households and the progress per year:



Graph 8: Water service delivery levels

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1.2.5 SERVICE DELIVERY INDICATORS: WATER SERVICES

Ref	Strategic Objective	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Overall Performance		
						Target	Actual	R
TL3	Sustainable provision & maintenance of basic infrastructure	Percentage compliance with drinking water quality standards	Percentage compliance	All	100%	97%	100%	
TL8	Sustainable provision & maintenance of basic infrastructure	Decrease unaccounted water losses	Percentage water losses	All	21%	23%	16%	
TL12	Provide for the needs of informal settlements through improved services	Provide basic services - number of informal areas with sufficient communal water services points (taps)	Number of informal areas	All	2	3	3	

Table 115: Service delivery indicators: Water services

3.2.6 EMPLOYEES: WATER SERVICES

Employees: Water Services				
Job Level	2014/15		2015/16	
	Employees		Employees	Vacancies (fulltime equivalents)
	No.	No.	No.	No.
0 - 3	34	31	0	
4 - 6	1	2	2	
7 - 9	17	16	0	
10 - 12	2	2	1	
13 - 15	1	1	0	
Total	55	52	3	

Employees and Posts numbers are as at 30 June.

Table 116: Employees: Water services

3.2.7 CAPITAL EXPENDITURE - WATER SERVICES

Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Bella Vista Housing Water	0	419 000	210 818	208 182	1 675 249
Vredebes Housing Water	0	5 702 668	5 702 669	(1)	6 633 522
Bulk Water Pine Valley	624 536	2 661 994	2 661 995	(1)	4 104 325
Ceres: Bella Vista Bulk Water	100 000	0	0	0	0
Bulk Water Pine Valley (Own Contribution)	0	681 390	681 384	6	921 084
Replace Water Meters	0	145 266	150 672	(5 406)	364 564
Prepaid Water Meters	2 500 000	0	0	0	0

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Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Drought Relief	0	3 000 000	3 907 586	(907 586)	3 000 000
Drought Relief (DLG)	0	1 100 000	135 758	964 242	1 100 000
Infrastructure Management System	0	120 000	108 300	11 700	120 000
Network: Water pipe & Valve Replacement (WE)	300 000	918 551	846 532	72 019	918 551
Vredebos Bulk Water Supply	7 388 417	4 745 745	4 745 745	0	13 655 087
Total all	10 912 953	19 494 614	19 151 457	343 157	32 492 382
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					

Table 117: Capital expenditure 2015/16: Water services

3.3 WASTE WATER (SANITATION) SERVICES

3.3.1 INTRODUCTION

Ceres

Sewage and industrial effluent is collected from consumers via a sewer system and treated at the Ceres Wastewater Treatment Plant. The Plant services the areas of Ceres, N'Duli, Bella Vista and Prince Alfred's Hamlet. The sewer system includes 9 booster pump stations. A portion of the treated effluent is used for irrigation on communal land, sportfields and the golfcourse.

Tulbagh

Sewage is collected from consumers via a sewer system and treated at the Tulbagh Waste Water Treatment Plant. The sewer system includes 3 booster pump stations. Mechanical upgrades to the Plant has been completed to ensure that the Plant performs at optimum level and ensure compliance with national standards. Treated effluent is partially discharged to a river, under an existing licence and the rest used for irrigation in Church Street and sportfields.

Wolseley

Sewage is collected from consumers via a sewer system and treated at the Wolseley Waste Water Treatment Plant. The

sewer system includes 6 booster pump stations. Upgrades to the Plant has been completed in order to ensure adequate capacity and efficient and effective treatment of waste water.

PA Hamlet

A significant volume of sewage generated at PA Hamlet is pumped for treatment to the Waste Water Treatment Works (WWTW) at Ceres. Two pump stations are used for this purpose. A number of ervens still use private septic tank systems to deal with the sewerage. Septic tanks are emptied by the municipality on request.

Op-die-Berg

75% of the consumers are connected to a sewer network and treated at the WWTW. The rest is handled through private septic tanks. Septic tanks are emptied by the municipality on request.. Upgrades to the WWTW has been completed in order to ensure adequate capacity and efficient and effective treatment of waste water.

All the towns within Witzenberg has Green Drop status. Nationally we also scored in the top ten.

3.3.2 HIGHLIGHTS

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Highlights	Description
Infrastructure	Successful completion of various infrastructure projects including services for Bella Vista and Vredebes housing projects

Table 118: Waste water (Sanitation) services highlights

3.3.3 CHALLENGES

Challenges	Description
Personnel	Number of vacant and frozen posts
Budget	Limited budget for infrastructure refurbishment, upgrade and replacement

Table 119: Waste water (Sanitation) services challenges

3.3.4 WASTE WATER (SANITATION) SERVICE DELIVERY LEVELS

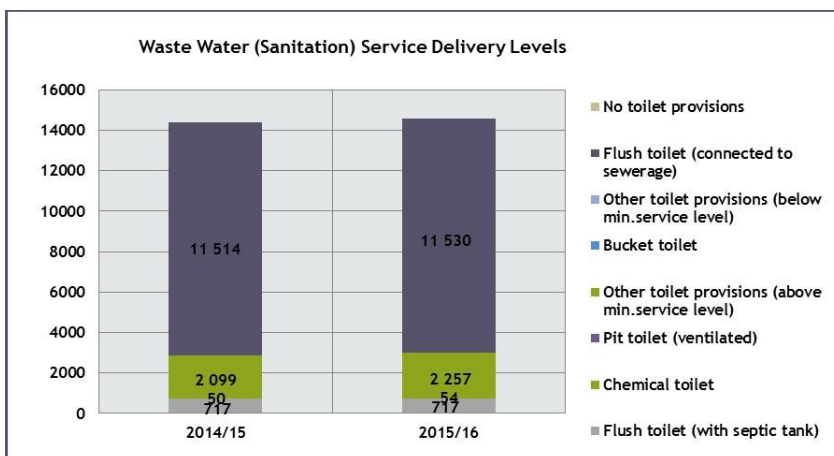
Below is a table that specifies the different sanitation service delivery levels per households for the financial years 2014/15 and 2015/16: Note that the 2014/15 “flushed toilet” number is made up of accounts and not a true reflection of households. Other figures are for households. The figures exclude rural areas.

Description	2014/15	2015/16
	Actual	Actual
Household		
<u>Sanitation/sewerage:</u> (above minimum level)		
Flush toilet (connected to sewerage) (accounts)	11 514	11 530
Flush toilet (with septic tank) (nr. of toilets)	717	717
Chemical toilet	50	54
Pit toilet (ventilated)	0	0
Other toilet provisions (above minimum service level) (households)	2 099 (informal areas)	2 257 (informal areas + serviced plots)
Minimum Service Level and Above Sub-total	14 380	14 558
Minimum Service Level and Above Percentage	100	100
<u>Sanitation/sewerage:</u> (below minimum level)		
Bucket toilet	0	0
Other toilet provisions (below minimum service level)	0	0
No toilet provisions	0	0
Below Minimum Service Level Sub-total	0	0
Below Minimum Service Level Percentage	0	0
Total number of households (formal and informal)	14 380	14 558
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>		

Table 120: Waste water (Sanitation) service delivery levels

The graph below shows the different waste water (Sanitation) services delivery levels per total households and the progress per year:

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Graph 9: Waste water (Sanitation) service delivery levels

3.3.5 SERVICE DELIVERY INDICATORS: WASTE WATER (SANITATION) SERVICES

Ref	Strategic Objective	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Overall Performance		
						Target	Actual	R
TL13	Provide for the needs of informal settlements through improved services	Provide basic services - number of informal areas with sufficient communal sanitation services points (toilets)	Number of informal areas	All	2	3	3	

Table 121: Service delivery indicators: Waste water (Sanitation) services

3.3.6 CAPITAL EXPENDITURE - WASTE WATER (SANITATION) SERVICES

Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Bella Vista Housing Sanitation	0	419 000	0	419 000	2 881 249
Vredebess Housing Sanitation	0	5 702 667	5 702 667	0	6 633 521
Bulk Sewer Bella Vista	4 463 972	3 462 567	3 462 543	24	5 150 443
Toilets for Informal Settlements	0	9 979	0	9 979	431 032
Ceres Vredebess New Bulk Sanitation & Lin	0	3 149 000	3 148 982	18	3 149 000
Sewerage Pumps	300 000	300 000	299 751	249	300 000
Sewer Network Replacement	725 000	2 163 758	2 058 970	104 788	2 163 758
Office Equipment	100 000	100 000	98 673	1 327	100 000
Professional Fees Rural Development	200 000	259 410	259 409	1	1 082 457
Vredebess Bulk Sanitation	6 242 374	4 671 424	4 671 424	0	6 966 227
Total all	12 031 346	20 237 805	19 702 419	535 386	28 857 687

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

Table 122: Capital expenditure 2015/16: Waste water (Sanitation) services

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3.4 ELECTRICITY

3.4.1 INTRODUCTION

The National Energy Regulator (NER) was established to be the custodian and enforcer of the National Electricity Regulatory Framework. The NER provide the framework for licenses, generation, transmission, distribution and trading in South Africa.

The upgrading and provision of bulk infrastructure is mainly guided by the implementation of low-cost and private developments and industry.

All erven within the boundaries of Witzenberg Municipality has access to electricity. ESKOM supplies electricity to Op-die-Berg, Prince Alfred Hamlet and the rural areas inclusive of the low cost housing. The municipality has a license to reticulate electricity to all other developed areas.

All qualifying and identified indigent households receive free basic water and electricity as per national government's policy. However, servicing informal settlements with electricity is a never-ending struggle.

The Electricity Master Plan for Ceres, Wolseley and Tulbagh was developed in 2011.

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.

3.4.2 HIGHLIGHTS

Highlights	Description
Bulk electrical supply	Bulk supply to Bella Vista & Schoonvlei completed
Electrical network - Pine Valley	Completion of 160 serviced sites (electricity)

Table 123: Electricity highlights

3.4.3 CHALLENGES

Challenges	Description
Availability of vehicles	An aging fleet results in some vehicles spending extended periods in the workshop. Spares availability and reliability is an added extenuating challenge
Filling of vacant posts	Some posts remain vacant for extended periods before filling, but this is currently being addressed

Table 124: Electricity challenges

Major towns	Notified Maximum Demand (NMD)	Maximum Demand Growth (NMD)	Maximum Demand Peak (NMD)
Ceres	34.8MVA	0.8	N/A
Wolseley	4.5	4.5	0
Tulbagh	3.5	3.5	0

Table 125: Electricity NMD

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The energy losses for the 2014/15 financial year was 8.59% whilst the losses in the 2015/16 financial year was **8.19%**. The percentages indicate that losses are well maintained and managed within the national benchmark of 10%. Management processes are, however, on-going to achieve an even lower rate of losses.

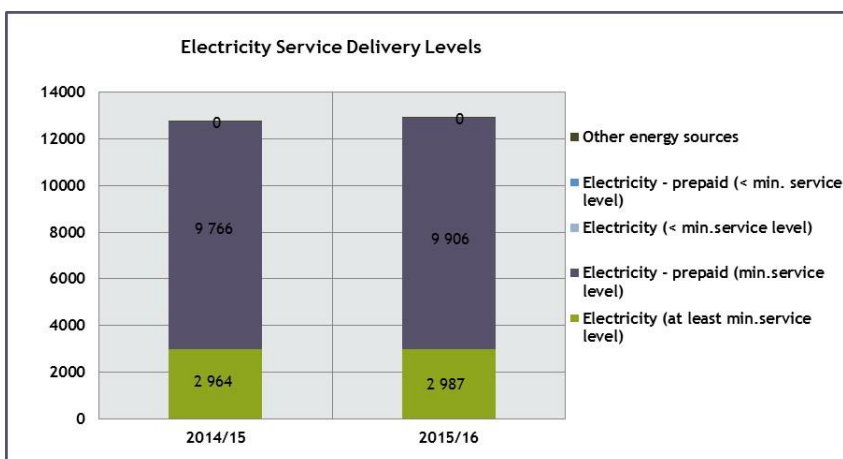
3.4.4 ELECTRICITY SERVICE DELIVERY LEVELS

Description	2014/15	2015/16
	Actual	Actual
Household		
<i>Energy: (above minimum level)*</i>		
Electricity (at least minimum service level)	2 964	2 987
Electricity - prepaid (minimum service level)	9 766	9 906
Minimum Service Level and Above Sub-total	12 730	12 893
Minimum Service Level and Above Percentage	99.9	99.9
<i>Energy: (below minimum level)</i>		
Electricity (< minimum service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	8	8
Below Minimum Service Level Sub-total	8	8
Below Minimum Service Level Percentage	0.1	0.1
Total number of households (formal and informal)	12 738	12 901
<p><i>*The below minimum service level can not be determined as the number of pre-paid meters installed in informal areas is unknown. Therefore it can not be determined the number of households in informal areas without electricity. Dept. of Energy does not fund these connections if households are not on a formalised plot.</i></p>		

Table 126: Electricity service delivery levels

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The graph below shows the different electricity service delivery levels per total households and the progress per year:



Graph 10: Electricity service delivery levels

3.4.5 SERVICE DELIVERY INDICATORS: ELECTRICITY

Ref	Strategic Objective	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Overall Performance		
						Target	Actual	R
TL9	Sustainable provision & maintenance of basic infrastructure	Decrease unaccounted electricity losses	Percentage electricity losses	All	9%	9%	8.19%	
TL15	Provide for the needs of informal settlements through improved services	Number of subsidised electricity connections installed	Number of connections	All	43	158	140	

Table 127: Service delivery indicators: Electricity

3.4.6 EMPLOYEES: ELECTRICITY

Employees: Electricity			
Job Level	2014/15		2015/16
	Employees		Vacancies (fulltime equivalents)
	No.	No.	No.
0 - 3	29	26	2
4 - 6	3	3	0
7 - 9	2	2	0
10 - 12	6	7	0
13 - 15	1	0	0
Total	41	38	2

Employees and Posts numbers are as at 30 June.

Table 128: Employees: Electricity

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3.4.7 CAPITAL EXPENDITURE - ELECTRICITY

Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Security Fence: Wolseley Stores	100 000	76 253	76 253	(0)	76 253
Vehicle Replacement Programme	300 000	402 000	323 054	78 946	402 000
Network - Chris Hani 600	4 000 000	4 000 000	3 460 026	539 974	6 000 000
Professional Fees Rural Development	2 300 000	900 000	930 300	(30 300)	1 800 000
Streetlights	100 000	87 813	87 812	1	87 813
11 kV Breakers 5 Wolseley (Voortrekker Street)	1 000 000	570 000	569 654	346	1 570 000
Tools & Equipment	160 000	247 755	247 755	(0)	497 755
Total all	7 960 000	6 283 821	5 694 854	588 967	10 433 821
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

Table 129: Capital expenditure 2015/16: Electricity

3.5 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING) SERVICE

3.5.1 INTRODUCTION

The Witzenberg Integrated Waste Management Plan is a statutory requirement of the New National Environmental Management: Waste Act 2008 (Act No. 59 of 2008) which came into effect on 1 July 2009 and has as its goal the transformation of waste management collection and disposal to a sustainable practice focusing on waste avoidance and environmental sustainability. The primary objective of IWM planning is to integrate and optimise waste management, in order to maximise efficiency and minimise the associated environmental impacts and financial costs and to improve the quality of life of all residents within Witzenberg Municipality. Witzenberg have a 100% refuse removal at least once a week by kerbside collection. A standard collection plan was implemented where collection in each town takes place on separate days.

We also employed temporary labourers from communities for street cleaning, open spaces and around Skips. Services were rendered to formal and informal settlements and includes:

- Black bag and green bag system
- Public awareness and education
- Waste disposal (landfill sites)
- Cleansing and public toilets and skips (garden refuse)

The current waste management system in the municipality is fairly successful in the collection and disposal of municipal solid waste, however, no or very little effort is made to reduce the generation of waste within the municipal area.

The economic feasibility of waste recovery through recycling and composting should be carefully investigated as a result of the relatively small amounts of waste generated due to the low population figures. The existing private recycling enterprise is successful only because it sources materials that have been separated at source and is therefore uncontaminated with wet waste.

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The analyses of the current waste management system have shown the following:

- all formal urban residential erven are receiving a weekly door-to-door waste collection service
- all collected municipal waste are disposed at the municipality's engineered and licensed waste disposal sites near Tulbagh and Prince Alfred Hamlet.
- no significant waste recovery is done, except for private enterprises and recycling bins in Tulbagh, Wolseley and Ceres.
- no significant waste avoidance is done

Witzenberg Municipality currently operates two landfills. The Tulbagh landfill site is licenced as a GSB- site and receive waste from Tulbagh and Wolseley. The Prince Alfred Hamlet site is licenced as a GCB- operated by a private contractor appointed by the municipality.

3.5.2 HIGHLIGHTS

Highlights	Description
New skip truck	Service skips more effectively in Witzenberg
Report to IPWIS system	All waste types reported to the Department of Environmental Affairs and Development Planning monthly
New by-law	Draft at provincial level
Wheelie bin system Op-die-Berg	2 bins at households , 1 for recycling

Table 130: Waste management (refuse collections, waste disposal, street cleaning and recycling) service highlights

3.5.3 CHALLENGES

Challenges	Description
Waste recovery facilities (drop-offs or transfer station)	Seperation of waste and recycling
Regional Landfill Site in Worcester	Currently appeal against issued license which may influence our future operations
Non compliance of landfill sites	Rehabilitation of landfill site -budget of R52 million

Table 131: Waste management (refuse collections, waste disposal, street cleaning and recycling) service challenges

3.5.4 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING) SERVICE DELIVERY LEVELS

The table below indicates the different waste management (refuse collections, waste disposal, street cleaning and recycling) service service delivery level standards of the municipality:

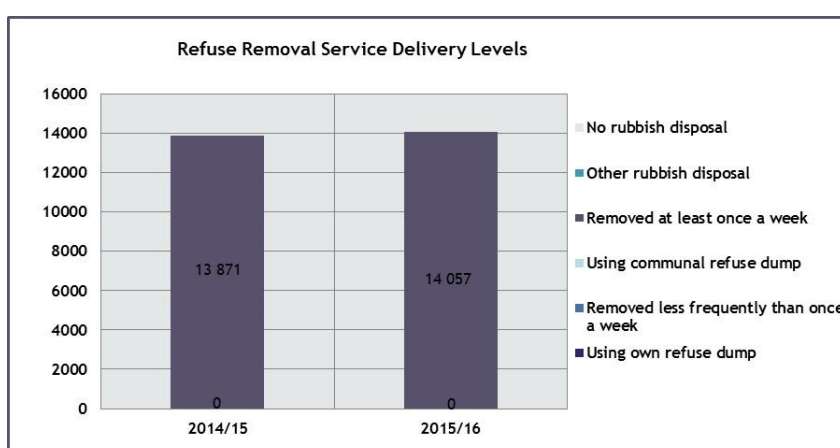
Description	2014/15	2015/16
	Outcome	Actual
Household		
<u>Refuse Removal:</u> (Minimum level)		
Removed at least once a week (accounts and informal households)	13 871	14 057
Minimum Service Level and Above Sub-total	13 871	14 057
Minimum Service Level and Above Percentage	100	100
<u>Refuse Removal:</u> (Below minimum level)		
Removed less frequently than once a week	0	0

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Description	2014/15	2015/16
	Outcome	Actual
<u>Household</u>		
<i>Refuse Removal: (Minimum level)</i>		
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	0	0
Below Minimum Service Level Sub-total	0	0
Below Minimum Service Level percentage	0	0
Total number of households (formal and informal)	13 871	14 057
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>		

Table 132: Waste management (refuse collections, waste disposal, street cleaning and recycling) service delivery levels

The graph below shows the different waste management (refuse collections, waste disposal, street cleaning and recycling) service delivery levels per total households and the progress per year:



Graph 11: Waste management (refuse collections, waste disposal, street cleaning and recycling) service delivery levels

3.5.5 SERVICE DELIVERY INDICATORS: WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING) SERVICE

Ref	Strategic Objective	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Overall Performance		
						Target	Actual	R
TL14	Provide for the needs of informal settlements through improved services	Improve basic services - number of informal settlements receiving a door-to-door refuse collection and area-cleaning service	Number of informal areas	All	2	3	3	

Table 133: Service delivery indicators: Waste management (refuse collections, waste disposal, street cleaning and recycling) service

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3.5.6 EMPLOYEES: WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING) SERVICE

Employees: Waste management (refuse collections, waste disposal, street cleaning and recycling) service			
Job Level	2014/15	2015/16	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	0	8	0
0 - 3	73	69	4
4 - 6	3	3	0
7 - 9	13	13	1
10 - 12	1	1	0
13 - 15	0	0	0
Total	90	94	5

Employees and Posts numbers are as at 30 June.

Table 134: Employees: Waste management (refuse collections, waste disposal, street cleaning and recycling) service

3.5.7 CAPITAL EXPENDITURE - WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Vehicle Replacement Programme	1 540 000	1 488 000	1 484 741	3 259	1 488 000
Upgrade Wolseley Landfill Site	1 500 000	500 000	511 666	(11 666)	500 000
Total all	3 040 000	1 988 000	1 996 407	(8 407)	1 988 000

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).


Table 135: Capital expenditure 2015/16: Waste management (refuse collections, waste disposal, street cleaning and recycling)

3.6 HOUSING

3.6.1 INTRODUCTION

A total of 600 serviced plots was completed in the Vredebes Subsidised housing project as addition to the 312 plots completed in Bella Vista and 158 plots completed in Pine Valley, Wolseley in 2014/15. A phased construction of top structures in bella Vista will start in 2016/17 and occupation of serviced sites in Pine Valley took place during 2015/16. The construction of top structures in Vredebes will start after the completion of bulk water and sanitation infrastructure.

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<p>Prince Alfred Hamlet Phase 5</p>	<p>Prince Alfred Hamlet Phase 5</p>
	
<p>Op-die Berg housing</p>	<p>Wolseley serviced sites</p>

3.6.2 HIGHLIGHTS

Highlights	Description
<p>157 Serviced sites allocated in Zakhele, Wolseley</p>	<p>Sites completed but not all have been occupied</p>
<p>GAP Housing Project consisting out of 49 units started in Tulbagh</p>	<p>This will be a pilot project for Witzenberg and a developer has been appointed through the tender process. This project will help to address the backlog on provision of housing for backyard dwellers because backyard dwellers are mainly children of home-owners</p>

Table 136: Housing highlights

3.6.3 CHALLENGES

Challenges	Description
<p>Selling and renting of RDP houses</p>	<p>Beneficiaries are in desperate need for money and this is a way to generate an extra income. Sales are made illegally without houses being transferred which hampers the transfer processes because in some case the beneficiaries who received the subsidy are gone or deceased. No definite guidelines from the DoHS which must enforce the pre-emptive right</p>

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Challenges	Description
Transfer of rental stock	Outstanding debts of tenants to get rates clearance. Unforseen documents needed by attorneys to expedite the registration process eg. registration of mother erven and lost original title deeds
Emergency housing for evictees (private and farm workers)	Emergency camp are planned as part of the Vredebes Housing Development, but no immediate solution available because of project funding for bulk infrastructure which will take ± 3 years to be completed depending on additional fund allocations
Immigration control in informal settlements	A response team need to be budgeted for and advertised via the tender process. Existing Community Committees needs to be co-operative
GAP housing need are increasing	The income band between R3 501 - R15 000 who is potential beneficiaries for GAP market do not qualify so easily for a bank loan although linked to the FLIPS subsidy because of their credit worthiness
National Policy around persons younger than 40 years receiving houses/serviced sites	Although a National Policy, it is very difficult to implement specifically in informal areas

Table 137: Housing challenges

3.6.4 HOUSEHOLDS WITH ACCESS TO BASIC HOUSING

Financial year	Total households (including informal settlements)
2014/15	2 077 (informal)
2015/16	1 945 (informal)

Table 138: Households without access to basic housing

The following table shows the number of people on the housing waiting list. There are currently 10 421 applicants on the waiting list.

Housing waiting list	Nr of people on Housing waiting list	% Housing waiting list increase/(decrease)
2014/15	9 065	(3.75)
2015/16	10 421	14.96

Table 139: 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			
2014/15 (Municipal Budget Capital)	34 885	34 885	100	0	470
2014/15 (Municipal Budget Operational)	15 017	15 017	100	42	0
2015/16 (Municipal Budget Capital)	28 930	27 449	94	0	763

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2015/16 (Municipal Budget Operational)	0	0	0	0	0

Table 140: Number of houses built and cost of housing

3.6.5 SERVICE DELIVERY INDICATORS: HOUSING

Ref	Strategic Objective	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Overall Performance		
						Target	Actual	R
TL11	Provide for the needs of informal settlements through improved services	Number of subsidised serviced sites developed	Number of serviced plots	All	470	600	605	
TL33	Support the poor & vulnerable through programmes & policy	Number of housing opportunities provided per year	Number of top structures	All	42	0	0	
TL34	Support the poor & vulnerable through programmes & policy	Number of Rental Stock transferred	Number of properties transferred	All	58	55	45	

Table 141: Service delivery indicators: Housing

3.6.6 EMPLOYEES: HOUSING

Employees: Housing				
Job Level	2014/15		2015/16	
	Employees		Employees	Vacancies (fulltime equivalents)
	No.	No.	No.	No.
Contractual	0	2	0	0
0 - 3	0	1	0	0
4 - 6	4	4	1	0
7 - 9	4	2	0	0
10 - 12	0	0	0	0
13 - 15	1	1	0	0
Total	10	10	1	1

Employees and Posts numbers are as at 30 June.

Table 142: Employees: Housing

3.6.7 CAPITAL EXPENDITURE - HOUSING

Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Land for Housing	2 000 000	0	0	0	0

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Total all	2 000 000	0	0	0	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

Table 143: Capital expenditure 2015/16: Housing

3.7 FREE BASIC SERVICES AND INDIGENT SUPPORT

Witzenberg acknowledges the fact that priority must be given to the basic needs of the community and that the social and economic development of the community is assisted in an effort to provide access to the basic level of service in terms of the Constitution of South Africa, Section 151(1)(b) and 153(b).

Free basic services are provided to households with combined monthly income of less than **R3 000**.

Household applies on the relevant forms and once their application has been approved, they are entitled to free basic services for one year. If they still qualify after the year has lapse, they need to apply again.

The aim of the indigent policy is to ensure a sound and sustainable manner to provide affordable basic services to the poor by means of assisting them financially within the legal framework of the powers and functions of the municipality in order to improve the livelihood, in an effort to creating a prosperous municipality free of poverty

THE OBJECT OF THIS POLICY IS TO:

- Ensure a transparent, accountable and sustainable manner to assist the poor to access of basic services as defined in the policy;
- Ensure a sustainable manner to assist the poor with the graveyard costs, transfer duties and to change the municipal accounts in the cases of death, legal separation, divorce, etc. when necessary; and to
- Ensure that a fair portion of the equitable share, as provided by National Government, is utilized as a contribution to poverty alleviation.

THE QUALIFICATION CRITERIA FOR URBAN HOUSEHOLDS IN ORDER TO RECEIVE ASSISTANCE ARE AS FOLLOW:

- The head of the household must be a South African citizen;
- The household, except in the case of rural households, must receive an account from the Municipality of Witzenberg;
- An application on the prescribe form, fully completed with the required information and signed, must be provided;
- No member of the household may own a fixed property other that the site on which the household resides; and
- The household's joint gross income may not exceed R3 000 per month.

THE QUALIFICATION CRITERIA FOR OLD AGE HOMES IN ORDER TO RECEIVE ASSISTANCE ARE AS FOLLOW:

- More 50% of the residence within the old age home must receive less than R3 000.00 per month.
- The qualification criteria for electricity customers within the jurisdiction area of Witzenberg Municipality but in areas where the municipality is not the supplier of electricity is that their connection may not exceed 20 Amps.

BENEFITS:

- Property rates

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In terms of the Property Rates Act, Act 6 of 2004, Section 17(h) all residential sites are exempt from the first R15 000 of the market value on property. As additional subsidy the municipality will increase this level to R100 000 by means of a subsidy in the form a credit on the municipal account. This subsidy will be equal to the smallest of R100 000 market value or the total valuation of property.

Electricity

A subsidy equal to the amount charged for the first 50 kWh consumed per month.

Water

A subsidy equal to the amount charged for the first 6 kilolitres consumption per month as well as 100% subsidy on the basic charge for water, where the municipality is the service provider.

Sanitation

A subsidy equal to 100% of the amount charged for the service per month where the municipality is the service provider.

Refuse removal

A subsidy equal to 100% of the amount charged for the service per month where the municipality is the service provider.

House rental

A subsidy equal to 100% of the amount charged in the case of municipal sub economical rental stock as house rental per month

Graveyard costs

A subsidy equal to 100% of the amount charged for graveyard cost. The subsidy can be in terms of every deceased member of the household.

Transfer costs

A subsidy equal to 100% of the amount charged for transferring the municipal service accounts as a result of death of the head of the household. In the event of separation or divorce, the person who is residing at this plot, qualifies for the subsidy on transfer costs. This household is also exempt from making a consumer deposit or to increase the existing deposit.

A subsidy equal to 100% of the costs of an attorney to transfer the property into the spouse name, this as a result of death of the head of the household whilst approved as an Indigent household and the current registration is not in both parties name registered in the deeds office. The appointment of the attorney is entirely the prerogative of the municipality.

3.7.1 ACCESS TO FREE BASIC SERVICES

The access to free basic services is summarised into the different services as specified in the following table:

Free Basic Services To Low Income Households									
Year	Total no. of HH	Number of households							
		Households earning less than R 3 000 per month							
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse Removal	
Access	%	Access	%	Access	%	Access	%		
2014/15	13 920	4 893	36	4 893	36	4 555	33	4 893	36
2015/16	14 085	2 673	19	2 673	19	2 673	19	2 673	19

Table 144: Free basic services to low income households

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Rates						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Exempt Valuation	Value	No of HH	Exempt Valuation	Value
			R'000			R'000
2014/15	4 328	85 000	595	10 074	15 000	1 041
2015/16	2 673	100 000	2 272	11 385	100 000	9 677

Table 145: Property values exempted from rates for 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'000			R'000			R'000
2014/15	3 352	50	1 770	9 378	0	0	1 203	50	672
2015/16	2 673	50	1 518	11 385	0	0	1 618	50	918.57

Table 146: Free basic electricity services to indigent households

Water						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Unit per HH (kl)	Value	No of HH	Unit per HH (kl)	Value
			R'000			R'000
2014/15	4 893	6	6 104	9 027	0	0
2015/16	2 673	6	3 192	11 385	0	0

Table 147: 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	Unit per HH per month	Value
			R'000			R'000
2014/15	4 328	167.64	7 068	9 592	0	0
2015/16	2 673	179.38	5 754	11 385	0	0

Table 148: 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	Unit per HH per month	Value
			R'000			R'000
2014/15	4 328	1	9 499	9 592	0	0
2015/16	2 673	1	6 336	11 385	0	0

Table 149: Free basic refuse removal services to indigent households

COMPONENT B: ROAD TRANSPORT

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This component includes roads and stormwater.

3.8 ROAD SERVICES

3.8.1 INTRODUCTION

An Integrated Transport Plan (ITP) for Witzenberg Municipality was adopted by Council for the period 2011-2015. The ITP supports and forms part of the development of the Provincial Land Transport Framework (PLTF). The ITP considers all modes of transport and aims to identify the issues and concerns surrounding the various modes.

a) Transport register

Witzenberg Municipality covers an area of approximately 2 995 km² stretching from the Du Toitskloof Mountains in the south-west to the Kwadousberg Mountains in the south-east and includes the towns of Ceres, Tulbagh and Wolseley, as well as the rural areas adjacent to and between these towns (Prince Alfred Hamlet, N'Duli, Bella Vista, Op-die Berg, Breede River Valley).

Public transport accounts for approximately 6% of total work trips in the Witzenberg Municipality. From the NHTS 2007, 66% of passengers in the Witzenberg Municipality walk and 29% use private vehicles to reach their destinations. The minibus-taxi (MBT) is the dominant public transport mode in Witzenberg, providing both commuter and long-distance services. MBT services operate predominantly out of Ceres during weekdays. The highest demand for taxis are on Saturdays, especially at the end of the month, with the smaller towns of Wolseley and Tulbagh becoming significantly more active on weekends.

There are currently no commuter bus services for local commuters in the towns of Witzenberg Municipality. The only bus services are subsidised learner transport and private (staff) contract services. Metrorail operates the Cape Town-Worcester rail line, which stops at five rail stations in Witzenberg Municipality, before arriving at Worcester Station. It has a single train in the morning and afternoon.

The long distance rail service currently operates daily, including weekends. Shosholozha Meyl passes through the Witzenberg Municipality en-route to Johannesburg, Port Elizabeth and Durban. Long distance rail only stops at Worcester Station thus providing an opportunity for Witzenberg Municipality residents to commute to Worcester. There are no commercial bus services in Witzenberg Municipality, however there are long distance MBT services.

The maintenance and upgrade of public transport infrastructure is the responsibility of the LM.

There are a number of formal facilities provided by the LM, but also a number of public areas that are used for parking or holding of vehicles.

Witzenberg Municipality include provision of shelters at a number of informal ranks and within the rural areas.

The main road system in the Witzenberg Municipality consists of the R303 from Ceres past Op-die-Berg towards Citrusdal and the R46 and R43 linking the various towns with each other.

There is no formal NMT (Non Motorized Transport) infrastructure network in Witzenberg Municipality inhibiting NMT movement in the LM. Although, the distance from Ceres to Wolseley is approximately 14km, still within cycling distance, but the topography of the steep Mitchells Pass prohibits NMT movement. There is significant movement between Ceres and the residential area of N'Duli, which provides an NMT facility with guardrail and is separated from the roadway. There is also a high dependence on NMT from the Bella Vista community to Ceres. However during month end, due to shopping trips, the NMT users become MBT passengers for the return trip to Bella Vista. Prince Alfred's Hamlet requires NMT access to Ceres for tertiary health care as low affordability does not make public transport viable. Priority should be given to provide and maintain high quality cycle ways along the routes that link these areas as bicycles are cost effective.

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Records received from the Western Cape Education Department (WCED) 2009 indicated that there were a total of 61 primary, secondary and combined schools in Witzenberg Municipality. The WCED confirmed that 22 schools in the Witzenberg Municipality are served by 63 learner contract routes and are all receiving subsidies from the WCED. Therefore 32.73% of schools in the LM are using learner contracts and of these, 55% of learners are using learner contracts. Koue Bokkeveld and Wolseley has the highest number of schools and primary schools using learner transport, namely 20 routes serving 12 schools and 16 routes serving five schools respectively.

The local situation with freight is exactly the same as in the past number of years with all growth being in road freight haulage. This is the largest contributor to the damage of road infrastructure.

The LM is assisted with road maintenance by receiving an 80% subsidy from Provincial Government Western Cape (PGWC) for road maintenance on proclaimed municipal main roads.

Tourism serves as the second economy in Witzenberg Municipality, the primary attraction being the mountainous natural and scenic beauty of the area. Promotion of agriculture and tourism is therefore vital to the continued prosperity of the area. Attention should be paid to maintenance of scenic routes.

b) Road network and traffic

The road network in Witzenberg Municipality consists of provincial roads, owned and managed by the provincial road authority, which is the PGWC. Apart from the provincial roads, which are also known as the rural road network, the upgrade and maintenance of the local street network is the responsibility of the local authority, which is the Witzenberg Municipality.

Condition of the road surface indicated that 66% of the surfacing is in good or very good condition. The corresponding value for road structure is 79%. If road surface conditions deteriorate too much, road structure is adversely affected. Therefore, upkeep to protection of the structure through regular maintenance is very important. Fruit and vegetables are brought from various farms around Wolseley, from Op-die Berg and Tulbagh to the factory in Ceres to be packed. This creates an inflow of heavy vehicles to Ceres. From Wolseley and Tulbagh, heavy vehicles travel to Ceres via the Mitchell's Pass.

The Pass has a high quality surface, able to withstand high volumes of traffic. In contrast, the proclaimed road through Ceres is of a different standard and must accommodate the same high volume of heavy vehicles. In the urban streets of Ceres, special NMT signage restricts heavy vehicles from entering the urban areas.

A Pavement Management System (PMS) is used for maintaining the roads in the area through an assessment of the network based on methodical visual ratings of each pavement section. The priorities is divided into routine maintenance (e.g. patching), to normal maintenance (resurfacing) through to heavy rehabilitation (e.g. thick overlays and reconstruction). This is supported by visual inspections which are done according to a schedule and data is recorded and prioritised for implementation. Limited and funding backlogs are the greatest challenge we face in maintaining the road network.

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Op-die Berg road resurfacing



Bella Vista walkway

3.8.2 HIGHLIGHTS

Highlights	Description
Traffic calming measures	Constructed 20 speedhumps in Witzenberg
Resealing of streets	Resealed 8.22km's roads in Witzenberg
Vredebes roads	New asphalt surfaced roads for low cost housing development, 3.83km's with stormwater systems
Bella Vista roads	New asphalt surfaced roads for low cost housing development, 1.84km's with stormwater systems
New Bridge Op-die-Berg	Upgraded wooden pedestrian bridge to new concrete bridge with steel handrailings
Transport Precinct Assessment - Ceres Central Business District (CBD)	The project entailed the investigation of the urban context of Ceres and to consolidate the various public transport infrastructure in Ceres into a public transport system that is supportive of urban development, integrated land use and transport
Transport Precinct Assessment Plan - Tulbagh Central Business District (CBD)	The project entailed the improvement of the pedestrian interface and provide additional parking to the edges of Van der Stel Street in a way that does not detract, but respects the heritage resources in the town of Tulbagh. In doing so, the project offers an opportunity to consider the nature of the particular section of Van Der Stel Street, how the historic fabric sits within the town and how it could be better supported by urban and civil engineering infrastructure

Table 150: Road services highlights

3.8.3 CHALLENGES

Challenges	Description
Funding backlogs on bituminous pavements	Pavement Management System 2010, all bituminous pavements, resealing and upgrading of roads backlogs amount to R52 million
Deteriorated Tulbagh roads	Structural condition, 36% of roads in poor and very poor condition. Surfacing condition, 11% of roads in poor and very poor condition

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Challenges	Description
Roads master plan	No roads masterplans
Burst watermains in roads	As a result of old water pipe networks huge amounts are being spent on reinstatement of road layers

Table 151: Road services challenges

3.8.4 SERVICE DELIVERY LEVELS: NEW ROADS AND MAINTENANCE OF EXISTING ROADS

The following tables give an overview of the total kilometers of roads maintained and new roads tarred:

Financial year	Total km tarred roads	Km of new tar & paved roads	Km existing tar roads re-tarred	Km of existing tar roads re-sheeted	Km tar roads maintained
2014/15	216.76	3.119	2.377	0.88	213.64
2015/16	222.43	5.67	8.22	0	216.76

Table 152: Tarred (asphalted) roads

Financial year	Total km gravel roads	Km new gravel roads constructed	Km gravel roads upgraded to tar / block paving	Km gravel roads graded/maintained
2014/15	10.31	0	0.19	10.50
2015/16	10.50	0	0	10.50

Table 153: Gravelled roads

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

Financial year	New & Replacements	Resealed	Maintained
	R'000	R'000	R'000
2014/15	12 684	2 029	3 541
2015/16	6 121	5 753	5 780

Table 154: Cost of construction/maintenance of roads

3.8.5 SERVICE DELIVERY INDICATORS: ROAD SERVICES

Ref	Strategic Objective	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Overall Performance		
						Target	Actual	R
TL10	Sustainable provision & maintenance of basic infrastructure	Kilometres of roads upgraded & rehabilitated	Kilometres of roads	All	4.83	9.41	10.15	

Table 155: Service delivery indicators: Road services

3.8.6 EMPLOYEES: ROADS AND STORMWATER

Employees: Roads and Stormwater				
Job Level	2014/15		2015/16	
	Employees		Employees	Vacancies (fulltime equivalents)
	No.	No.	No.	No.
Contractual	0	3	0	
0 - 3	21	15	2	
4 - 6	9	8	2	
7 - 9	5	3	0	
10 - 12	2	2	1	
13 - 15	1	0	0	
16 - 18	0	1	0	
Total	38	32	5	

Employees and Posts numbers are as at 30 June.

Table 156: Employees: Roads and stormwater

3.8.7 CAPITAL EXPENDITURE - ROADS AND STORMWATER

Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Bella Vista Housing Stormwater	0	419 000	419 000	0	1 775 749
Vredebes Housing Stormwater	0	5 702 668	5 702 668	0	6 633 523
Bella Vista: Bulk Stormwater	0	3 388 918	3 388 918	0	3 388 918

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Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Network- Stormwater Upgrading	150 000	150 000	152 377	(2 377)	150 000
Professional Fees Rural Development Project	200 000	164 466	164 466	0	260 813
Traffic Calming	200 000	196 454	198 200	(1 746)	196 454
Bella Vista Housing Roads	0	419 000	419 000	0	7 906 246
Vredebes Housing Roads	0	5 702 668	5 702 669	(1)	6 633 522
Scoonvlei Upgrading of Roads	3 800 000	0	1 078 819	(1 078 819)	240 000
Vehicle Replacement Program	230 000	230 000	229 825	175	230 000
Jackhammers	80 000	83 546	83 546	0	83 546
Bridge ODB	0	100 000	100 000	0	100 000
Network - Streets	3 000 000	5 753 909	5 753 909	0	5 753 909
Professional Fees Rural Development Project	500 000	323 663	323 662	1	951 189
Total all	8 160 000	22 634 292	23 717 058	(1 082 766)	34 303 869
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

Table 157: Capital expenditure 2015/16: Roads and stormwater

3.9 WASTE WATER (STORM WATER DRAINAGE)

3.9.1 INTRODUCTION

Currently the municipality does not have a Stormwater Master Plan. Maintenance and upgrade is done by way of scheduled inspections and prioritised accordingly for implementation. Cleaning of infrastructure is done according to a program.

The town of Wolseley experiences the most problems with stormwater due to the flat gradient of the lower portion of the town. Two major canals exist in Wolseley which sometimes overflows in winter. Other areas experiencing main problems are Tulbagh, especially Van der Stel Street and Prince Alfred's Hamlet. In N'Duli in the informal areas open canals and stormwater pits are used to dump sewerage from the households, this creates an enormous health risk.

3.9.2 HIGHLIGHTS

Highlights	Description
Vredebes Housing Stormwater	New stormwater drainage systems with pipes and catchpits for RDP housing
Bella Vista Housing Stormwater	New stormwater drainage systems with pipes and catchpits for RDP housing

Table 158: Stormwater highlights

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.9.3 CHALLENGES

Challenges	Description
Stormwater Master Plan	No stormwater masterplans, except for Tulbagh
Vandalism stormwater drainage	Covers being stolen for scrap
Trees damage stormwater pipes/sidewalks and roads	Trees with aggressive root systems
Stormwater blockages	Manholes/catchpits being used as dirt dumping places

Table 159: Stormwater challenges

3.9.4 SERVICE DELIVERY LEVELS: INFRASTRUCTURE AND COST OF CONSTRUCTION/MAINTENANCE

m) Storm water infrastructure

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

Financial year	Total km stormwater measures	Km new stormwater measures	Km stormwater measures upgraded	Km stormwater measures maintained
2014/15	139.00	0.97	0	138.03
2015/16	139.83	0.83	0	139.00

Table 160: Storm water infrastructure

n) Cost of construction/maintenance

The table below indicates the amount of money spend on stormwater projects:

Financial year	Stormwater measures	
	Capital	Maintained
	R'000	R'000
2014/15	3 626	1 227
2015/16	9 662	952

Table 161: Cost of construction/maintenance of storm water systems

COMPONENT C: PLANNING AND DEVELOPMENT

Witzenberg Municipality does not have a single department that includes all strategic services. The LED section is managed by the Social & Economic Development section that is situated in the directorate for Community Services. The IDP section report to the Municipal Manager and is responsible for the development of the Integrated Development Plan and Process Plan. Tourism and Marketing are situated in the Directorate Corporate Services. Building Control, Town Planning, Spatial Planning and GIS falls under the section Town Planning & Building Control situated in the Directorate for Technical Services.

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3.10 PLANNING

3.10.1 INTRODUCTION

In December 2012, the Witzenberg Spatial Development Framework (WSDF) was approved as part of the IDP in terms of section 34 of the MSA.

The WSDF will guide the spatial form and structure of Witzenberg (the way in which we use the space available for urban growth) in the future. This long-term plan, extending over 20 years or more, will enable Witzenberg to manage new growth and change in its area, to ensure sustainability and equitability. The plans and policies of the WSDF:

- indicate the areas best suited to development, the areas that should be protected, and the areas where development may occur if it is sensitively managed;
- provide investors with a clear idea of where they should invest;
- guide public investment in infrastructure and social facilities; and
- will be used to assess applications submitted by property developers and to guide changes in land-use rights.

The SDF seeks to find a balance between restructuring the historically fragmented towns and demand from the higher-end property market. It has always been the opinion of the

municipality that urban expansion would have to be directed in a manner that would promote integration between Ceres, N'Duli and Bella Vista. The procurement of Vredebes farm, located midway between Ceres and N'Duli, by the Council for housing purposes, underpins this notion.

The area of land located between these 3 towns is vast and it is not at this stage considered realistic to include the entire area within the urban edge. In addition, by not including the entire area within the edge, possible leapfrog development or undesirable fringe land uses is restricted. It would also be appropriate to deal with the installation of engineering services systematically, as opposed to haphazardly allowing development anywhere in the area, without any regard to the budgetary constraints.

Instead, development of the area in an incremental or phased approach is considered more appropriate, based on real need rather than theoretical considerations. Suitable land is also included in the edge to the strong demand in Ceres for middle to high end housing and industrial sites.

The table below sets out the main elements of Witzenberg planning strategies:

Strategy	Description
Industry	Enhance the use of Ceres as an agri-industrial hub and portal to the export markets situated in the City of Cape Town
Tourism	Promote development of tourism-related amenities and activities along the main routes through the Municipality
Major routes	Ensure the upkeep of the R43, R46, R303 and R355 as major economic transport routes and scenic routes
Land use management	Ensure that changes in land-use maintain the integrity, authenticity and accessibility of significant cultural landscapes. Contain urban sprawl and restrict urban development to within designated urban edge. Integrate low-cost housing within the urban area to combat urban sprawl and reduce negative visual impact on the cultural landscapes
Agriculture	Encourage local processing of farm products and the provision of local farm services to enhance the rural economy, increase the viability of agricultural production and reduce rural poverty
Social housing	Improve the quality of subsidised housing settlements through innovative urban planning and design. Such settlements should include areas suitable for informal and formal public activities such as streets, boulevards and squares should be created in well located highly accessible spaces in urban settlements

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Table 162: Town planning and building control strategies

3.10.2 HIGHLIGHTS

Highlights	Description
Successful implementation of the Spatial Planning and Land Use Management Act, Act 16 of 2013 (SPLUMA)	The Law reform process brought about a new planning dispensation. The introduction of SPLUMA gave effect to the Constitution and confirmed municipal planning as the executive function of local government. Witzenberg adopted its Land Use Planning By-Law on 21 August 2015 that lays down the procedures for the regulation of land use planning matters

Table 163: Town planning and building control highlights

3.10.3 CHALLENGES

Challenges	Description
Spatial Development Framework (SDF)	No monitoring of evaluation of existing spatial proposals. Economic realities (e.g property markets) not fully considered in spatial plan. Little, if any, consideration of the impact of non-availability of services on development momentum. Policy proposals tend to be to unrealistic regarding institutional capacity and mandate. SDF, in general, not used by other functional departments within the municipality

Table 164: Town planning and building control challenges

3.10.4 SERVICE DELIVERY STATISTICS

Type of service	2014/15	2015/16
Town Planning and Building Control		
Building plan applications processed	298	282
Total surface (m ²)	64 836.52m ²	55 624m ²
Approximate value	R193 463 993	R193 590 378
New residential dwellings	25	21
Residential extensions	97	94
New Business buildings	1	3
Business extensions	4	6
Rural applications	55	47
Land use applications processed	30	27

Table 165: Town planning and building control service delivery statistics

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.10.5 EMPLOYEES: PLANNING

Employees: Town planning and building control			
Job Level	2014/15	2015/16	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
0 - 3	0	0	0
4 - 6	0	0	0
7 - 9	1	1	0
10 - 12	5	3	1
13 - 15	0	1	0
16 - 18	1	1	0
Total	7	6	1

Employees and Posts numbers are as at 30 June.

Table 166: Employees: Town planning and building control

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

The table below gives a brief description of all the achievements within Local Economic Development (LED) during the 2015/16 financial year:

Achievement/Highlight	Description
Training of 17 EPWP workers in accredited horticulture training	Landscaping, irrigation and environmental modules
Training of 30 workers in health & safety	Overview of Health & Safety Act
Training of 40 workers in first aid	First Aid Level 1
Trained 71 EPWP workers in life skills	Budgeting, cultures, conflict management, ownership
Trained 10 workers in safety & security	Basic course on community safety
Inception of small town regeneration initiative	Multi-stakeholder approach to developmental projects
SEFA workshop 16 July 2015	Linked 18 SMME's about how to access funding with the workshop
Conflict & leadership training 24 - 28 August 2015	Linked 11 unemployed youth with training from Koue Bokkeveld that was facilitated by Elsberg College
Welding training 14 - 18 September 2015	Linked 5 unemployed youth from Koue Bokkeveld with training that was done at Elsberg College
SMME Indaba 29 - 30 October 2015	The Indaba was done in partnership with CBI, FNB and the local radio station. Twenty established SMME's exhibited their products at the Indaba. Ten government departments did presentations regarding the services they offer to SMME's
Supply Chain Workshop 10 December 2015	The workshop focus on the supply chain process and how to comply with government regulations
Witzenberg Kersmark 2015	Linked 85 stalls with the Kersmark of which thirty eight included local people and forty seven people from outside of Witzenberg

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Achievement/Highlight	Description
Computer training 18 - 22 January 2016	Linked 19 youth from Koue Bokkeveld with basic computer course
2-day Entrepreneurship course by UWC 25 - 26 February 2016	Linked 24 SMME's from Witzenberg with accredited entrepreneurship course
Compensation Fund Workshop 19 April 2016	Workshop was requested by Wolseley Small Business Forum to get assistance from Labour regarding compensation fund matters
Co-op Registration Workshop by Cassidra 14 April 2016	Workshop was done to inform SMME's of Wolseley and Tulbagh how to establish co-ops
Leadership training 24 - 16 May 2016	Linked 12 youth from Koue Bokkeveld with training
Plumbing training 30 May - 3 June 2016	Linked 14 people from Witzenberg with plumbing course
Entrepreneurship training 7 - 9 June 2016	Linked 15 people from Witzenberg with training course
Link 3 SMME's with Seed Fund	LED office linked 3 SMME's to with Seed Fund

Table 167: LED achievements

	
SMME Indaba	Mayor, ward councillor and ward committee members of Wolseley at the opening of the internet centre

The table below gives a brief description of all the challenges within LED during the 2015/16 financial year:

Description	Actions to address
Own funding for LED projects	Lobby for additional funds
Struggling with service providers to provide quotes for Municipality (which result in economic stimulation of small businesses)	Meet with service providers regarding problems that they are facing
Miscommunication amongst internal departments	Address the issue of effective communication

Table 168: LED challenges

The LED Strategy along with the LED process plan is completed and is being implemented. The Witzenberg Municipality has an established LED Forum comprising of a diverse membership emanating from various sectors of society. The LED Strategy is built around commitment to develop a climate in which economic development and economic growth can prosper. The LED Strategy for the next financial year (2016/17) has been reviewed and ready to be implemented.

The LED Strategy identifies various issues and strategic areas for intervention such as (3 top service delivery priorities):

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Strategic areas	Description
Creating an enabling business environment	Rewiev the institutional framework
Addressing the key development challenges	Reviewing the LED Strategy
Creating sustainable job oportunites	Implementing skills development programmes and capacitating entrepreneurs with business skills. Assisting SMME's with access to private sector supply chain opportunities and financial support

Table 169: LED objectives and strategies

3.11.1 ECONOMIC ACTIVITY

The table below identifies the economic activity within the different sectors:

Sector	2014/15
Agric, forestry and fishing	22.4%
Mining and quarrying	0.1%
Manufacturing	23.5%
Wholesale and retail trade	12.1%
Finance, property, etc.	9.4%
Community and social services	15.5%
Infrastructure services	6.4%

Table 170: Economic activity by sector: Regional Global Explorer data for 2014/15 (Latest data available)

Sector	2014/15
Agriculture, forestry and fishing	13 416
Mining and quarrying	9
Manufacturing	7 968
Electricity	253
Construction	1 058
Wholesale and retail trade	7 680
Transport	1 648
Finance, property, etc.	4 798
Community and social services	8 914
Total	45 744

Table 171: Economic employment by sector: Source Stats SA 2011 (2014/15) & Regional Global Explorer for 2014/15 (Latest data available)

3.11.2 LED INITIATIVES

During 2015/16, 510 work opportunities were created via the Community Works Programme (CWP). There are 4 different sectors that CWP projects consist of in Witzenberg, namely:

- 🍒 social
- 🍒 education
- 🍒 local government

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- environment

The projects within these sectors include:

- Early-childhood development crèche assistance
- NGO support (which include: women group assistance, nutritional support, HIV support, disabled support)
- school support (which include: food scheme, site cleaning)
- street cleaning (which include river banks cleaning)
- LED kiosk information assistance

The CWP provide beneficiaries with bread on the table and give them the experience needed for market entry. There is also a training element incorporated in the CWP, which included:

- health and safety;
- waste management;
- food garden; and
- financial training.

3.11.3 LED STATS

Additional statistics on Local Economic Development

Type of service	2014/15	2015/16
Small businesses assisted	98	110
SMME's trained	407	150
Community members trained for tourism	27	0
Local artisans and crafters assisted	6	1

Table 172: Additional Statistics on LED

Job creation through the Extended Public Works Programme (EPWP) projects		
Details	EPWP Projects	Jobs created through EPWP projects
2014/15	35	351
2015/16	40	427

Table 173: Job creation through EPWP projects

3.11.4 SERVICE DELIVERY INDICATORS: LED

Ref	Strategic Objective	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Overall Performance		
						Target	Actual	R
TL36	Create an enabling environment to attract investment & support local economy	Compile & Implementation of LED Strategy	Phased implementation	All	1	1	1	

Table 174: Service delivery indicators: LED

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3.12 TOURISM

3.12.1 AIM AND FUNCTION OF TOURISM SECTION

The Witzenberg Municipality has a service level agreement with three local tourism authorities that conduct marketing of the municipal area and local established businesses to draw investment and trade to the area. Local businesses join as members of the local tourism authorities to participate in the marketing initiative. Membership to this organisation holds businesses accountable to ethical norms and standards for the industry as well as to a code of conduct. Tourism aims to market Witzenberg Municipality as an affordable holiday destination with activities for the entire family. Tourism liaises with district, provincial and national stakeholders to develop the brand through tourist attraction, awareness campaigns, roadshows, expos, events and festivals. Tourism also aims to train and skill local entrepreneurs to meet tourism-related demands and provide requisite services and products to promote local trade and economic development.

3.12.2 TRAINING/DEVELOPMENT

Tourism runs educational packages with schools, front of house staff and local stores to promote clientele service. Tourism also sources courses in areas such as first aid training, communication, administration and hospitality to help local businesses improve output and skill levels.

3.12.3 DESTINATION MARKETING

Tourism has produced tear off maps which are distributed to points of sale with high traffic providing location and contact details of local tourist attractions. They have also produced a joint brochure called the Witzenberg Meander, covering activities all over the municipality. Tourism bureaus for Wolseley, Ceres and Tulbagh also created their own brochures with niche marketing of their sectors and with social media promotion through Facebook and website. Tourism has been successful in marketing the destination as an affordable and picturesque location for weddings, snow tourism, heritage tourism, agri-tourism, wine tourism, adventure tourism, cultural tourism, sports tourism and rural tourism to visitors within South Africa. Tourism also conducts quarterly educational visits to the areas to tourism authorities outside of our borders as well as journalists, media groups and bloggers to review and publicise our activities and services.

3.12.4 TOURISM AWARENESS/EVENTS

Annual events in the Witzenberg Municipal Region:

Annual Event	Date
Wolseley MTB Challenge	15 August 2015
Tulbagh Spring Arts Festival	11 - 13 September 2015
Michell's Pass Half Marathon	26 September 2015
Tulbagh Horse and Wild Flower Show	30 September 2015 to 03 October 2015
Karoo Cultural Festival	16 to 17 October 2015
Eselfontein Outdoor Festival	20 to 21 November 2015
Gydo Christmas Light Festival	27 to 28 November 2015
Witzenville Faire Tulbagh	04 December 2015
Cherry Faire at Klondyke Cherry Farm	05 to 06 December 2015
Witzenberg Christmas Market	15 to 17 December 2015
Tulbagh Vintage & Vine Faire	21 May 2016

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Annual Event	Date
Christmas in Winter	25 to 26 June 2016

Table 175: Tourism Awareness/Events

3.12.5 CHALLENGES TO TOURISM

Witzenberg Municipality and Tourism does not have the autonomy, budget or infrastructure to roll-out wifi across the entire municipal area. Whilst some visitors seek out areas of limited coverage, most visitors have the expectation that wifi is easily accessible and is available free of charge. Not all local businesses are registered with Tourism and thus are not accountable to their code of conduct or service standards. Most establishments and services are not user-friendly to travellers with special needs, i.e. sight impaired, mobility limited, speech impairment, communication specialists (sign language, isiXhosa, German, etc). Many establishments and services do not cater for multi-generational needs of visitors i.e. infants (cribs, feeding chairs, baby monitor, walking rings etc), teenagers (DSTV access, cellphone chargers, cellular airtime vouchers, video games and consoles), the aged (wheel chairs, zimmer frames, magnifying glasses, large print menus/bibles etc). Witzenberg Municipality does not have a formal tourism corridor through the township sectors of the municipal area.

3.12.6 OPPORTUNITIES FOR TOURISM

Tourism has expanded their destination marketing to encompass business marketing for conferencing and team building exercises as well as marketing the area as a film and photoshoot location. Witzenberg Municipality has worked together with various stakeholders and the rail branch line from Wolseley to Ceres will be re-opened in 2015. The line will be used for commercial freight weekdays and used over weekends for recreational trips from Cape Town. This will expand our entrepreneurship, investment and tourism base within Witzenberg. Tourism will explore the areas of township tourism and trade by the formation of a planning committee and safety forum in the near future.

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.13 LIBRARIES AND COMMUNITY FACILITIES

Libraries and community facilities are managed by the section Facilities and Environment that is located in the Directorate Community Services. All towns have either a community hall or town hall with Ceres and Tulbagh having both. All towns have a library with mini libraries in Op-die-Berg and Laastedrif.

3.13.1 SERVICE STATISTICS - LIBRARIES AND COMMUNITY FACILITIES

Type of service	2014/15	2015/16
Libraries		
Number of Libraries	9 and 2 mini libraries	9 and 2 mini libraries
Library members	23 302	23 282
Books circulated	270 941	230 825
Exhibitions held	244	249
Internet access points	27 points	34
New library service points or Wheelie Wagons	1 (Library)	0
Children programmes	63	105

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Type of service	2014/15	2015/16
Libraries		
Visits by school groups	845	779
Community Facilities		
Number of Community Facilities - Community- and Town Halls	12	12

Table 176: Service statistics: Libraries and community facilities

3.13.2 EMPLOYEES: LIBRARIES AND COMMUNITY FACILITIES

Employees: Libraries and Community Facilities			
Job Level	2014/15	2015/16	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	0	1	0
0 - 3	9	2	1
4 - 6	0	0	0
7 - 9	9	11	3
10 - 12	8	10	1
13 - 15	0	0	0
Total	26	24	5

Employees and Posts numbers are as at 30 June.

Table 177: Employees: Libraries and community facilities

3.13.3 CAPITAL EXPENDITURE - LIBRARIES

Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Book Detecting Systems	800 000	800 000	701 715	98 285	1 100 000
New Furniture	71 048	71 048	70 496	552	135 048
New Furniture	125 000	125 000	118 263	6 737	125 000
Building Upgrade	80 000	0	0	0	0
Op-die-Berg Mobile Unit	0	530 470	0	530 470	530 470
Total all	1 076 048	1 526 518	890 474	636 044	1 890 518

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

Table 178: Capital expenditure 2015/16: Libraries

3.14 CEMETERIES

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Cemeteries in all towns are managed, except Op-die-Berg which is managed by the church. Ceres cemetery and N'Duli has reached full capacity. The cemetery at Bella Vista will cater for these two towns in future. Wolseley cemetery was extended. No crematoriums are managed.

3.14.1 SERVICE STATISTICS - CEMETERIES

Type of service	2014/15	2015/16
Number of Cemeteries	4 open 2 closed	4 open 2 closed
Number of private burials	0	0
Number of poor burials	3	37
Number of indigent burials	454	55
<i>#Stats are for all towns</i>		

Table 179: Service stats: Cemeteries

3.14.2 EMPLOYEES: CEMETERIES

Employees: Cemeteries			
Job Level	2014/15	2015/16	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
0 - 3	26	18	1
4 - 6	8	7	1
7 - 9	1	1	0
10 - 12	1	1	0
13 - 15	0	0	0
Total	36	27	2
<i>Employees and Posts numbers are as at 30 June.</i>			

Table 180: Employees: Cemeteries

3.14.3 CAPITAL EXPENDITURE - CEMETERIES

Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Fencing Cemetery Extensions	100 000	16 500	16 173	327	16 500
Total all	100 000	16 500	16 173	327	16 500
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

Table 181: Capital expenditure 2015/16: Cemeteries

3.15 CHILD CARE, AGED CARE AND SOCIAL PROGRAMMES

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The Socio Economic Unit is responsible for:

- the initiation and strengthening of early childhood development (ECD) programmes and support of the ECD Forum;
- capacity building of crèches;
- strengthening awareness programs regarding the aged abuse and access to indigent services;
- strengthening and support of youth development with the focus on job creation and skills development;
- strengthening and support of persons with disabilities through skills development; and
- support HIV/AIDS awareness.

3.15.1 SERVICE STATISTICS: CHILD CARE, AGED CARE AND SOCIAL PROGRAMMES

Type of service	2014/15	2015/16
Child Care; Aged Care; Social Programmes		
Soup kitchens established or supported	8 Soup kitchens was financially supported	8 soup kitchens was financially supported
Initiatives to increase a wareness on child abuse	<ul style="list-style-type: none"> • 11 x awareness program on water safety for children at ECD facilities • 4 x fire safety programmes presented to teachers and children at ECD centres • 1 x awareness program on child safety and prevention of abduction with parents of children at ECD centre • 2 x awareness program on importance of parental involvement. • 1 x awareness program on striving for more in Breërivier Kluitjies Kraal (Wolseley) programme for more than 100 children. Focus was on fire and water safety. 100 toiletry sets were distributed to these needy children • School holiday programme for more than 200 children of Ward 6. Catering and gift bags were distributed amongst 200 needy children • Road safety programmes at Ceres Primary School; Morrisdale Primary School; N'Duli Primary School; Wanganella Primary School and St Marks Primary School for all Grade R; 1; 2 AND 3 learners • Children's day programme for more than 1 000 children from all registered and funded crèches in the Witzenberg municipal area • Britsum Primary School Life Skills Programme for more than 100 children. Children were educated about the prevention of child abuse and sexual abuse • Road safety programmes at the following ECD'S: - Vrolike Vinkies; 	<ul style="list-style-type: none"> • 17 July 2016- Child Protection Programme • Child protection programmes about road safety and body safety: HM Beets; Aviat Crèche; Wouter Kabouter • Holiday Programme on 2 July 2016 at Bella Vista High School for approximately 150 children. We entertained the children with Daantjie Kat and talked to them about road safety • 3 September 2016 - Awareness programme - Morrisdale Primary School • 15 September 2016- Achter Tuin Primary - School road safety • 8 September 2015- Awareness programme at Fairfield Primary School- Road and fire safety • 27, 28 and 29 October 2016 at the following primary schools: Achteertuin Primary, Nduli Primary, Morrisdale Primary, Ceres Primary, Mooi Uitsig and St Marks Primary • 30 November 2016 - Awareness programmes for grade 6 and 7 learners • 16 December 2015 - Child Protection Programme at Kluitjies Kraal • 19 January and February 2016 - Awareness and Prevention, Safety Programme at Prince Alfred Hamlet Play Park and programme at Goldilocks Crèche • 2 x awareness program on water safety for children at ECD facilities • 2 x fire safety programmes presented to teachers and children at ECD centres • 3 x awareness programs on striving for more for primary school children

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	<ul style="list-style-type: none"> HM Beets; Aviat Crèche and Wouter Kabouter Crèche • Vredebes prevention programme for all women and children • Establish a Witzenberg Women and Child Protection Forum • Die Bossie awareness and prevention programme. All parents and children were educated regarding child sexual abuse and women abuse • Establish a N'Duli Child Safety Network consisting of all Government Departments/Stakeholders that are responsible for services to children 	<ul style="list-style-type: none"> • 1 x Educational trip to Kleinplasië for children in ECD centres • 1 x awareness program on emotional intelligence for parents of ECD children • 1 x awareness program on establishing norms and values with parents of pre-school children. • 1 x awareness program on building blocks for healthy family life
<p>Youngsters educated and empowered</p>	<ul style="list-style-type: none"> • World of work programme (Op die Berg) • Basic administration training (Op die Berg) • Leadership training (N'Duli, Bella Vista, Tulbagh, Wolseley) • Youth day event (over 150 youth) • Entrepreneurial information session (Wolseley, N'Duli) • Information session (Department Labour) • Holiday programme (Tulbagh) • Basic business training (Tulbagh) • Holiday programme (Bella Vista) • Train the trainer (Tulbagh) • Water safety programme (Ceres, Tulbagh, Wolseley, N'Duli, PA Hamlet) • Career days (Op die Berg) • Arts and craft programme (Tulbagh) • Communication skills • Job preparation programmes • Awareness: Peer pressure • Educational fieldtrip 	<ul style="list-style-type: none"> • Water Safety/Learn-to-swim Campaign (Ceres, Tulbagh, Wolseley, PA Hamlet) • X2 Career day (Op-die-Berg) • Life skills program (Tulbagh) • Arts & craft session (Tulbagh) • X4 Holiday program (Tulbagh) • Entrepreneurship Info session (Wolseley) • World of work workshop (ODB) • X2 Leadership training (Nduli & Wolseley) • X2 Awareness: Role of young women (Wolseley) • Communication skills (PA Hamlet) • X2 Job preparation (Tulbagh & Wolseley) • X2 Leadership (PA Hamlet & Ceres) • Youth day event • X2 Basic Admin Course (ODB) • Arts and craft (Wolseley) • Job hunting training (Bella Vista) • Youth camp • X2 Conflict management (Nduli & Tulbagh) • First aid training (Ceres & Wolseley) • X2 Train the trainer (Bella Vista) • Safety programmes (primary schools) • Educational fieldtrip (ODB) • Painting of park (Ceres) • Vulnerable Teens Program (Dankbaar) • Awareness: Social networks (Tulbagh) • Personal development (Tulbagh) • Life skills camp (Op die Berg) • Youth day event • Awareness: Teenage Pregnancy (high school) • Self-development workshop (ODB)
<p>1 Initiatives to increase awareness on disability</p>	<ul style="list-style-type: none"> • Door to door programme in Bella Vista creating awareness regarding different type of disabilities and to minimise discrimination against people with disabilities (100 homes were targeted) 	<ul style="list-style-type: none"> • Disability Awareness Programme: introduction of the parent supporter programme in tulbagh. • 14 October 2015- Provincial workshop on people with disabilities

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<p>Initiatives to increase awareness on women</p>	<ul style="list-style-type: none"> • Safety awareness program for all residents of Maple Park • Workshop for 30 people with disabilities on 8 August 2014 • Witzenberg Disability Forum stakeholder meeting • SALGA Disability Workshop with all stakeholders delivering services to people with disabilities • Successful International Day for People with Disabilities were held in Prince Alfred Hamlet for more than 200 people with disabilities • Information session for 15 people with disabilities 	<ul style="list-style-type: none"> • 3 December 2015- International day for people with disabilities- Pune Valley Hall-Wolseley • 22 January 2016- Disability meeting • February 2016 - Disability awareness programme
<p>Women empowered</p>	<ul style="list-style-type: none"> • Financial literacy training for more than 100 women and parents of Prince Alfred Hamlet • Training programme for 15 female entrepreneurs presented by Gender Links • Vredebes 16 days programme for the whole community of Vredebes- Prevention and awareness of women and child abuse • Information session with 30 women regarding entrepreneurship training and opportunities • Business Training for 30 female entrepreneurs by Gender Links • Established a Women and Child Safety Network. All stakeholders/ Government Departments delivering services to women and children were part of this forum • Women empowerment programme for Op die Berg women regarding domestic violence and the Indigent Policy. Stakeholders involved in this session was Witzenberg Municipality and the Department of Social Development • Awareness and prevention programme regarding gender based violence • Attend Intimate Partner Violence Stakeholder Forum meetings from April 2015 • Establish a Witzenberg Women and Children Safety Network Forum 	<ul style="list-style-type: none"> • 28 July 2015- Intimate Partner Violence meeting • 14 August 2015- Women's day for elder women at Breerivier Clinic • Womens's day programme with Badisa Wolseley for all safety parents and foster mothers • Intimate Partner Violence meeting- aim is to increase the number of women receiving counselling • Women's day programme focussing on young women- prevention of teenage pregnancies • Bella Vista Women's Day Programme: Health Services for women made accessible to women • 9 December 2016- 16 days of activism for violence against women and children in the Vredebes community • 23 June 2016- Gender based violence-making a difference on a local level- SALGA's Women's Commission • Prevention of gender based violence- programme • Attend Ceres CPF meetings
<p>Initiatives to increase awareness on HIV/AIDS</p>	<p>Meeting with Department of Local Government regarding gender mainstreaming process and support required in terms of gender mainstreaming</p>	<p>0</p>
<p>Initiatives to increase awareness on Early Childhood Development</p>	<ul style="list-style-type: none"> • 5 x awareness and prevention programmes held in Witzenberg • 1 x HIV workshop facilitated 	<ul style="list-style-type: none"> • 3 x awareness and prevention programs held in Witzenberg • 4 x quarterly ECD forum meetings • 1 x training for crèche personnel on food preparation and hygiene • 1 x workshop on aftercare

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	<ul style="list-style-type: none"> • 1 x awareness program on fire safety and emergency plan for crèche practitioners and children • 1 x training for crèche practitioners on FAS • 1 x training for crèche practitioners on milestone development • 1 x first aid training for crèche practitioners • 1 x training for crèche practitioners in preparing for Grade 1 	<ul style="list-style-type: none"> • 1 x workshop on quality insurance for ECD practitioners • 1 x workshop on inclusive education for ECD practitioners
Initiatives to increase awareness on substance abuse and high drug and alcohol related crimes	8 x substance abuse awareness programmes were held in different areas in Witzenberg	<ul style="list-style-type: none"> • 5 x awareness programs on substance abuse in Witzenberg • 3 x awareness program on Fetal Alcohol Syndrome held in Witzenberg • LDAC meeting
Special events hosted	900 elderly people attended Age Day on 11 December 2015	<ul style="list-style-type: none"> • Youth day event 2016(Miss & Mr Salt of Witzenberg) • 900 elderly people attended Age Day on 8 December 2016

Table 182: Service Statistics: Child care, aged care and social programmes

3.15.2 SERVICE DELIVERY INDICATORS: CHILD CARE, AGED CARE AND SOCIAL PROGRAMMES

Ref	Strategic Objective	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Overall Performance		
						Target	Actual	R
TL30	Support the poor & vulnerable through programmes & policy	Number of account holders subsidised through the municipality's indigent Policy	Number of account holders	All	2 794	2 750	2 673	
TL31	Support the poor & vulnerable through programmes & policy	The number of jobs created through municipality's local economic development initiatives including capital projects	Number of jobs created	All	421	380	427	
TL32	Support the poor & vulnerable through programmes & policy	Number of social development programmes implemented	Number of programmes	All	17	19	23	

Table 183: Service delivery indicators: Child care, aged care and social programmes

3.15.3 EMPLOYEES: SOCIO ECONOMIC

Employees: Socio economic			
Job Level	2014/15		2015/16
	Employees		Vacancies (fulltime equivalents)
	No.	No.	No.
0 - 3	0	0	0
4 - 6	5	5	0
7 - 9	0	1	0

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Employees: Socio economic			
Job Level	2014/15	2015/16	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
10 - 12	4	4	0
13 - 15	1	1	0
Total	10	11	0

Employees and Posts numbers are as at 30 June.

Table 184: Employees: Socio economic

3.16 COMMUNITY SERVICES: OTHER

3.16.1 CAPITAL EXPENDITURE - COMMUNITY SERVICES: OTHER

Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Upgrade Community Hall & Fences	0	11 495	11 495	0	11 495
Plant & Equipment	273 000	373 000	372 204	796	585 763
Op-die-Berg Community Hall	625 000	625 000	640 605	(15 605)	647 010
IT Equipment - Belgium Grant	140 000	140 000	139 762	238	140 000
Upgrading Polo Cross Hall	0	74 000	74 000	0	1 074 000
Total all	1 038 000	1 223 495	1 238 065	(14 570)	2 458 268

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

Table 185: Capital expenditure 2015/16: Community services: Other

COMPONENT E: ENVIRONMENTAL PROTECTION

The section Facilities and Environment manages environmental protection that includes environmental education, aesthetics and wild animal management such as baboons, as well as the protection of fauna and flora. The department is in the process of developing an Environmental Management Plan.

3.17 POLLUTION CONTROL

Environmental officers within the department are responsible for environmental and pollution control. The focus is mainly on pollution and illegal dumping and the protection of fauna and flora. The municipality are part of the Regional Air Quality Forum and have an official appointed as Air Quality Officer. We put a lot of emphasis on education and training of youth and learners. The section is focussed on prevention and compliance to legislation.

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3.17.1 SERVICE STATISTICS - POLLUTION CONTROL

Type of service	2014/15	2015/16
Pollution Control		
Number of environmental education initiatives held	15	5
Number of baboon damage incidents	0	0

Table 186: Service statistics: Pollution control

3.18 PARKS, PUBLIC OPEN SPACES AND RIVER MANAGEMENT

Parks management is responsible for the management and maintenance of parks in the municipal area. New parks are designed and developed by the section. The function also includes river maintenance and conservation of municipal nature areas. We have more than 50 hectares of official parks and many more open spaces and areas that needs maintenance. Parks are cut at least once every 3 weeks. Rivers are managed to prevent pollution and regular alien clearings takes place.

3.18.1 EMPLOYEES: PARKS, PUBLIC OPEN SPACES AND RIVER MANAGEMENT

Employees: Parks, public open spaces and river management			
Job Level	2014/15		2015/16
	Employees		Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	0	11	0
0 - 3	30	30	11
4 - 6	5	11	6
7 - 9	2	5	0
10 - 12	0	1	0
13 - 15	0	1	0
Total	37	59	17

Employees and Posts numbers are as at 30 June.

Table 187: Employees: Parks, public open spaces and river management

3.18.2 CAPITAL EXPENDITURE - PARKS

Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Equipment Upgrading (Pine Forest)	2 000 000	483 300	281 674	201 626	657 346
Grass Cutting Equipment	0	207 605	206 832	773	269 555
Total all	2 000 000	690 905	488 506	202 399	926 901

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

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Table 188: Capital expenditure 2015/16: Parks

COMPONENT F: SECURITY AND SAFETY

This component includes: Traffic; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

3.19 TRAFFIC & VEHICLE LICENSING

Our top service delivery priorities are reducing the number of road deaths caused by accidents through traffic law enforcement, speed enforcement and road traffic safety education at schools and other institutions. Another priority will be to improve service delivery at the Traffic Centre. This will be achieved through service excellence and by identifying shortcomings and addressing these through training initiatives.

3.19.1 SERVICE STATISTICS - TRAFFIC SERVICES

Details	2014/15	2015/16
	Actual No.	Actual No.
Number of road traffic accidents during the year	849	875
Number of by-law infringements attended	103	96
Number of Traffic officers in the field on an average day	11	8
Number of Traffic officers on duty on an average day	14	11
Animals impounded	0	0
Motor vehicle licenses processed	28 201	24 885
Learner driver licenses processed	3 048	2 794
Driver licenses processed	2 417	2 561
Driver licenses issued	846	906
Fines issued for traffic offenses	15 501	12 670
R-value of fines collected	2 375 665	2 365 320
Operational call-outs	250	471
Roadblocks held	20	29
Complaints attended to by Traffic Officers	238	323
Special Functions - Escorts	18	36
Awareness initiatives on public safety	11	6

Table 189: Service Statistics: Traffic services

3.19.2 EMPLOYEES: TRAFFIC SERVICES

Employees: Traffic services			
Job Level	2014/15	2015/16	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contratual	0	6	0

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Employees: Traffic services			
Job Level	2014/15	2015/16	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
0 - 3	0	0	0
4 - 6	7	9	1
7 - 9	16	21	1
10 - 12	0	4	0
13 - 15	0	1	0
Total	24	41	2

Employees and Posts numbers are as at 30 June.

Table 190: Employees: Traffic services

3.19.3 CAPITAL EXPENDITURE - TRAFFIC SERVICES

Capital Projects	2015/16				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	
R					
Fire Arms	100 000	0	0	0	0
Vehicle Replacement Program	420 000	570 000	561 346	8 654	570 000
Total all	520 000	570 000	561 346	8 654	570 000

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

Table 191: Capital expenditure 2015/16: Traffic services

3.20 FIRE

The fire services function is provided in conjunction with the Cape Winelands District Municipality. An agreement was reached on support from the District Municipality. Witzenberg Municipality mainly attends to urban fires in built areas and the District Municipality to fires outside urban areas. Support does, however, take place as and when needed. Personnel capacity does hamper the delivery of proper services, but a satellite fire station was implemented in Tulbagh and N'Duli.

3.20.1 SERVICE STATISTICS - FIRE SERVICES

Details	2014/15	2015/16
	Actual	Actual
Total fires attended in the year	530	374
Average turnout time - urban areas	8 min 59 sec	10 min
Average turnout time - rural areas	14 min 30 sec	20 min
Fire fighters in post at year end	8	8
Total fire appliances at year end	3	3

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Details	2014/15	2015/16
	Actual	Actual
Total Operational call-outs	621	456
Reservists and volunteers not trained	0	0
Awareness Initiatives on Fire Safety	84	90
Working of Fire	15	10

Table 192: Service data for fire services

3.20.2 EMPLOYEES: FIRE AND DISASTER

Employees: Fire and disaster			
Job Level	2014/15	2015/16	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
0 - 3	0	0	0
4 - 6	2	3	0
7 - 9	3	3	0
10 - 12	1	1	0
13 - 15	0	1	0
Total	6	8	0

Employees and Posts numbers are as at 30 June.

Table 193: Employees: Fire and disaster

3.20.3 CAPITAL EXPENDITURE - FIRE SERVICES

Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Fire Fighting Equipment	50 000	50 000	45 711	4 289	50 000
Vehicle Replacement Programme	3 000 000	201 000	200 792	208	201 000
Plant & Equipment	0	518 000	518 412	(412)	518 000
Radio Communication Equipment	0	580 000	580 000	0	580 000
Total all	3 050 000	1 349 000	1 344 915	4 085	1 349 000

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

Table 194: Capital expenditure 2015/16: Fire service

3.21 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

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The Disaster Management function is not fully developed yet and personnel for the function do not exist. The function is delivered in conjunction with the Cape Winelands District Municipality and the Fire Services and Traffic Department. The municipality completed a Disaster Management Plan and Council approved the plan. No serious disasters were experienced during the past year. Support is given to families in informal areas where fires have demolished structures. Support depends on the extremity but, includes temporary housing in community facilities and food-parcels being distributed.

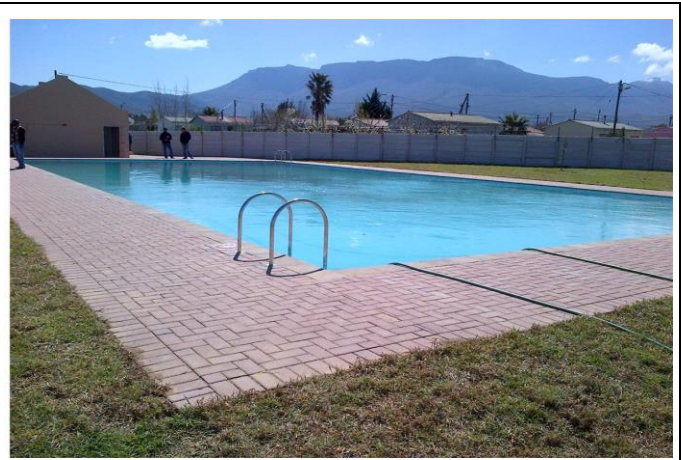
The municipality does not enforce animal licensing at this stage. Animal control is, however, problematic as the municipality does not manage an animal pound and it is too expensive to impound animals to neighbouring towns which do manage pounds.

Public nuisances' are addressed by the Traffic Department. Complaints on nuisances received are documented and reported on in the Traffic Monthly Report

COMPONENT G: SPORT AND RECREATION



Bella Vista Park



Hamlet Swimming Pool



Witzenville Courts



N'Duli Sportsfield

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

The municipality manages one resort, namely Dennebos. This resort offers the following facilities for visitors and the local community:

- 🍒 97 accommodation units that can house 506 people
- 🍒 22 normal camping sites and 286 sites for long-term rentals
- 🍒 1 recreation hall
- 🍒 2 conference halls
- 🍒 1 Olympic size and 2 smaller for kids, swimming pools

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- The recreation area includes a play park for kids, putt-putt, trampolines, table tennis, badminton and squash courts

The number of visitors for 2015/16 applicable to accommodation units and normal camping sites, amounted to R4 808 183.53 (49 913 bed nights).

Besides the swimming pools in Dennebos, six more swimming pools are available to the local community in:

- Ceres (one)
- Tulbagh (one)

- Wolseley (one)
- Bella Vista (one)
- PA Hamlet (one)
- N'Duli (one)

According to ticket sales 1 629 adults and 41 980 kids visited the outside pools during 2015/16 (Revenue of R100 250 for the period November 2014 to April 2015).

All pools are daily maintained to ensure clean pools for visitors.

3.22 SPORT AND RECREATION

3.22.1 SERVICE DELIVERY INDICATORS: SPORT AND RECREATION

Ref	Strategic Objective	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Overall Performance		
						Target	Actual	R
TL27	Provide & maintain facilities that make citizens feel at home	Customer satisfaction survey (Score 1-5) - community facilities	Score of survey	All	2.3	4	2.33	

Table 195: Service delivery indicators: Sport and recreation

3.22.2 EMPLOYEES: SPORT AND RECREATION

Employees: Sport and recreation			
Job Level	2014/15		2015/16
	Employees		Vacancies (fulltime equivalents)
	No.	No.	No.
0 - 3	28	16	0
4 - 6	30	20	0
7 - 9	1	1	0
10 - 12	0	0	0
13 - 15	0	0	0
16 - 18	0	0	0
Total	59	37	0

Employees and Posts numbers are as at 30 June.

Table 196: Employees: Sport and recreation

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3.22.2 CAPITAL EXPENDITURE - SWIMMING POOLS AND SPORT GROUNDS

Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Extension of Sport Facility - Ceres	150 000	174 000	174 000	0	174 000
Total all	150 000	174 000	174 000	0	174 000
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					

Table 197: Capital expenditure 2015/16: Swimming pools and sport grounds

COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.23 FINANCIAL SERVICES

An important factor considered by investors in relocating to an area is the ability of the authorities to demonstrate adequate provision of services, financial discipline, affordable tariffs, adherence to statutory requirements, timely preparation and production of financial statements, adherence to generally accepted accounting practices and unqualified audit reports.

Operational financing

Council's policy is to fund operating expenses from normal revenue streams with short term borrowing being used as a last resort. It is expected that strong financial management including accurate cash forecasting will obviate the need to resort to short-term borrowings.

Working Capital

It is Council's intention to create sufficient cash reserves by way of good financial management including the setting aside of adequate provisions for working capital.

Revenue raising strategy

The guidance on how to improve the payment ratio of the area can be found in the Credit Control and Debt Collection Policy. This Policy highlights the procedures to be followed in the collection of all money owed to the Municipality.

Expenditure Management

To reduce expenditure on non-core functions, by considering Public Private Partnerships.

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3.23.1 SERVICE STATISTICS - FINANCIAL SERVICES

Debt Recovery						
Details of the types of account raised and recovered	2014/15			2015/16		
	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %
R'000						
Property Rates	50 328	48 575	96.5	55 604	52 556	94.5
Electricity	171 944	168 490	98.0	227 278	225 891	99.4
Water	35 721	27 800	77.8	47 528	32 139	67.6
Sanitation	24 033	19 542	81.3	29 745	23 754	79.9
Refuse	24 323	18 856	77.5	30 220	25 808	85.4
Other	3 363	2 865	85.2	8 322	9 253	111.2
Total	309 713	286 128	92.39	398 698	369 402	92.65

The proportion of account value billed is calculated by taking the total value of the year's revenues collected against the bills raised in the year by the year's billed revenues

Table 198: Service Standards for Financial Services

3.23.2 EMPLOYEES: FINANCIAL SERVICES

Employees: Financial Services			
Job Level	2014/15		2015/16
	Employees		Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	0	20	0
0 - 3	0	0	0
4 - 6	34	22	4
7 - 9	14	5	0
10 - 12	6	3	1
13 - 15	0	2	0
16 - 18	5	2	0
Total	59	54	5

Employees and Posts numbers are as at 30 June.

Table 199: Employees: Financial Services

3.23.3 SERVICE DELIVERY INDICATORS: FINANCIAL SERVICES

Ref	Strategic Objective	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Overall Performance		
						Target	Actual	R
TL1	Sustainable provision & maintenance of basic infrastructure	% Expenditure on Maintenance Budget by Technical Directorate	Percentage of budget spent	All	99% of the operational budget spent	98%	97.9%	

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Ref	Strategic Objective	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Overall Performance		
						Target	Actual	R
TL2	Sustainable provision & maintenance of basic infrastructure	% Expenditure on Capital Budget by Technical Directorate	Percentage of budget spent	All	96%	95%	99.50%	
TL4	Sustainable provision & maintenance of basic infrastructure	Number of outstanding valid applications for water services expressed as a % of total number of billings for the service	Percentage of outstanding applications	All	0%	<1%	0%	
TL5	Sustainable provision & maintenance of basic infrastructure	Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service	Percentage of outstanding applications	All	0%	<1%	0%	
TL6	Sustainable provision & maintenance of basic infrastructure	Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service	Percentage of outstanding applications	All	0%	<1%	0.04%	
TL7	Sustainable provision & maintenance of basic infrastructure	Number of outstanding valid applications for refuse collection services expressed as a % of total number of billings for the service	Percentage of outstanding applications	All	0%	<1%	0%	
TL16	Support institutional transformation & development	Percentage budget spent on implementation of Workplace Skills Plan	Percentage of budget spent	All	100%	99%	100%	
TL18	Ensure financial viability	Financial viability expressed as Debt-Coverage ratio	Ratio	All	27	16	35.9	
TL19	Ensure financial viability	Financial viability expressed as Cost-Coverage ratio	Ratio	All	2.5	1.6	3.6	
TL20	Ensure financial viability	Financial viability expressed outstanding service debtors	Ratio	All	70%	44%	55%	
TL21	Ensure financial viability	Opinion of the Auditor-General on annual financial statements of the previous year	Opinion of AG	All	1	1	1	
TL22	Ensure financial viability	Increased revenue collection	Percentage revenue collected	All	94%	96%	94%	
TL23	Ensure financial viability	Percentage of budget spent on maintenance	Percentage of budget spent	All	99%	98%	98.53%	
TL24	Ensure financial viability	Percentage spend of capital budget	Percentage of budget spent	All	95%	95%	96.9%	
TL28	Provide & maintain facilities that make citizens feel at home	% Expenditure on Maintenance Budget by Community Directorate	Percentage of budget spent	All	99% of the operational budget spent	98%	99.91%	
TL29	Provide & maintain facilities that make citizens feel at home	% Expenditure on Capital Budget by Community Directorate	Percentage of budget spent	All	97%	95%	83.5%	

Table 200: Service delivery indicators: Financial Services

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3.23.4 CAPITAL EXPENDITURE - FINANCIAL SERVICES

Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Insurance Replacements	50 000	70 000	52 667	17 333	70 000
IT Equipment	0	5 000	0	5 000	5 000
Meter Reading Equipment	0	350 000	313 889	36 111	350 000
Forklift	300 000	0	0	0	0
Total all	350 000	425 000	366 556	58 444	425 000
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					

Table 201: Capital expenditure 2015/16: Financial Services

3.24 HUMAN RESOURCE SERVICES

The Human Resources Section within Witzenberg Municipality incorporates the following disciplines which are:

- Recruitment and selection
- Leave administration
- Benefit administration
- Labour relations
- Training and development
- Health and safety performance management
- Work study administration

3.24.1 SERVICE STATISTICS - HUMAN RESOURCES

Details	2014/15	2015/16
Number of HR policies reviewed	0	0
Number of total permanent employees	482	495
Number of total temporary employees	65	43
Number of total injuries (injury on duty cases)	93	52
Number of total approved annual leave days taken	11 767.75	11 203.75
Number of family responsibility leave days taken	621.50	525.5
Number of total Health and Safety Representatives	20	19
Number of total First Aiders	17	20
Number of sick days leave taken	4 607.75	4 064.5
Number of termination	42	31
Number of new employees appointed	38	29
Number of total employees trained	182	271
Number of total female employees trained	34	71

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Details	2014/15	2015/16
Number of total male employees trained	148	200
Number of total learnerships enrolled	3	4
Number of total training courses rolled out	28	17
Total percentage budget spend on training	100%	100%

Table 202: Service Data for Human Resource Services

3.24.2 SERVICE DELIVERY INDICATORS - HUMAN RESOURCES

Ref	Strategic Objective	KPI	Unit of Measurement	Wards	Actual performance of 2014/15	Overall Performance		
						Target	Actual	R
TL17	Support institutional transformation & development	Percentage of people from employment equity target groups employed in the three highest levels of management in	Percentage of equity groups	All	71%	72%	74%	
TL16	Support institutional transformation & development	Percentage budget spent on implementation of Workplace Skills Plan	Percentage of budget spent	All	100%	99%	100%	

Table 203: Service delivery indicators - Human Resources

3.24.3 EMPLOYEES: HUMAN RESOURCES

Employees: Human Resources				
Job Level	2014/15		2015/16	
	Employees	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.	No.
Contractual	0	1		0
0 - 3	0	0		0
4 - 6	0	1		0
7 - 9	3	1		0
10 - 12	4	3		1
13 - 15	0	0		0
16 - 18	1	1		0
Total	8	7		1

Employees and Posts numbers are as at 30 June.

Table 204: Employees: Human Resources

3.25 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The department's functions includes:

- Management and maintenance of the IT infrastructure that includes hardware and software
- Update and maintenance of municipal website
- Upkeep and maintenance of LAN and WAN

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- Administration of the electronic documents system (TRIM)
- Manage service providers for outsourced functions.

3.25.1 SERVICE STATISTICS - ICT SERVICES

Details	2014/15	2015/16
	Actual	Actual
Desktop support	247	271
Network support	203	265
Network downtime experienced	2 hours	4 hours
Server downtime experienced (total for 15 servers)	24 hours	30 hours
File restores requested	47	33

Table 205: Service Data for ICT services

3.25.2 EMPLOYEES: ICT

Employees: ICT			
Job Level	2014/15	2015/16	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
0 - 3	0	0	0
4 - 6	0	0	0
7 - 9	0	0	0
10 - 12	0	1	0
13 - 15	0	0	0
16 - 18	0	0	0
Total	0	1	0

Employees and Posts numbers are as at 30 June.

Table 206: Employees: ICT

3.26 RISK MANAGEMENT AND INTERNAL AUDIT

Witzenberg Municipality does not have a Risk Management sub-directorate. The Accounting Officer is the Chief Risk Officer and the duties are delegated to the Chief Financial Officer and Internal Audit. Internal Audit is responsible to facilitate risk assessment. Portfolio directors and risk owners are responsible to maintain controls and the implementation of action plans to mitigate risk and to improve controls.

The risk register of the municipality is reviewed and updated on a continuous basis and reassessed annually to form the basis for the compilation of the risk based audit and 3 year strategic plans.

Internal Audit is an in-house function that performs internal audits based on the approved Risk Based Audit Plan and other statutory audits as required by the MFMA and MSA.

The Internal Audit function reports functionally to the Performance, Risk and Audit Committee and administratively to the Municipal Manager.

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3.26.1 SERVICE STATISTICS -INTERNAL AUDIT

Details	2014/15	2015/16
	Actual	Actual
Compilation of the Risk Based Audit and 3 year strategic plans	1	1
Internal Audits	13	19

Table 207: Service statistics for Internal Audit

3.26.2 EMPLOYEES: INTERNAL AUDIT

Employees: Internal Audit			
Job Level	2014/15	2015/16	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
0 - 3	0	0	0
4 - 6	1	0	0
7 - 9	0	0	0
10 - 12	0	1	0
13 - 15	1	1	0
16 - 18	1	1	0
Total	2	3	0

Employees and Posts numbers are as at 30 June.

Table 208: Employees: Internal Audit

3.27 LEGAL SERVICES

Legal Services manages the implementation, monitoring, evaluation and reporting sequences of outcomes associated with programmes designed to accomplish key service delivery objectives with respect to Legal Services. This is achieved through co-ordination of operations against departmental, statutory and audit guidelines to ensure that the service is managed and maintained in accordance with laid down quality standards, customer focussed to ensure legal compliance and provide legal direction in ensuring effective and efficient service delivery.

The main objectives are as follows:

- To distribute all new legislation and proclamations to all Departments;
- To promulgate by-laws;
- To provide legal opinions and input on policies, contracts, agreements, legislation, by-laws and authorities; and

- Attend to on-going litigant matters within the legislative timeframes.

The highlights for the year under review were as follows:

- Having a Legal Department to deal with legal issues of the Municipality
- The adoption of two new by-laws
- No successful appeal against the Municipality in any litigation matter

The challenges for the year under review were as follows:

- Proper funding and budget control to ensure that the department operate on both an optimum and efficient level;
- Availability of a well-maintained legal library

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3.28 STRATEGIC SUPPORT: OTHER

3.28.1 CAPITAL EXPENDITURE - STRATEGIC SUPPORT: OTHER

Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Office Furniture -Witzenberg	150 000	110 000	102 057	7 943	408 800
Computer Hardware- Replacement	0	186 351	159 406	26 945	489 351
Software	200 000	164 170	164 170	0	164 170
Total all	350 000	460 521	425 633	34 888	1 062 321
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					

Table 209: Capital expenditure 2015/16: Strategic support: Other

3.29 STRATEGIC SUPPORT: OTHER

3.29.1 CAPITAL EXPENDITURE - FLEET

Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Tools & Equipment	30 000	30 000	19 659	10 341	402 000
Total all	30 000	30 000	19 659	10 341	402 000
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					

Table 210: Capital expenditure 2015/16: Fleet



Chapter 4

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CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Witzenberg Municipality currently employs **559** officials, (permanent + temporary employees) but excluding councillors, who individually and collectively contribute to the achievement of the municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

4.1.1 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 indicator also refers 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"

o) Employment Equity targets/actual

African			Coloured			Indian			White		
Target June	Actual June	Target reached	Target June	Actual June	Target reached	Target June	Actual June	Target reached	Target June	Actual June	Target reached
33.39%	25%	58.39%	49.58	68%	137.15%	1.06%	0%	1.06%	15.97%	6%	21.97%

Table 211: 2015/16 EE targets/Actual by racial classification

Male			Female			Disability		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
48.92%	64.58%	113.5%	51.08%	45.23%	96.31%	0	0	0

Table 212: 2015/16 EE targets/actual by gender classification

p) Employment Equity vs. Population

Description	African	Coloured	Indian	White	Total
Population numbers	29 300	76 451	272	8 944	114 967
% Population	25.5	66.5	0.2	7.8	100
Number for positions filled	142	365	1	30	538
% for Positions filled	26.4	67.8	0.2	5.6	100

Note: The total population numbers is based on projection done by Global Insight

Table 213: EE population 2015/16

q) Occupational Categories - Race

Below is a table that indicates the number of employees by race within the specific occupational categories (including the Councillors):

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Occupational Categories	Posts filled								Total
	Male				Female				
	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers	4	19	0	8	1	8	0	2	42
Professionals	0	9	0	2	3	11	0	3	28
Technicians and associate professionals	2	13	0	0	1	3	0	0	19
Clerks	8	18	0	1	9	41	0	11	88
Service and sales workers	5	12	0	0	5	14	0	2	38
Craft and related trades workers	1	13	0	2	0	0	0	0	16
Plant and machine operators and assemblers	6	30	0	0	1	0	0	0	37
Elementary occupations	64	141	0	0	17	28	0	0	250
Total permanent	90	255	0	13	37	105	0	18	518
Non-permanent employees	8	10	0	1	12	10	1	1	43
Grand total	98	265	0	14	49	115	1	19	561

Table 214: Occupational Categories

r) Occupational Levels - Race

The table below categorize the number of employees by race within the occupational levels (excluding 23 councillors)

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	0	1	0	0	0	0	0	0	1
Senior management	1	0	0	2	0	1	0	0	4
Professionally qualified and experienced specialists and mid- management	0	17	0	7	3	13	0	3	43
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	10	41	0	4	6	21	0	6	88
Semi-skilled and discretionary decision making	30	104	0	0	13	41	0	6	194
Unskilled and defined decision making	46	82	0	0	13	24	0	0	165
Total permanent	87	245	0	13	35	100	0	15	495
Non- permanent employees	8	10	0	1	12	10	1	1	43
Grand total	95	255	0	14	47	110	1	16	538

Table 215: Occupational Levels

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s) Departments - Race

The following table categorize the number of employees by race within the different departments (excluding 23 councillors):

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Office of the Municipal Manager	0	4	0	2	1	4	0	1	12
Corporate Services	12	27	0	1	6	25	0	3	74
Financial Services	2	19	0	2	5	20	0	6	54
Community Services	24	68	0	4	28	46	1	5	176
Technical Services	57	137	0	5	8	14	0	1	222
Total permanent	95	255	0	14	48	109	1	16	538

Table 216: Department - Race

4.1.2 VACANCY RATE

The approved organogram for the municipality has **865** posts for the **2015/16** financial year. The actual positions filled are indicated in the tables below by post level and by functional level. Budgeted vacant posts were **49** vacant at the end of **2015/16**, resulting in a vacancy rate of **5.7%**.

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

PER POST LEVEL		
Post level	Filled	Vacant Budgeted Positions
MM & MSA section 57 & 56	5	0
Middle management	22	1
Professionals	25	8
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	100	19
Semi-skilled and discretionary decision making	208	0
Unskilled and defined decision making	178	21
Total	538	49
PER FUNCTIONAL LEVEL		
Functional area	Filled	Vacant Budgeted Positions
Office of the Municipal Manager	12	0
Corporate Services	74	3
Financial Services	54	5
Community Services	176	25
Technical Services	222	16
Total	538	49

Table 217: Vacancy rate per post and functional level

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The table below indicates the vacancies per Section 57 and 56 posts:

Salary Level	Number of Section 57 and 56 vacancies	Vacancy % (as a proportion of the total Section 57 and 56 posts)
Municipal Manager	0	0
Chief Financial Officer	0	0
Director: Corporate Services	0	0
Director: Community Services	0	0
Director: Technical Services	0	0
Total	0	0

Table 218: Vacancy rate per Section 57 and 56 posts

4.1.3 EMPLOYEE TURNOVER RATE

A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality. The turnover rate shows an **decrease** from 7.5% in 2014/15 to 5.5% in 2015/16.

The table below indicates the employee turnover rate over the last three years:

Financial year	Total no appointments at the end of each Financial Year	New appointments (Permanent Appointments)	No Terminations during the year	Turnover Rate
2014/15	559	38	42	7.5%
2015/16	561	29	31	5.5%

Table 219: Turnover Rate

4.2 MANAGING THE MUNICIPAL WORKFORCE

Managing the municipal workforce refers to analysing and coordinating employee behaviour.

4.2.1 INJURIES ON DUTY

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 a **decrease** for the 2015/16 financial year of 52 employees compared to 93 employees in the 2014/15 financial year.

Incidents are investigated to determine whether there was any negligence involved to ensure that it is an actual injury on duty.

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

Directorates	2014/15	2015/16
Office of the Municipal Manager	1	0
Corporate Services	0	3
Financial Services	4	3
Community Services	42	12

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Directorates	2014/15	2015/16
Technical Services	46	34
Total	93	52

Table 220: Injuries on duty

4.2.2 SICK LEAVE

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

The total number of sick leave days that have been taken during the 2015/16 financial year shows an **decrease** when compared with the **2014/15** financial year.

The table below indicates the total number sick leave days taken within the different directorates:

Department	2014/15	2015/16
Office of the Municipal Manager	37.5	54
Corporate Services	450.75	530
Financial Services	414.5	347
Community Services	1 578	1 473.5
Technical Services	2 127	1 660
Total	4 607.75	4 064.5

Table 221: Sick Leave

4.2.3 HR POLICIES AND PLANS

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

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

Approved policies	
Name of policy	Date approved
Attendance and Punctuality	4 August 2010
Employment Practice	4 August 2010
Employment Equity	4 August 2010
Employees under the Influence of Intoxicating Substances	4 August 2010
Legal Aid Policy	4 August 2010
Relocation Policy	4 August 2010
HIV/Aids Policy	4 August 2010
Internal Bursary	4 August 2010
Occupational Health And Safety	4 August 2010
Incapacity due to Poor Work Performance	4 August 2010
Sexual Harassment Policy	4 August 2010
Incapacity: Due to Ill Health/Injury Policy	4 August 2010
Private Work and Declaration of Interests	4 August 2010
Overtime Policy	31 May 2012

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Approved policies	
Name of policy	Date approved
Proposed Scares Skills Policy	31 May 2012
Employee Assistance Policy	31 May 2012
Employment Policy	29 February 2012

Table 222: HR policies and plans

The Human Resources department submits policies to the Local Labour Forum on a regular basis for review purposes.

4.3 CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that a 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).

4.3.1 SKILLS MATRIX

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year	Number of Employees that received training
MM and S57	Female	1	1
	Male	4	4
Legislators, senior officials and managers	Female	4	5
	Male	11	15
Professionals	Female	9	9
	Male	6	9
Associate professionals and Technicians	Female	2	2
	Male	14	5
Clerks	Female	44	30
	Male	23	23
Service and sales workers	Female	17	6
	Male	25	12
Craft and related trade workers	Female	0	0
	Male	14	14
Plant and machine operators and assemblers	Female	1	1
	Male	29	15
Elementary occupations	Female	30	17
	Male	159	103
Sub total	Female	108	71
	Male	285	200
Total		393	271

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Management level	Gender	Number of employees identified for training at start of the year	Number of Employees that received training
<i>Note: The reason why the figures differ from those in table 63 is due to the fact that some employees that have been identified for training are being identified for more than one training/workshop/skills course. In some instances the employees that are attending learnerships are also booked for a skills course</i>			

Table 223: Skills Matrix

4.3.2 SKILLS DEVELOPMENT - TRAINING PROVIDED

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

Occupational categories	Gender	Number of employees as at the beginning of the financial year	Training provided within the reporting period						
			Learnerships		Skills programmes & other short courses		Total		
			Actual	Target	Actual	Target	Actual	Target	% achieved
MM and S57	Female	1	0	0	1	1	1	1	100
	Male	4	0	0	4	4	4	4	100
Legislators, senior officials and managers	Female	11	0	0	5	4	5	4	125
	Male	31	0	0	15	11	15	11	136
Professionals	Female	17	0	0	9	9	9	9	100
	Male	11	0	0	9	6	9	6	150
Technicians and associate professionals	Female	4	0	0	2	2	2	2	100
	Male	15	0	0	5	14	5	14	35
Clerks	Female	61	0	0	30	44	30	44	68
	Male	27	0	0	23	23	23	23	100
Service and sales workers	Female	21	0	0	6	17	6	17	35
	Male	17	0	0	12	25	12	25	48
Craft and related trade workers	Female	0	0	0	0	0	0	0	100
	Male	16	5	5	9	9	14	14	100
Plant and machine operators and assemblers	Female	1	0	0	1	1	1	1	100
	Male	36	5	10	10	19	15	29	51
Elementary occupations	Female	45	0	5	17	25	17	30	56
	Male	205	5	25	98	134	103	159	64
Sub total	Female	161	0	10	71	103	71	108	65
	Male	362	15	35	185	245	200	285	70
Total		523	15	45	256	348	271	393	68

Table 224: Skills Development

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4.3.3 SKILLS DEVELOPMENT - BUDGET ALLOCATION

The table below indicates that a total amount of R855 000 were allocated to the workplace skills plan and that 100% of the total amount was spent in the 2015/16 financial year:

Total workplace skills plan budget	Total Allocated	Total Spend	% Spend
855 000	855 000	855 132	100.02

Table 225: Budget allocated and spent for skills development

4.3.4 EMPLOYEE PERFORMANCE REWARDS

In accordance with regulation 32, a performance bonus, based on affordability, may be paid to an employee, after -

- (1) The annual report for the financial year under review has been tabled and adopted by the municipal council;
- (2) an evaluation of performance in accordance with the provisions of regulation 23; and
- (3) approval of such evaluation by the municipal council as a reward for outstanding performance.

The evaluation of the performance of Section 57 managers forms the basis for rewarding outstanding performance.

The table below shows the total number of Section 57 employees that received performance rewards during the 2015/16 financial year

Race	Gender	Number of beneficiaries	Total number of employees received performance rewards	% Employees received performance rewards
African	Female	0	0	0%
	Male	1	1	100%
Asian	Female	0	0	0%
	Male	0	0	0%
Coloured	Female	1	1	100%
	Male	1	1	100%
White	Female	0	0	0%
	Male	2	2	100%
Disability	Female	0	0	0%
	Male	0	0	0%
Total		5	5	100%

Table 226: Performance Rewards

4.4 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.

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4.4.1 PERSONNEL EXPENDITURE

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past three financial years and that the municipality is well below the national norm of between 35 to 40%:

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure	Percentage
	R'000	R'000	%
2014/15	114 914	408 354	28.1
2015/16	120 121	451 210	26.6

Table 227: Total Personnel Expenditure

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

Financial year	2014/15	2015/16		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000	R'000	R'000	R'000
<u>Councillors (Political Office Bearers plus Other)</u>				
Allowance	7 982	8 711	8 711	8 578
Pension Contributions	9	145	145	8
Medical Aid Contributions	66	68	68	63
Motor vehicle allowance	0	0	0	0
Cell phone allowance	8	24	24	13
Housing allowance	0	0	0	0
Other benefits or allowances	0	0	0	0
In-kind benefits	0	0	0	0
Sub Total - Councillors	8 065	8 949	8 949	8 662
% increase/ (decrease)	3.5			7.4
<u>Senior Managers of the Municipality</u>				
Salary	3 656	3 085	3 085	3 847
Pension Contributions	656	602	602	678
Medical Aid Contributions	42	68	68	46
Motor vehicle allowance	790	540	540	820
Cell phone allowance	0	0	0	0
Housing allowance	0	0	0	0
Performance Bonus	690	619	540	730
Other benefits or allowances	0	0	0	0
In-kind benefits	0	0	0	0
Sub Total - Senior Managers of Municipality	5 835	4 914	4 835	6 121
% increase/ (decrease)	6.1			6.1%
<u>Other Municipal Staff</u>				
Basic Salaries and Wages	72 961	84 553	83 442	72 516

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Financial year	2014/15	2015/16		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000	R'000	R'000	R'000
Pension Contributions	10 678	12 921	12 871	11 197
Medical Aid Contributions	5 059	6 237	6 237	5 352
Motor vehicle allowance	3 145	4 237	4 325	3 461
Cell phone allowance	0	0	0	0
Housing allowance	773	961	961	1 382
Overtime	6 437	4 397	4 603	7 692
Other benefits or allowances	10 197	13 146	13 193	12 477
Sub Total - Other Municipal Staff	109 250	126 453	125 632	114 076
% increase/ (decrease)	7.4%			3.9%
Total Municipality	115 085	131 367	130 467	120 197
% increase/ (decrease)	7.3%			4.0%

Table 228: Analysis of Personnel Expenditure

4.5 MFMA COMPETENCIES

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. 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, developed an outcomes-based NQF Level 6 qualification 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 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:

Financial Competency Development: Progress Report				
Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	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))
Financial Officials				
Accounting Officer	1	1	1	1
Chief Financial Officer	1	1	1	1
Senior Managers	1	1	1	1
Any other financial officials	3	3	3	3

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Financial Competency Development: Progress Report				
Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	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))
Supply Chain Management Officials				
Heads of supply chain management units	1	1	1	1
Total	7	7	7	7

Table 229: *Financial Competency Development: Progress Report*



Chapter 5

CHAPTER 5: FINANCIAL PERFORMANCE

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 2015/16 financial year:

Description	2014/15	2015/16			2015/16 Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Financial Performance						
Property rates	50 328	55 696	55 696	55 604	(0.16)	(0.16)
Service charges	240 269	271 800	271 800	279 542	2.85	2.85
Investment revenue	4 658	2 996	2 996	6 772	126.02	126.02
Transfers recognised - operational	84 008	82 347	76 688	74 141	(9.96)	(3.32)
Other own revenue	55 426	31 849	32 875	46 730	46.72	42.15
Total Revenue (excluding capital transfers and contributions)	434 690	444 688	440 055	462 790	4.07	5.17
Employee costs	117 696	131 367	123 887	120 804	(8.04)	(2.49)
Remuneration of councillors	8 065	8 949	8 949	8 662	(3.21)	(3.21)
Depreciation & asset impairment	25 406	24 054	28 804	26 979	12.16	(6.34)
Finance charges	12 814	11 759	16 769	16 764	42.57	(0.03)
Materials and bulk purchases	138 170	162 744	160 444	160 425	(1.43)	(0.01)
Transfers and grants	922	831	970	969	16.59	(0.11)
Other expenditure	112 111	115 419	133 113	114 871	(0.48)	(13.70)
Total Expenditure	415 184	455 124	472 937	449 473	(1.24)	(4.96)
Surplus/(Deficit)	19 505	(10 436)	(32 881)	13 317	(227.61)	(140.50)
Transfers recognised - capital	51 634	24 180	53 207	51 539	113.15	(3.14)
Contributions recognised - capital & contributed assets	0	0	0	0	0	0
Surplus/(Deficit) after capital transfers & contributions	71 139	13 744	20 326	64 856	371.90	219.07
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	51 747	27 033	55 773	51 613	90.92	(7.46)
Borrowing	0	8 290	2 991	0	(100.00)	(100.00)
Internally generated funds	12 293	17 445	18 340	23 003	31.86	25.42
Total sources of capital funds	64 040	52 768	77 104	74 616	41.40	(3.23)
Financial position						

CHAPTER 5: FINANCIAL PERFORMANCE

Description	2014/15	2015/16			2015/16 Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Total current assets	130 227	100 775	102 984	165 596	64.32	60.80
Total non-current assets	747 158	733 237	723 429	791 425	7.94	9.40
Total current liabilities	80 774	61 847	65 347	96 796	56.51	48.13
Total non-current liabilities	159 671	111 232	111 232	158 428	42.43	42.43
Community wealth/Equity	636 940	660 933	649 835	701 796	6.18	8.00
Cash flows						
Net cash from (used) operating	98 351	60 355	70 292	117 686	94.99	67.43
Net cash from (used) investing	(61 188)	(52 768)	(56 660)	(75 984)	43.99	34.10
Net cash from (used) financing	(7 843)	(2 175)	(2 175)	(7 046)	223.90	223.90
Cash/cash equivalents at the year end	62 383	38 758	44 803	97 040	150.37	116.59
Cash backing/surplus reconciliation						
Cash and investments available	62 383	38 758	44 967	97 040	150.37	115.80
Application of cash and investments	158 979	3 600	9 990	176 459	4 802.12	1 666.44
Balance - surplus (shortfall)	(96 596)	35 158	34 978	(79 420)	(325.89)	(327.06)
Asset management						
Asset register summary (WDV)	656 775	685 490	705 076	712 893	4.00	1.11
Depreciation & asset impairment	25 406	24 054	28 804	26 979	12.16	(6.34)
Renewal of Existing Assets	4 011	6 235	7 965	7 328	17.53	(8.00)
Repairs and Maintenance	18 470	19 722	18 150	19 675	(0.24)	8.40
Free services						
Cost of Free Basic Services provided	14 228	18 718	18 576	18 672	(0.25)	0.52
Revenue cost of free services provided	17 795	22 549	22 549	23 684	5.03	5.03
Households below minimum service level						
Water:	0	0	0	0	0	0
Sanitation/sewerage:	0	0	0	0	0	0
Energy:	0	0	0	0	0	0
Refuse:	0	0	0	0	0	0

Table 230: Financial Performance 2015/16

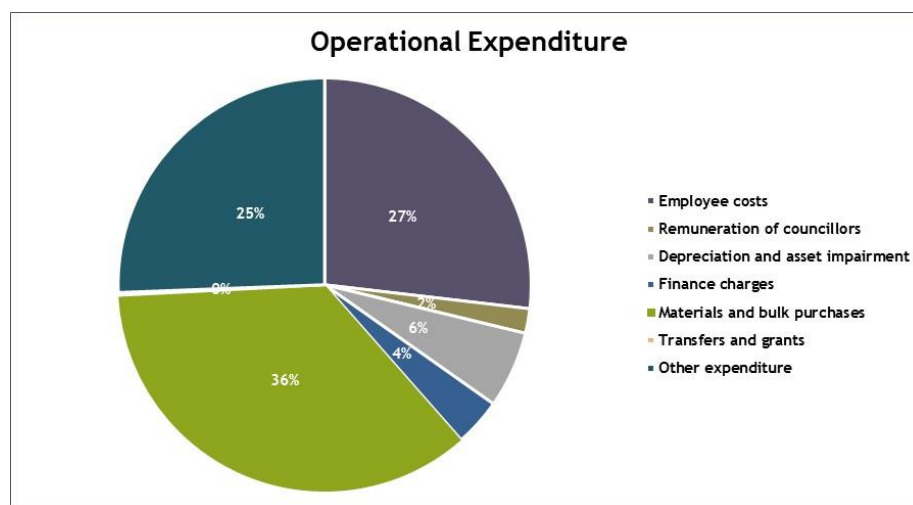
CHAPTER 5: FINANCIAL PERFORMANCE

The table below shows a summary of performance against budgets:

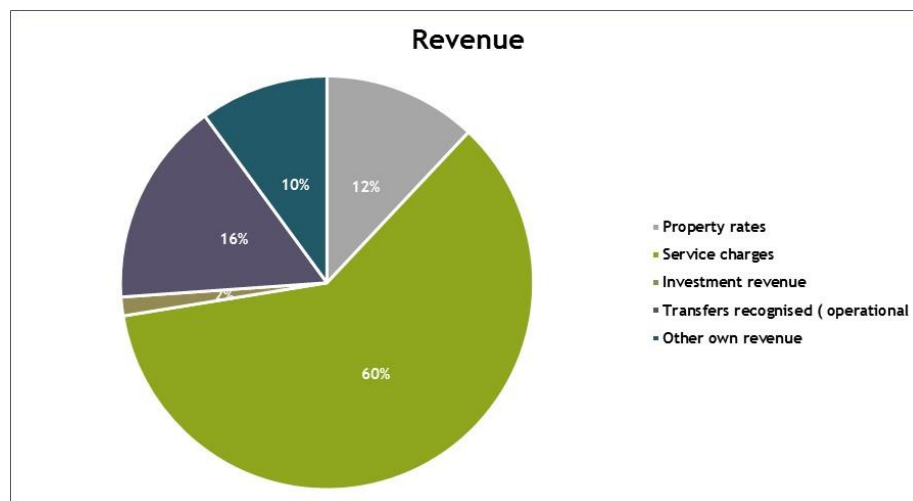
Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	(R'000)				(R'000)			
2014/15	421 426	434 690	13 264	3.15	413 527	415 184	(1 657)	(0.40)
2015/16	440 055	462 790	22 735	5.17	472 937	449 473	23 463	4.96

Table 231: Performance against budgets

The municipality received R462 669 million in revenue (excluding capital transfers and contributions) for the 2015/16 year of which R449 596 million was utilised for operating expenditure. The expenditure is below budget due to savings on salaries and bulk purchases.



Graph 12: High level overview of operating expenditure for 2015/16



Graph 13: High level overview of revenue for 2015/16

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5.1.1 REVENUE COLLECTION BY VOTE

The table below indicates the Revenue collection performance by vote

Vote Description	2014/15	2015/16			2015/16 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Vote 1 - Executive and Council	4 112	928	928	5 011	439.94	439.94
Vote 2 - Budget and Treasury Office	64 350	68 307	68 867	72 550	6.21	5.35
Vote 3 - Corporate Services	19 824	513	863	5 626	996.89	551.98
Vote 4 - Planning and Development	2 275	1 155	1 244	980	(15.16)	(21.23)
Vote 5 - Public Safety	9 872	8 348	8 928	8 548	2.40	(4.26)
Vote 6 - Health	0	0	0	0	0	0
Vote 7 - Community and Social Services	59 294	65 674	66 706	65 777	0.16	(1.39)
Vote 8 - Sports and Recreation	20 130	7 176	7 176	14 945	108.26	108.26
Vote 9 - Housing	15 583	8 186	636	837	(89.78)	31.58
Vote 10 - Waste Management	25 291	20 563	20 563	23 219	12.91	12.91
Vote 11 - Road Transport	16 137	7 827	14 825	14 253	82.11	(3.85)
Vote 12 - Waste Water Management	38 645	23 402	45 063	49 456	111.33	9.75
Vote 13 - Water	38 057	52 665	51 913	49 588	(5.84)	(4.48)
Vote 14 - Electricity	172 336	202 830	203 727	202 549	(0.14)	(0.58)
Vote 15 - Environmental Management	257	1 293	1 823	986	(23.73)	(45.90)
Total Revenue by Vote	486 165	468 868	493 263	514 326	9.70	4.27

Table 232: Revenue by Vote

5.1.2 REVENUE COLLECTION BY SOURCE

The table below indicates the Revenue collection performance by source for the 2015/16 financial year:

Description	2014/15	2015/16			2015/16 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Property rates	50 328	55 696	55 696	55 604	(0.16)	(0.16)
Property rates - penalties & collection charges	1 352	860	860	1 435	66.87	66.87
Service Charges - electricity revenue	170 034	198 529	198 529	198 426	(0.05)	(0.05)
Service Charges - water revenue	31 118	34 986	34 986	39 174	11.97	11.97
Service Charges - sanitation revenue	19 061	18 484	18 484	20 990	13.56	13.56
Service Charges - refuse revenue	20 056	19 803	19 803	20 952	5.81	5.81
Service Charges - other	0	0	0	0	0	0

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Description	2014/15	2015/16			2015/16 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Rentals of facilities and equipment	9 273	8 044	8 044	8 169	1.55	1.55
Interest earned - external investments	4 658	2 996	2 996	6 772	126.02	126.02
Interest earned - outstanding debtors	7 585	4 883	4 883	9 828	101.25	101.25
Dividends received	0	0	0	0	0	0
Fines	9 885	8 359	8 359	8 559	2.40	2.40
Licences and permits	153	288	288	161	(44.10)	(44.10)
Agency services	3 849	3 602	3 602	4 237	17.63	17.63
Transfers recognised - operational	84 008	82 347	76 688	74 141	(9.96)	(3.32)
Other revenue	23 329	5 813	6 839	14 342	146.71	109.71
Gains on disposal of PPE	0	0	0	0	0	0
Total Revenue (excluding capital transfers and contributions)	434 690	444 688	440 055	462 790	4.07	5.17

Table 233: Revenue by Source

Actual revenue for the 2015/16 financial year exceeds the budgeted revenue.

5.1.3 OPERATIONAL SERVICES PERFORMANCE

The table below indicates the Operational services performance for the 2015/16 financial year:

Description	2014/15	2015/16			2015/16 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Operating Cost						
Water	18 170	20 672	21 827	21 522	(4.11)	1.40
Waste Water (Sanitation)	19 336	18 226	23 435	22 939	(25.86)	2.11
Electricity	156 410	186 217	183 809	181 150	2.72	1.45
Waste Management	30 379	25 992	38 943	37 665	(44.91)	3.28
Housing	17 744	11 487	3 684	2 907	74.70	21.09
Component A: sub-total	242 039	262 594	271 697	266 184	(1.37)	2.03
Waste Water (Storm Water Drainage)	4 230	4 868	4 249	3 989	18.05	6.11
Roads	14 351	19 667	23 356	20 846	(5.99)	10.75
Transport					-	-
Component B: sub-total	18 581	24 535	27 605	24 835	(1.22)	10.03
Planning	1 238	813	813	841	(3.44)	(3.44)
Local Economic Development	2 922	1 390	1 845	1 818	(30.83)	1.45
Component B: sub-total	4 160	2 203	2 658	2 659	(20.72)	(0.04)

CHAPTER 5: FINANCIAL PERFORMANCE

Description	2014/15	2015/16			2015/16 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Planning (Strategic & Regulatory)	11 818	13 332	13 056	13 321	0.08	(2.03)
Local Economic Development	0	0	0	0	0	0
Component C: sub-total	11 818	13 332	13 056	13 321	0.08	(2.03)
Community & Social Services	0	0	0	0	0	0
Environmental Protection	976	1 184	1 652	1 052	11.15	36.32
Health	0	0	0	0	0	0
Security and Safety	17 063	18 641	22 423	18 294	1.86	18.41
Sport and Recreation	17 343	17 908	19 412	17 826	0.45	8.17
Corporate Policy Offices and Other	103 204	114 727	114 434	105 302	8.21	7.98
Component D: sub-total	150 405	165 792	170 977	155 796	6.03	8.88
Total Expenditure for the year	415 184	455 124	472 937	449 473	1.24	4.96

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual

Table 234: Operational Services Performance

The bulk of the municipality's expenditure is spend on basic service delivery functions such as electricity, water, waste water management and waste management.

5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

The tables below show the financial performance according to municipal functions:

5.2.1 EXECUTIVE AND COUNCIL

Description	2014/15	2015/16			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
	R'000				
Total Operational Revenue	4 112	928	928	5 011	(0)
Expenditure:					
Employees	(8 655)	(11 892)	(11 062)	(9 616)	13.07
Repairs and Maintenance	(28)	(658)	(53)	(268)	(409.42)
Other	(11 684)	(18 698)	(18 348)	(16 715)	8.90
Total Operational Expenditure	(20 368)	(31 248)	(29 463)	(26 599)	9.72
Net Operational (Service) Expenditure	(16 255)	(30 320)	(28 535)	(21 587)	24.35

Table 235: Financial Performance: Executive and Council

CHAPTER 5: FINANCIAL PERFORMANCE

5.2.2 BUDGET AND TREASURY OFFICE

Description	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	64 350	68 307	68 867	72 550	(5.35)
Expenditure:					
Employees	(12 473)	(13 779)	(12 179)	(11 303)	7.19
Repairs and Maintenance	(24)	(74)	(84)	(24)	71.36
Other	(21 192)	(21 537)	(22 953)	(19 453)	15.25
Total Operational Expenditure	(33 688)	(35 389)	(35 216)	(30 780)	12.60
Net Operational (Service) Expenditure	30 662	32 918	33 651	41 771	(24.13)

Table 236: Financial Performance: Budget and Treasury Office

5.2.3 CORPORATE SERVICES

Description	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	19 983	513	863	5 626	(551.98)
Expenditure:					
Employees	(18 432)	(15 296)	(15 680)	(15 303)	2.40
Repairs and Maintenance	(1 055)	(553)	(887)	(674)	23.96
Other	(16 820)	(13 632)	(14 537)	(14 372)	1.13
Total Operational Expenditure	(36 307)	(29 481)	(31 104)	(30 350)	2.43
Net Operational (Service) Expenditure	(16 324)	(28 968)	(30 241)	(24 724)	18.24

Table 237: Financial Performance: Corporate Services

5.2.4 COMMUNITY AND SOCIAL SERVICES

Description	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	59 294	65 674	66 706	65 777	1.39
Expenditure:					
Employees	(12 161)	(13 252)	(12 865)	(13 304)	(3.42)
Repairs and Maintenance	(340)	(491)	(436)	(303)	30.60
Other	(3 773)	(4 024)	(4 561)	(4 627)	(1.43)
Total Operational Expenditure	(16 274)	(17 767)	(17 862)	(18 233)	(2.08)
Net Operational (Service) Expenditure	43 020	48 043	48 981	48 010	1.98

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Table 238: Financial Performance: Community and Social Services

5.2.5 SPORT AND RECREATION

Description	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	20 130	7 176	7 176	14 945	(108.26)
Expenditure:					
Employees	(11 659)	(13 041)	(12 455)	(12 534)	(0.63)
Repairs and Maintenance	(1 218)	(1 265)	(1 141)	(992)	13.08
Other	(6 915)	(6 370)	(8 460)	(6 932)	18.05
Total Operational Expenditure	(19 793)	(20 676)	(22 056)	(20 458)	7.24
Net Operational (Service) Expenditure	337	(13 501)	(14 880)	(5 514)	62.95

Table 239: Financial Performance: Sport and Recreation

5.2.6 PUBLIC SAFETY

Description	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	9 872	8 348	8 928	8 548	4.26
Expenditure:					
Employees	(6 714)	(8 486)	(7 886)	(8 339)	(5.74)
Repairs and Maintenance	(371)	(361)	(416)	(261)	37.28
Other	(9 979)	(9 794)	(14 121)	(9 694)	31.35
Total Operational Expenditure	(17 063)	(18 641)	(22 423)	(18 294)	18.41
Net Operational (Service) Expenditure	(7 191)	(10 293)	(13 495)	(9 745)	27.78

Table 240: Financial Performance: Public Safety

5.2.7 HOUSING

Description	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	15 576	8 186	636	837	(31.58)
Expenditure:					
Employees	(1 883)	(2 874)	(2 679)	(2 150)	19.75
Repairs and Maintenance	(162)	(161)	(159)	(134)	16.21
Other	(15 698)	(8 452)	(845)	(623)	26.29
Total Operational Expenditure	(17 744)	(11 487)	(3 684)	(2 907)	21.09

CHAPTER 5: FINANCIAL PERFORMANCE

Description	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Net Operational (Service) Expenditure	(2 161)	(3 301)	(3 048)	(2 070)	32.08

Table 241: Financial Performance: Housing

5.2.9 PLANNING AND DEVELOPMENT

Description	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	2 275	1 155	1 244	980	21.23
Expenditure:					
Employees	(5 499)	(7 315)	(6 965)	(6 599)	5.26
Repairs and Maintenance	(4)	(18)	(17)	(5)	73.74
Other	(1 840)	(2 796)	(2 959)	(2 286)	22.73
Total Operational Expenditure	(7 343)	(10 128)	(9 941)	(8 889)	10.58
Net Operational (Service) Expenditure	(5 067)	(8 973)	(8 696)	(7 909)	9.05

Table 242: Financial Performance: Planning and Development

5.2.10 ROAD TRANSPORT

Description	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	16 137	7 827	14 825	14 253	3.85
Expenditure:					
Employees	(5 944)	(7 623)	(6 233)	(6 058)	2.82
Repairs and Maintenance	(6 360)	(7 107)	(7 895)	(7 509)	4.88
Other	(4 799)	(8 416)	(12 268)	(10 261)	16.36
Total Operational Expenditure	(17 103)	(23 146)	(26 396)	(23 828)	9.73
Net Operational (Service) Expenditure	(966)	(15 319)	(11 572)	(9 575)	17.26

Table 243: Financial Performance: Road Transport

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5.2.11 ENVIRONMENTAL PROTECTION

Description	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	257	1 293	1 823	986	45.90
Expenditure:					
Employees	(697)	(749)	(749)	(730)	2.56
Repairs and Maintenance	0	0	0	0	0
Other	(279)	(435)	(903)	(323)	64.30
Total Operational Expenditure	(976)	(1 184)	(1 652)	(1 052)	36.32
Net Operational (Service) Expenditure	(719)	109	171	(66)	138.76

Table 244: Financial Performance: Environmental Protection

5.2.12 ELECTRICITY

Description	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	172 336	202 830	203 727	202 549	0.58
Expenditure:					
Employees	(8 204)	(9 668)	(8 768)	(7 986)	8.92
Repairs and Maintenance	(3 044)	(4 942)	(4 337)	(3 953)	8.87
Other	(145 162)	(171 607)	(170 704)	(169 212)	0.87
Total Operational Expenditure	(156 410)	(186 217)	(183 809)	(181 150)	1.45
Net Operational (Service) Expenditure	15 927	16 612	19 918	21 398	(7.43)

Table 245: Financial Performance: Electricity

5.2.13 WATER

Description	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	38 057	52 665	51 913	49 588	4.48
Expenditure:					
Employees	(5 148)	(5 408)	(5 408)	(5 735)	(6.06)
Repairs and Maintenance	(1 706)	(1 628)	(2 406)	(2 288)	4.89
Other	(11 316)	(13 636)	(14 013)	(13 499)	3.67
Total Operational Expenditure	(18 170)	(20 672)	(21 827)	(21 522)	1.40
Net Operational (Service) Expenditure	19 887	31 993	30 086	28 065	6.72

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Table 246: Financial Performance: Water

5.2.14 WASTE WATER MANAGEMENT

Description	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	38 645	23 402	45 063	49 456	(9.75)
Expenditure:					
Employees	(9 613)	(10 068)	(9 932)	(9 813)	1.20
Repairs and Maintenance	(3 672)	(3 803)	(3 193)	(2 986)	6.49
Other	(10 282)	(9 223)	(14 558)	(14 129)	2.95
Total Operational Expenditure	(23 566)	(23 094)	(27 684)	(26 928)	2.73
Net Operational (Service) Expenditure	15 078	308	17 379	22 527	(29.62)

Table 247: Financial Performance: Waste Water Management

5.2.15 WASTE MANAGEMENT

Description	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	25 291	20 563	20 563	23 219	(12.91)
Expenditure:					
Employees	(10 614)	(11 916)	(11 026)	(11 294)	(2.43)
Repairs and Maintenance	(486)	(719)	(735)	(280)	61.92
Other	(14 697)	(13 357)	(28 058)	(26 905)	4.11
Total Operational Expenditure	(25 797)	(25 992)	(39 819)	(38 478)	3.37
Net Operational (Service) Expenditure	(5 088)	(5 428)	(19 256)	(15 260)	20.75

Table 248: Financial Performance: Waste Management

CHAPTER 5: FINANCIAL PERFORMANCE

5.3 GRANTS

5.3.1 GRANT PERFORMANCE

The table below indicates the grant performance for the 2015/16 financial year:

Description	2014/15	2015/16			2015/16 Variance	
	Actual	Budget	Adjustment Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Operating and Capital Transfers and Grants						
National Government:	75 976	81 411	81 375	81 008	0.50	0.45
Equitable share	54 124	54 850	54 850	54 850	0	0
Municipal Systems Improvement	820	930	930	860	7.53	7.53
Department of Water Affairs	0	0	0	0	0	0
Levy replacement	0	0	0	0	0	0
Other transfers/grants	0	0	0	0	0	0
Finance Management Grant	1 377	1 450	1 450	1 240	14.48	14.48
Transformation Funds	0	0	0	0	0	0
Municipal Infrastructure Grant	18 623	19 140	19 104	19 116	0.12	(0.07)
Housing	0	0	0	0	0	0
INEP	0	4 000	4 000	3 460	13.50	13.50
Rural Development	0	0	0	540	0	0
Expanded Public Works	1 031	1 041	1 041	941	0	0
Neighbourhood Development Plan	0	0	0	0	0	0
Provincial Government:	54 244	20 676	42 592	39 206	10.29	15.46
Health subsidy	0	0	0	0	0	0
Housing	44 714	7 550	26 798	27 008	(257.73)	(0.79)
Ambulance subsidy	0	0	0	0	0	0
Sports and Recreation	0	0	0	0	0	0
Other transfers/grants [insert description]	0	0	0	0	0	0
Library Services	8 909	8 764	9 301	7 862	10.29	15.46
CDW	94	144	144	66	54.39	54.39
Mainroads	0	4 007	4 883	3 772	5.86	22.75
Draught Relief	0	0	1 100	136	0	87.66
Municipal Infrastructure Support Grant	527	0	155	151	0	2.95
Multipurpose Centre	0	211	211	211	0	0
District Municipality:	0	0	0	0	0	0
Water & Sanitation Informal Area	0	0	0	0	0	0
Housing Consumer Education Training	0	0	0	0	0	0
Upgrading of Streets & Sidewalks	0	0	0	0	0	0
Solid Waste	0	0	0	0	0	0

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Description	2014/15	2015/16			2015/16 Variance	
	Actual	Budget	Adjustment Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Other grant providers:	5 461	5 732	6 758	7 760	26.13	12.92
Belgium & China	479	1 293	2 319	1 729	(33.73)	25.43
VAT on Grants	4 982	4 439	4 439	6 031	(35.86)	(35.86)
Total Operating Transfers and Grants	135 681	107 819	130 724	127 974	15.74	-2.14

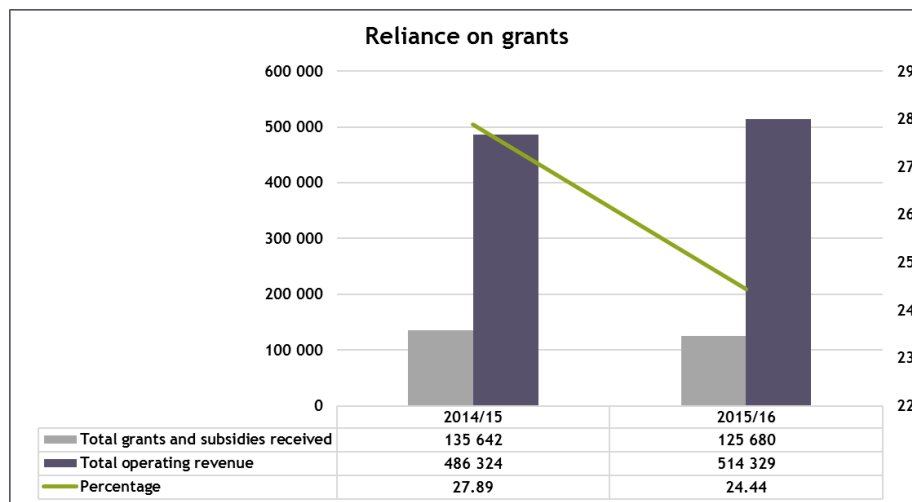
Table 249: Grant Performance for 2015/16

5.3.2 LEVEL OF RELIANCE ON GRANTS & SUBSIDIES

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000		%
2014/15	135 642	486 324	27.89
2015/16	125 680	514 329	24.44

Table 250: Reliance on grants

The following graph indicates the municipality's reliance on grants for the last two financial years



Graph 14: Reliance on grants

Witzenberg Municipality is reliant on grants. Without the grants the Municipality would not have been in a position to upgrade infrastructure.

CHAPTER 5: FINANCIAL PERFORMANCE

5.4 ASSET MANAGEMENT

The responsibility for asset management lies with both finance and the different functional/departmental managers. The Finance Section is responsible for the record keeping and reporting on the assets, whereas the functional managers are responsible for the physical safeguarding of assets, the maintenance, acquisition and disposal of assets.

It is of utmost importance that these two functional areas communicate on a regular basis regarding all movement of assets. Especially in respect of the annual assets count, where information regarding the existence, condition and useful lives regarding assets is reviewed and reported on.

The implementation of GRAP (accounting standard for municipalities) remains a challenge to the Municipality due to the cost and time factors.

5.4.1 TREATMENT OF THE THREE LARGEST ASSETS

Asset 1	
Name:	Vredebes Bulk Water Supply
Description:	Upgrade of water supply
Asset Type:	Infrastructure-Water
Key Staff Involved:	Relevant line manager, Project Management, Budget Office & Supply Chain Management
Staff Responsibilities:	Line Manager identify the need for the project and sets out the specifications required for SCM. Project Manager manage the implementation of the project, sets the cashflow for the project and reports on a monthly basis on the stage of completion/performance of the project. Budget Office identifies the available capital funds and see to it that the project is approved and placed on the capital budget. Supply Chain, with the support of the Line Manager & Project Manager, draft the required tender document and see to it that the procurement procedures and regulations are complied with in obtaining the necessary goods and services
Capital Implications:	R35 376 822
Future Purpose of Asset:	Upgrade of water infrastructure service for new housing development in Vredebes
Describe Key Issues:	None
Policies in Place to Manage Asset:	Delegations & Asset Management Policy

Table 251: Summary of Largest Asset

Asset 2	
Name:	Bella Vista Housing Project
Description:	Housing development
Asset Type:	New housing development in Bella Vista
Key Staff Involved:	Relevant line manager, Project Management, Budget Office & Supply Chain Management
Staff Responsibilities:	Line Manager identify the need for the project and sets out the specifications required for SCM. Project Manager manage the implementation of the project, sets the cashflow for the project and reports on a monthly basis on the stage of completion/performance of the project. Budget Office identifies the available capital funds and see to it that the

CHAPTER 5: FINANCIAL PERFORMANCE

Asset 2	
	project is approved and placed on the capital budget. Supply Chain, with the support of the Line Manager & Project Manager, draft the required tender document and see to it that the procurement procedures and regulations are complied with in obtaining the necessary goods and services
Capital Implications:	R7 900 279
Future Purpose of Asset:	New housing development in Bella Vista
Describe Key Issues:	None
Policies in Place to Manage Asset:	Delegations & Asset Management Policy

Table 252: Summary of 2nd Largest Asset

Asset 3	
Name:	Network street
Description:	Improved roads infrastructure
Asset Type:	Infrastructure-Roads
Key Staff Involved:	Relevant line manager, Project Management, Budget Office & Supply Chain Management
Staff Responsibilities:	Line Manager identify the need for the project and sets out the specifications required for SCM. Project Manager manage the implementation of the project, sets the cashflow for the project and reports on a monthly basis on the stage of completion/performance of the project. Budget Office identifies the available capital funds and see to it that the project is approved and placed on the capital budget. Supply Chain, with the support of the Line Manager & Project Manager, draft the required tender document and see to it that the procurement procedures and regulations are complied with in obtaining the necessary goods and services
Capital Implications:	R5 753 909
Future Purpose of Asset:	Improved road infrastructure
Describe Key Issues:	None
Policies in Place to Manage Asset:	Delegations & Asset Management Policy

Table 253: Summary of 3rd Largest Asset

5.4.2 REPAIRS AND MAINTENANCE

Description	Original Budget	Adjustment Budget	Actual	Budget variance
	R'000			%
Repairs and Maintenance Expenditure	21 780	21 759	19 675	9.66

Table 254: Repairs & Maintenance Expenditure

The future expenditure on repairs and maintenance needs to be expanded to ensure that assets are maintained in a condition that is conducive for service delivery.

CHAPTER 5: FINANCIAL PERFORMANCE

5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

5.5.1 LIQUIDITY RATIO

Description	Basis of calculation	2014/15	2015/16
		Audited outcome	Pre-audit outcome
Current Ratio	Current assets/current liabilities	1.61	1.71
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.56	1.67
Liquidity Ratio	Monetary Assets/Current Liabilities	0.77	1.00

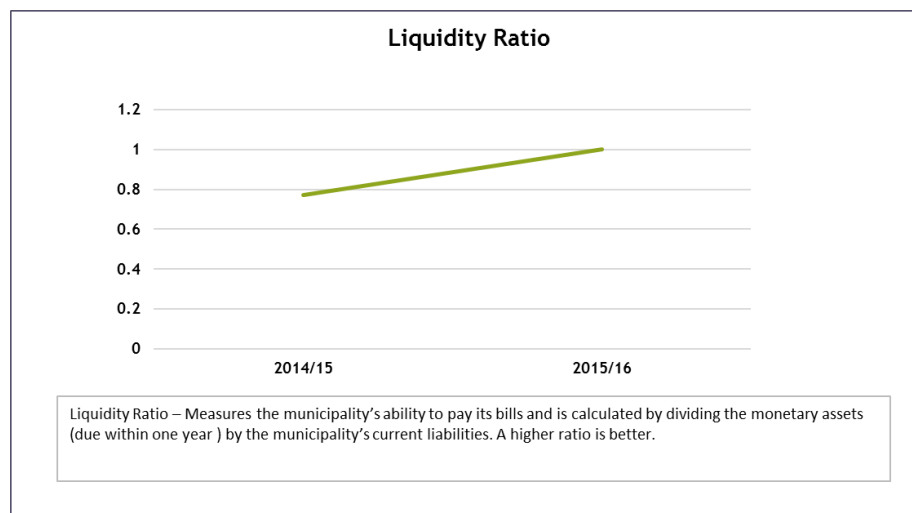
Table 255: Liquidity Financial Ratio

Financial year	Net current assets	Net current liabilities	Ratio
	R'000		
2014/15	130 227	80 774	1.61
2015/16	165 596	96 796	1.71

Table 256: Liquidity Financial Ratio

The current ratio and the current ratio adjusted for aged debt are the same as the debtors per the statement of financial performance and has already been impaired (reduced with the doubtful debt).

The following graph indicates the liquidity financial ratio for 2015/16:



Graph 15: Liquidity Ratio

5.5.2 IDP REGULATION FINANCIAL VIABILITY INDICATORS

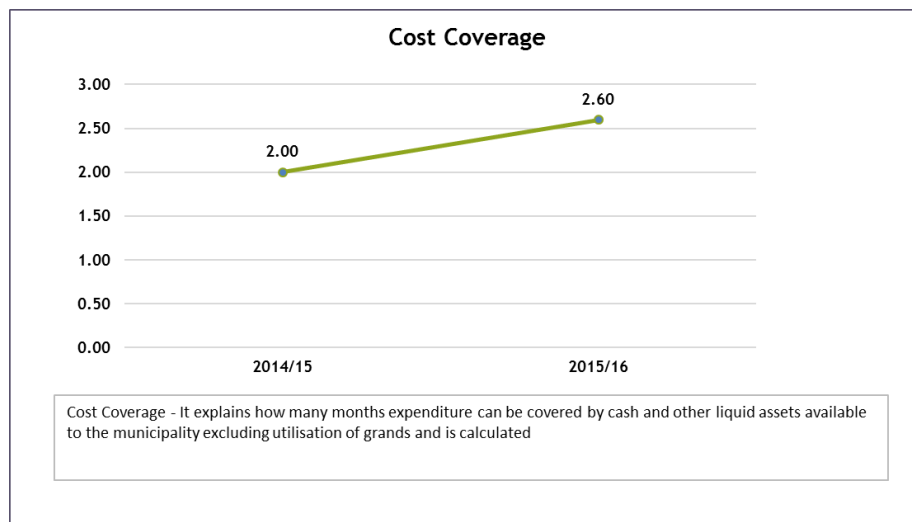
Description	Basis of calculation	2014/15	2015/16
		Pre-audit outcome	Audited outcome
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.00	2.6

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Description	Basis of calculation	2014/15	2015/16
		Pre-audit outcome	Audited outcome
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	28.11	32.64
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	60%	48%

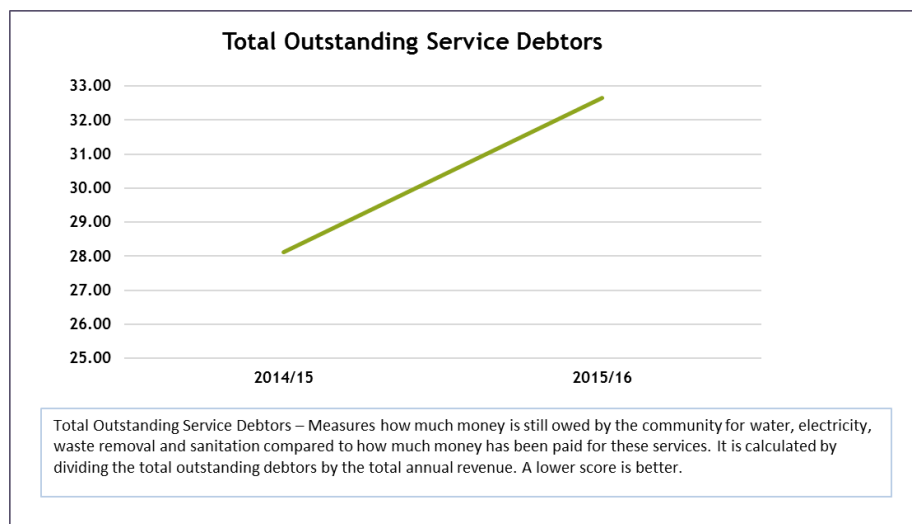
Table 257: Financial Viability National KPAs

The following graph indicates the cost coverage financial viability indicator:



Graph 16: Cost Coverage

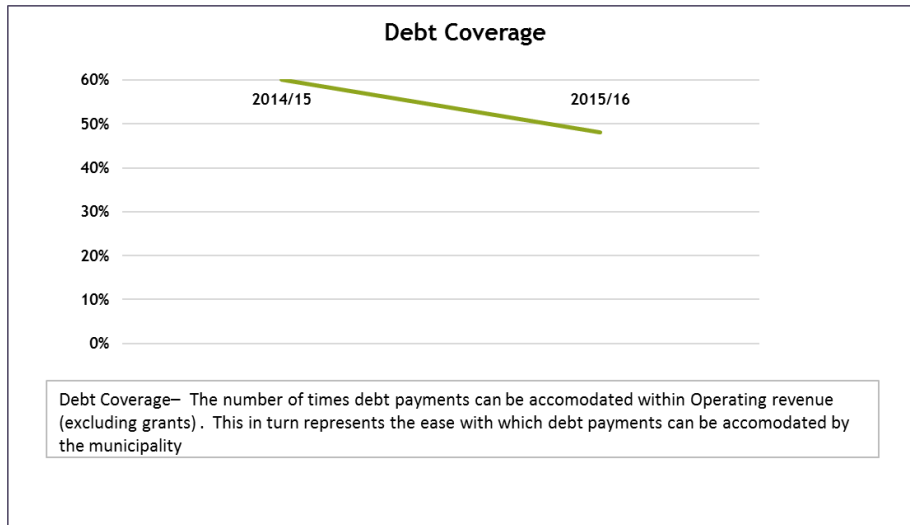
The following graph indicates the outstanding service to revenue financial viability indicator:



Graph 17: Total Outstanding Service Debtors

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The following graph indicates the debt coverage financial viability indicator:



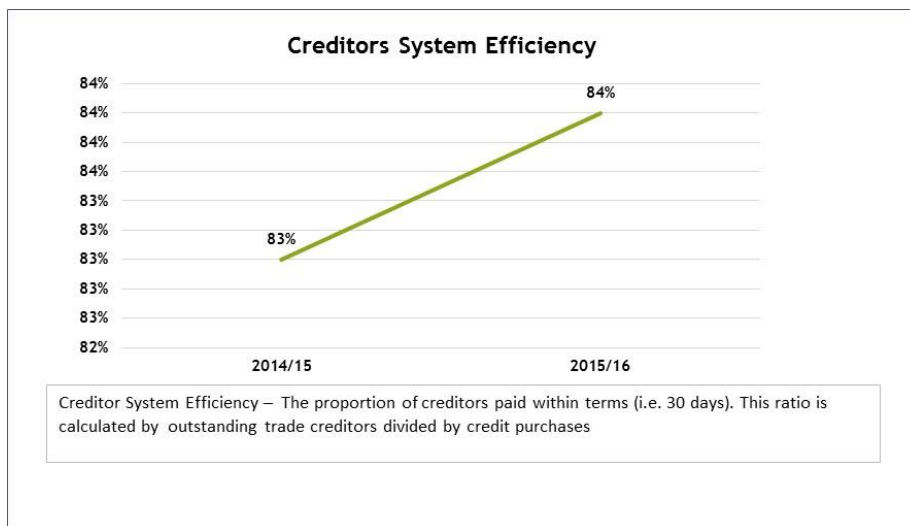
Graph 18: Debt Coverage

5.5.3 CREDITORS MANAGEMENT

Description	Basis of calculation	2014/15	2015/16
		Audited outcome	Pre-audit outcome
Creditors System Efficiency	% of Creditors Paid Within Terms (within `MFMA' s 65(e))	82.78%	83.80%

Table 258: Creditors Management

The following graph indicates the percentage of all creditors paid within terms:



Graph 19: Creditors Ratio

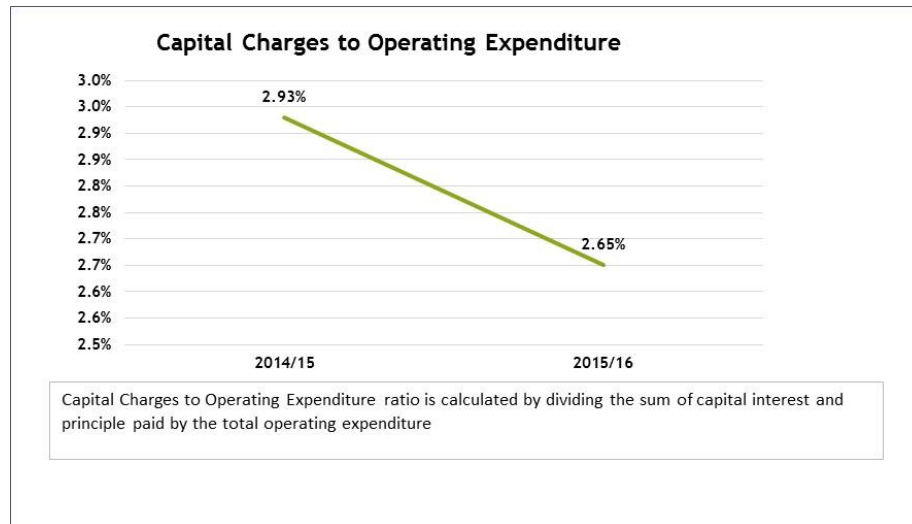
CHAPTER 5: FINANCIAL PERFORMANCE

5.5.4 BORROWING MANAGEMENT

Description	Basis of calculation	2014/15	2015/16
		Audited outcome	Pre-audit outcome
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	2.93%	2.65%

Table 259: Borrowing Management

The following graph indicates the ratio of capital charges to operating expenditure:



Graph 20: Capital Charges to Operating Expenditure Ratio

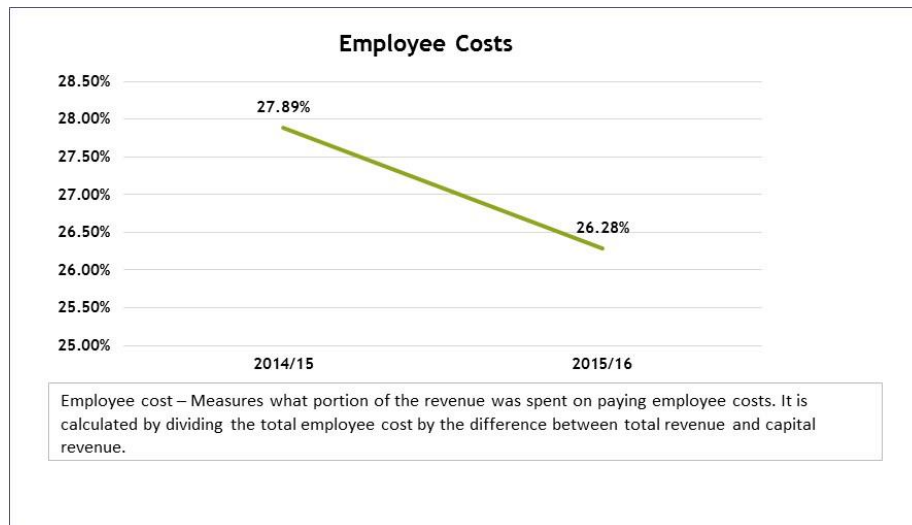
5.5.5 EMPLOYEE COSTS

Description	Basis of calculation	2014/15	2015/16
		Audited outcome	Pre-audit outcome
Employee costs	Employee costs / (Total Revenue - capital revenue)	27.89%	26.28%

Table 260: Employee Costs

CHAPTER 5: FINANCIAL PERFORMANCE

The following graph indicates the employee costs ratio:



Graph 21: Employee Costs Ratio

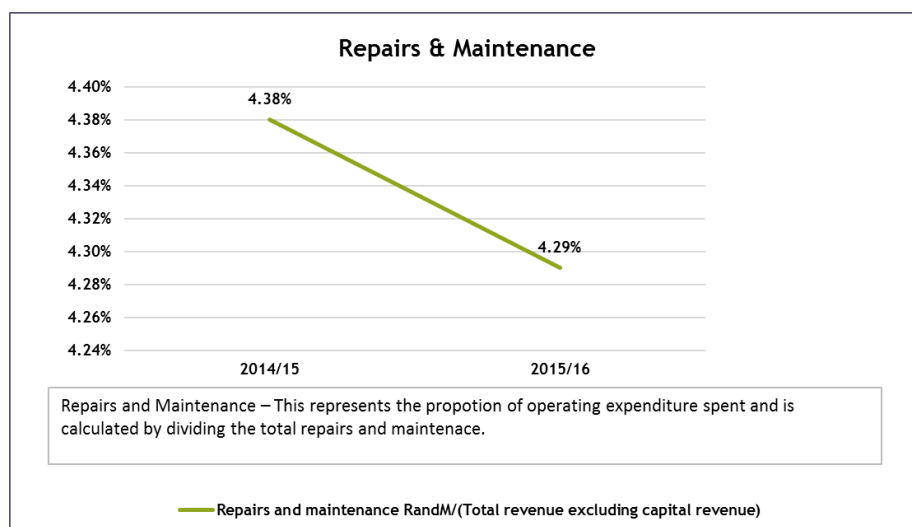
5.5.6 REPAIRS & MAINTENANCE

Description	Basis of calculation	2014/15	2015/16
		Pre-audit outcome	Audited outcome
Repairs & Maintenance	Repairs & Maintenance/ (Total Revenue excluding capital revenue)	4.38%	4.29%

Table 261: Repairs and Maintenance

The expenditure on repairs and maintenance are below the required standard. The financial position of the municipality must improve to make more funds available for this very important expense item.

The following graph indicates the ratio of repairs and maintenance:



Graph 22: Repairs and Maintenance Ratio

CHAPTER 5: FINANCIAL PERFORMANCE

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.6 CAPITAL EXPENDITURE

Description	Original Budget	Adjustment Budget	Unaudited Full Year Total	Original Budget variance	Adjusted Budget Variance
	R'000			%	
Capital Expenditure	52 768	77 104	74 616	(41.4)	3.2
Operating Expenditure	455 122	472 934	449 592	1.2	4.9
Total expenditure	507 890	550 039	524 208	(3.2)	4.7

Table 262: Capital Expenditure

5.7 SOURCES OF FINANCE

The table below indicates the capital expenditure by funding source for the 2015/16 financial year:

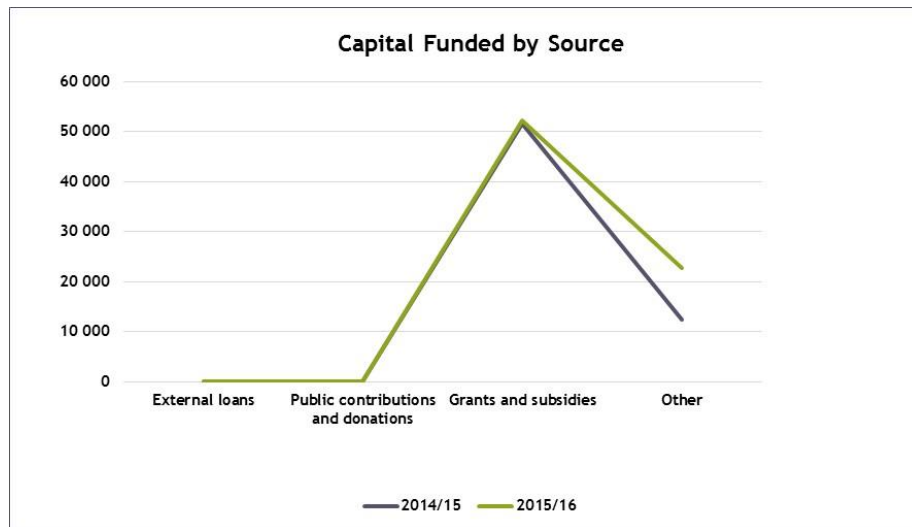
Details	2014/15	2015/16			2015/16 Variance	
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
	R"000					%
<i>Source of finance</i>						
External loans	0	8 290	2 991	0	100.00	100.00
Public contributions and donations	0	0	0	0	0	0
Grants and subsidies	51 634	27 033	55 773	51 613	(90.92)	7.46
Other	12 406	17 445	18 340	23 003	(31.86)	(25.42)
Total	64 040	52 768	77 104	74 616	(41.40)	3.23
<i>Percentage of finance</i>						
External loans	0.0	15.7	3.9	0.0		
Public contributions and donations	0.0	0.0	0.0	0.0		
Grants and subsidies	80.8	51.2	72.3	69.2		
Other	19.2	33.1	23.8	30.8		
<i>Capital expenditure</i>						
Water and sanitation	34 518	26 544	44 981	44 103	(66.15)	1.95
Electricity	3 583	7 960	6 284	5 596	29.69	10.94
Housing	0	0	0	0	0	0
Roads and storm water	13 051	7 610	12 613	12 613	(65.74)	0.00
Other	12 888	10 654	13 227	12 305	(15.49)	6.97
Total	64 040	52 768	77 104	74 616	(41.4)	3.23
<i>Percentage of expenditure</i>						
Water and sanitation	53.9	50.3	58.3	59.1		
Electricity	5.6	15.1	8.1	7.5		

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Details	2014/15	2015/16			2015/16 Variance	
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
	R"000				%	
Housing	0.0	0.0	0.0	0.0		
Roads and storm water	20.4	14.4	16.4	16.9		
Other	20.1	20.2	17.2	16.5		

Table 263: Capital Expenditure by Funding Source

The following graph indicates the the source of finance for capital expenditure:



Graph 23: Source of finance capital expenditure

5.8 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Projects with the highest capital expenditure in 2015/16

Name of Project	2015/16			Variance Current Year: 2015/16	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
	R'000			%	
A - Vredebes Housing	13 631	35 377	35 377	(160)	(160)
B - Bella Vista Housing	4 464	8 108	7 900	(77)	(82)
C - Network Street	3 000	5 754	5 754	(92)	(92)
D - Drought Relief	0	3 000	3 908	0	0
E - Electrical Network: Housing Project	4 000	4 000	3 460	13	0

Table 264: Capital Expenditure on the 5 Largest Projects

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Name of Project - A	A - Vredebes Housing
Objective of Project	The Provision of Basic Services
Delays	None
Future Challenges	The Cost of Planned & Unplanned Repairs & Maintenance to ensure the standard of service is maintained
Anticipated citizen benefits	Improved Basic Services and Quality Of Life

Table 265: Summary of Project A

Name of Project - B	B - Bella Vista Housing
Objective of Project	The Provision of Basic Services
Delays	None
Future Challenges	The Cost of Planned & Unplanned Repairs & Maintenance to ensure the standard of service is maintained
Anticipated citizen benefits	Improved Basic Services and Quality Of Life

Table 266: Summary of Project B

Name of Project - C	C - Network Street
Objective of Project	The Provision of Basic Road Services
Delays	None
Future Challenges	The Cost of Planned & Unplanned Repairs & Maintenance to ensure the standard of service is maintained
Anticipated citizen benefits	Improved Basic Services and Quality Of Life

Table 267: Summary of Project C

Name of Project - D	D - Drought Relief
Objective of Project	The provision of Water in areas effected by the drought
Delays	None
Future Challenges	The Cost of Planned & Unplanned Repairs & Maintenance to ensure the standard of service is maintained
Anticipated citizen benefits	Improved Basic Services and Quality Of Life

Table 268: Summary of Project D

Name of Project - E	E - Electrical Network: Housing Project
Objective of Project	The Provision of Basic Electric Services
Delays	None
Future Challenges	The Cost of Planned & Unplanned Repairs & Maintenance to ensure the standard of service is maintained
Anticipated citizen benefits	Improved Basic Services and Quality Of Life

Table 269: Summary of Project E

The expenditure on the major projects listed are according to budget and were all completed within set timeframes. A major concern is the ability of the municipality to maintain the assets in future within the parameters of affordable tariff adjustments.

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5.9 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS 0 OVERVIEW

All the residents in the town areas have access to minimum basic services. Some areas still need to be upgraded to waterborne sewer systems. Housing delivery is still a challenge although it is a function of the provincial government. Service delivery to informal areas needs to be improved, serviced plots might be the only solution.

5.9.1 SERVICE BACKLOGS

Households (HHs)				
Description	*Service level above minimum standard		**Service level below minimum standard	
	Number of Households	% Households	Number of Households	% Households
Water	14 301	100	0	0
Sanitation	14 380	100	0	0
Electricity	12 738	100	0	0
Waste management	13 871	100	0	0
Housing	14 301	93	2 077	8

*% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.*

Table 270: Service Backlogs

5.9.2 MUNICIPAL INFRASTRUCTURE GRANT (MIG)

Details	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustments Budget
	R			%	
Infrastructure - Road transport	0	3 389	3 389	100.00	0
Roads, Pavements & Bridges	0	3 389	3 389	100.00	0
Storm water	0	0	0	0	0
Infrastructure - Electricity	100	88	88	(13.88)	0
Generation	0	0	0	0	0
Transmission & Reticulation	0	0	0	0	0
Street Lighting	100	88	88	(13.88)	0
Infrastructure (Water	8 013	7 408	7 408	(8.17)	0
Dams & Reservoirs	0	0	0	0	0
Water purification	0	0	0	0	0
Reticulation	8 013	7 408	7 408	(8.17)	0
Infrastructure (Sanitation	10 706	8 134	8 134	(31.63)	0
Reticulation	10 706	8 134	8 134	(31.63)	0
Sewerage purification	0	0	0	0	0
Infrastructure 0 Other	0	0	0	0	0
Waste Management	0	0	0	0	0

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Details	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustments Budget
	R			%	
Transportation	0	0	0	0	0
Gas	0	0	0	0	0
Other	0	0	0	0	0
Sport Facilities Wolseley	0	0	0	0	0
Pine Valle Hall	0	0	0	0	0
Project Management Equipment	0	0	0	0	0
Operating Expenditure	0	0	0	0	0
Sport Facilities Wolseley	0	0	0	0	0
Total	18 819	19 018	19 018	1.05	0

** 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 271: Municipal Infrastructure Grant (MIG)

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow budgeting and management is of the utmost importance to ensure sufficient cash to meet obligations.

5.10 CASH FLOW

Description	2014/15	2015/16		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash flow from operating activities				
R'000				
Receipts				
Ratepayers and other	286 259	340 717	340 717	325 712
Government (operating	84 008	82 602	74 623	74 141
Government (capital	53 661	25 218	49 901	62 221
Interest	13 595	7 880	7 880	18 035
Dividends	0	0	0	0
Payments				
Suppliers and employees	(325 435)	(391 189)	(397 957)	(344 592)
Finance charges	(12 814)	(4 040)	(4 040)	(16 764)
Transfers and Grants	(922)	(831)	(831)	(969)
Net cash from/(used) operating activities	98 351	60 355	70 292	117 785
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	3 006	0	0	111

CHAPTER 5: FINANCIAL PERFORMANCE

Description	2014/15	2015/16		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash flow from operating activities				
R'000				
Decrease (Increase) in non(current debtors	(155)	0	0	163
Decrease (increase) other non(current receivables	0	0	0	0
Decrease (increase) in non(current investments	0	0	0	0
Payments				
Capital assets	(64 040)	(67 697)	(74 125)	(76 357)
Net cash from/(used) investing activities	(61 188)	(67 697)	(74 125)	(76 082)
Cash flows from financing activities				
Receipts				
Short term loans	0	0	0	1 176
Borrowing long term/refinancing	0	0	0	
Increase (decrease) in consumer deposits	434	0	0	743
Payments				
Repayment of borrowing	(8 277)	(10 475)	(10 475)	(8 965)
Net cash from/(used) financing activities	(7 843)	(10 475)	(10 475)	(7 046)
Net increase/ (decrease) in cash held	29 320	(17 817)	(14 309)	34 657
Cash/cash equivalents at the year begin:	33 063	33 346	33 346	62 383
Net increase on Cash/cash equivalents at the year(end:	62 383	15 530	19 038	97 040

Table 272: Cash flow

5.11 GROSS OUTSTANDING DEBTORS PER SERVICE

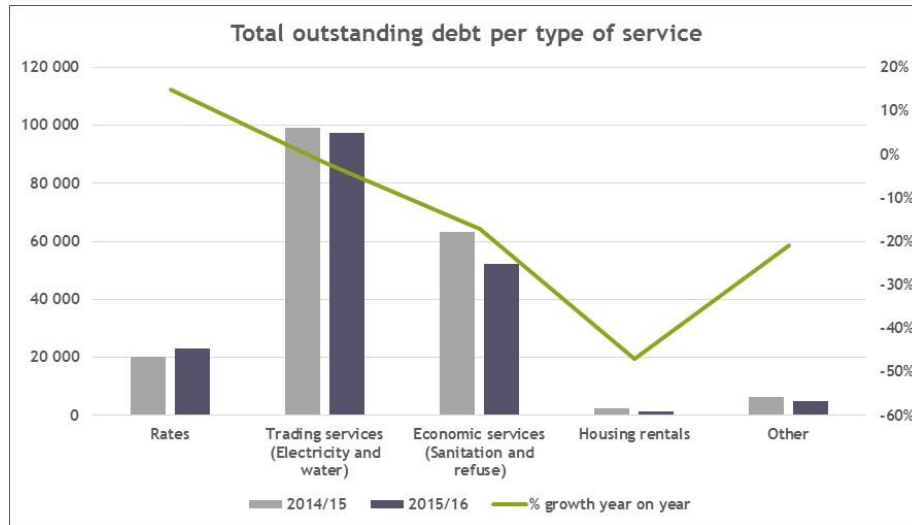
Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		Electricity and Water	Sanitation and Refuse			
R'000						
2014/15	20 176	99 048	63 120	2 350	6 218	190 912
2015/16	23 224	97 302	52 373	1 236	4 901	179 036
Difference	3 048	(1 747)	(10 747)	(1 114)	(1 316)	(11 875)
% growth year on year	15	(2)	(17)	(47)	(21)	(6)

Note: Figures exclude provision for bad debt.

Table 273: Gross outstanding debtors per service

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The following graph indicates the total outstanding debt per type of service for 2015/16



Graph 24: Debt per type of service

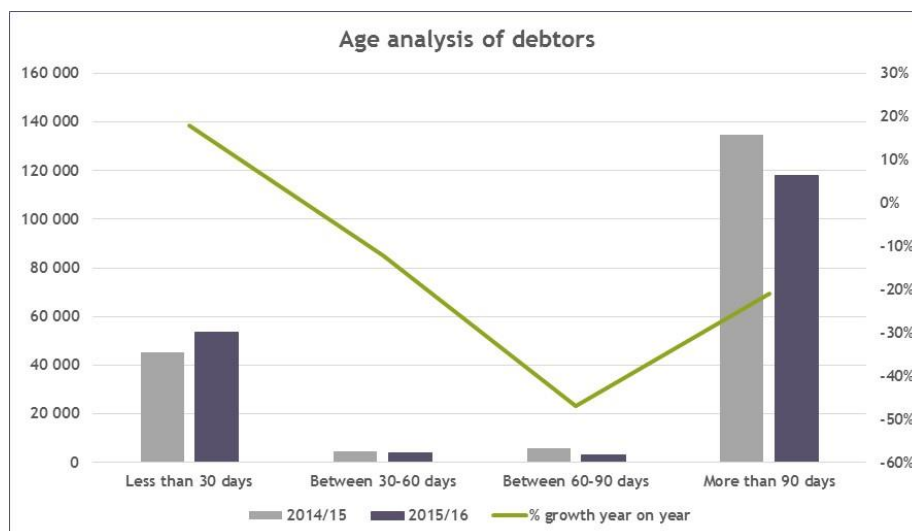
5.12 TOTAL DEBTORS AGE ANALYSIS

Financial year	Less than 30 days	Between 30(60 days	Between 60(90 days	More than 90 days	Total
	R'000				
2014/15	45 424	4 565	6 081	134 842	190 912
2015/16	53 498	4 034	3 293	118 212	179 036
Difference	8 074	(531)	(2 788)	(16 630)	(11 875)
% growth year on year	18	(12)	(47)	(21)	(6)

Note: Figures exclude provision for bad debt.

Table 274: Service debtor age analysis

The following graph indicates the age analysis of debtors for 2014/15 and 2015/16:



Graph 25: Debtors age analysis

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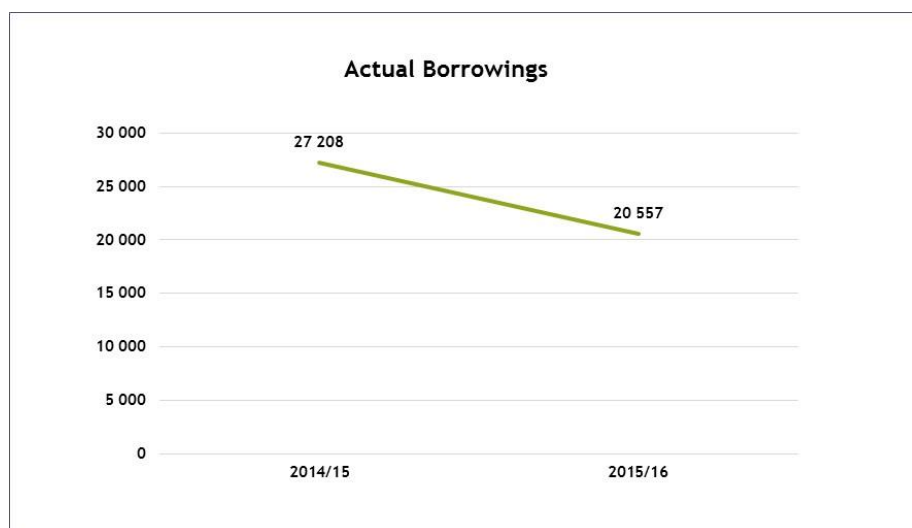
5.13 BORROWING AND INVESTMENTS

5.13.1 ACTUAL BORROWINGS

Instrument	2014/15	2015/16
	R'000	
Long(Term Loans (annuity/reducing balance)	27 208	20 557
Long(Term Loans (non(annuity)	0	0
Local registered stock	0	0
Instalment Credit	0	0
Financial Leases	0	0
PPP liabilities	0	0
Finance Granted By Cap Equipment Supplier	0	0
Marketable Bonds	0	0
Non(Marketable Bonds	0	0
Bankers Acceptances	0	0
Financial derivatives	0	0
Other Securities	0	0
Municipality Total	27 208	20 557

Table 275: Actual Borrowings

The following graph shows the municipal actual borrowings for the past two years:



Graph 26: Actual Borrowings

5.13.2 MUNICIPAL INVESTMENTS

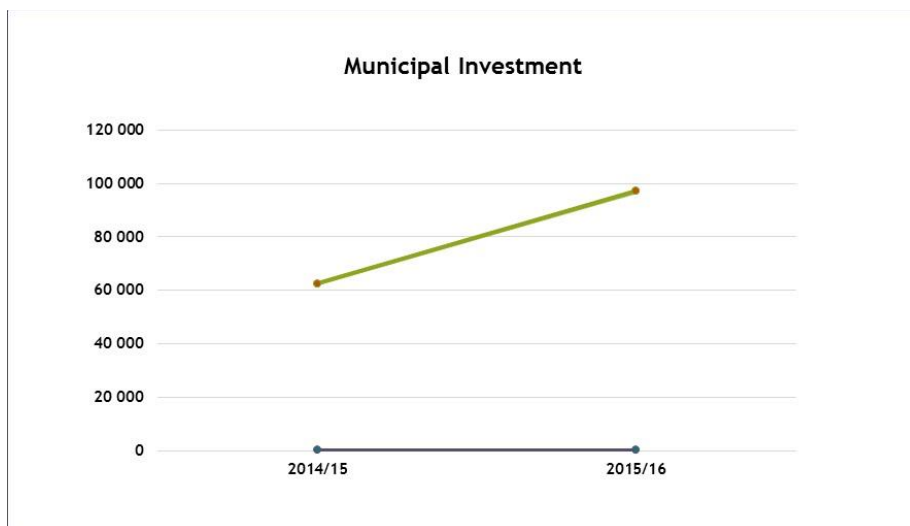
Investment type	2014/15	2015/16
	R'000	
Securities (National Government	0	0
Listed Corporate Bonds	0	0

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Investment type	2014/15	2015/16
	R'000	R'000
Deposits (Bank	62 383	97 040
Deposits (Public Investment Commissioners	0	0
Deposits (Corporation for Public Deposits	0	0
Bankers Acceptance Certificates	0	0
Negotiable Certificates of Deposit (Banks	0	0
Guaranteed Endowment Policies (sinking)	0	0
Repurchase Agreements (Banks	0	0
Municipal Bonds	0	0
Other	105	105
Municipality Total	62 488	97 145

Table 276: Municipal Investments

The following graph shows the municipal investments for the past two years:



Graph 27: Municipal investments

Witzenberg Municipality need to increase the available investments in order to be financially more viable. This can only be achieved if the payment for rates and taxes improves.



CHAPTER 5: FINANCIAL PERFORMANCE

COMPONENT D: OTHER FINANCIAL MATTERS

5.14 SUPPLY CHAIN MANAGEMENT

Witzenberg Municipality implemented policies and practices in compliance with the guidelines stipulated by the SCM Regulations 2005. No councillors are members of any committees handling supply chain processes.

5.15 GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the accounting standards by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders.

The cost of compliance to the GRAP standards is a concern as it outweighs the benefits for the municipality. The asset register increased from ±15 000 items to ±37 000 items. Future depreciation charges on the deemed cost of assets and its effect on tariffs, must be carefully managed.



Chapter 6

CHAPTER 6: AUDITOR-GENERAL'S FINDINGS

CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION 2014/15

6.1 AUDITOR-GENERAL REPORTS 2014/15

The following table provide the details on the audit outcomes for the 2014/15 financial year with the correctives steps implemented:

Auditor-General Report on Financial Performance 2014/15	
Status of the audit report:	Unqualified
Issue raised	Corrective step implemented
<u>Emphasis of matter:</u>	
<u>Material impairments</u>	
As disclosed in note 3 and 4 to the financial statements, the municipality has provided for an impairment of R121 824 204 (2013-14: R102 989 970) on receivables from exchange transactions and an impairment of R30 652 341 (2013-14: R20 882 096) on receivables from non-exchange transactions. This represents 71.49% (2013-14: 72.16%) and 81.49% (2013-14: 77.95%) of receivables from exchange and on exchange transactions respectively	Council resolved that a workshop be held to discuss the writte-off of irrecoverable debt
<u>Significant uncertainties</u>	
With reference to note 51 to the financial statements, the municipality is at risk regarding the payment of claims relating to contractual disputes from third parties. The amounts in this regard were uncertain at year-end and no provision for any liability that may result has been made in the financial statements	Management are aware of these issues and legal assistance is used when applicable
<u>Restatement of corresponding figures</u>	
As disclosed in notes 39 to the financial statements, the corresponding figures for 30 June 2014 have been restated, as a result of errors discovered during 2015 in the financial statements of the municipality at, and for the year ended, 30 June 2014	None

Table 277: 2014/15 Detail on audit outcomes

6.2 AUDITOR-GENERAL REPORT 2015/16

The following table provide the details on the audit outcomes for the 2015/16 financial year with the correctives steps implemented:

Auditor-General Report on Financial Performance 2015/16	
Status of the audit report:	Unqualified
Issue raised	Corrective step implemented
<u>Emphasis of matter:</u>	
<u>Material impairments</u>	
As disclosed in note 3 to the financial statements, the municipality provided for an impairment of R106 million (2014/15: R122.1 million) on receivables from exchange transactions	Water management devices / Prepaid water meters to be implemented

CHAPTER 6: AUDITOR-GENERAL'S FINDINGS

Auditor-General Report on Financial Performance 2015/16	
Status of the audit report:	Unqualified
Issue raised	Corrective step implemented
As disclosed in note 4 to the financial statements, the municipality provided for the impairment of gross receivables from non-exchange transactions amounting to R38.9 million (2014/15: R30 million)	New service provider appointed for the collection of traffic fines
<u>Restatement of corresponding figures</u>	
As disclosed in note 36 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of errors discovered during 2015/16 in the financial statements of the municipality at, and for the year ended, 30 June 2015	None

Table 278: 2015/16 Detail on audit outcomes

Comments on MFMA Section 71 Responsibilities:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements

ABBREVIATIONS

LIST OF ABBREVIATIONS

AG	Auditor(General	MMC	Member of the Mayoral Committee
CAPEX	Capital Expenditure	MIG	Municipal Infrastructure Grant
CBP	Community Based Planning	MM	Municipal Manager
CFO	Chief Financial Officer	MMC	Member of Mayoral Committee
DPLG	Department of Provincial and Local Government	MRF	Material Recovery Facilities
DWAF	Department of Water Affairs and Forestry	MSA	Municipal Systems Act No. 32 of 2000
EE	Employment Equity	MTECH	Medium Term Expenditure Committee
GAMAP	Generally Accepted Municipal Accounting Practice	NGO	Non(governmental organisation
GRAP	Generally Recognised Accounting Practice	NT	National Treasury
HR	Human Resources	OPEX	Operating expenditure
IDP	Integrated Development Plan	PMS	Performance Management System
IFRS	International Financial Reporting Standards	PPP	Public Private Partnership
IMFO	Institute for Municipal Finance Officers	PT	Provincial Treasury
KPA	Key Performance Area	SALGA	South African Local Government Organisation
KPI	Key Performance Indicator	SAMDI	South African Management Development Institute
LED	Local Economic Development	SCM	Supply Chain Management
MAYCO	Executive Mayoral Committee	SDBIP	Service Delivery and Budget Implementation Plan
MFMA	Municipal Finance Management Act (Act No. 56 of 2003)	SDF	Spatial Development Framework

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Annexure A

2016



Annual Financial Statements

30 June 2016



AUDITOR GENERAL
SOUTH AFRICA

9 0 NOV 2016

WC022 – WITZENBERG MUNICIPALITY

AUDITED - Trim ref 05/03/1

WITZENBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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AUDITOR - GENERAL
SOUTH AFRICA
30 NOV 2016

WITZENBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

GENERAL INFORMATION

NATURE OF BUSINESS

Witzenberg Municipality is a local municipality performing the functions as set out in Part B of Schedules 4 & 5 of the Constitution of the Republic of South Africa. (Act No. 108 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

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

JURISDICTION

The Witzenberg Municipality includes the following areas:

*Ceres
Op-die-Berg
Prince Alfred's Hamlet
Tulbagh
Wolseley*

MUNICIPAL MANAGER

D Nasson

CHIEF FINANCIAL OFFICER

HJ Kritzinger

REGISTERED OFFICE

50 Voortrekker Street, Ceres, 6835

AUDITORS

Auditor-General South Africa

PRINCIPAL BANKERS

Standard Bank, Ceres

RELEVANT LEGISLATION

The Constitution of the Republic of South Africa
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), as amended
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
SALBC Leave Regulations
Remuneration of Public Office Bearers Act
Workman's Compensation Act


AUDITOR - GENERAL
SOUTH AFRICA

30 NOV 2016

WITZENBERG MUNICIPALITY

MEMBERS OF THE WITZENBERG MUNICIPALITY

COUNCILLORS

Position	Surname	Party	Seat type
Executive Mayor	Klaasen, BC	DA	PR 2
Deputy Executive Mayor	Adams, K	Independent	Ward 6
Speaker	Godden, TT	COPE	PR 1
Member of Mayoral Committee	Louw, S	DA	PR 1
Member of Mayoral Committee	Fredericks, JP	VIP	PR 1
Member of Mayoral Committee	Smit, HJ	DA	Ward 5
Member of Mayoral Committee	Visagie, JJ	DA	Ward 4
Ordinary Councillor	Badela, R	ANC	Ward 12
Ordinary Councillor	Du Plessis, JJ	DA	PR 3
Ordinary Councillor	Du Toit, MC	ANC	PR 1
Ordinary Councillor	Daniels, P	DA	Ward 7
Ordinary Councillor	Klaasen, JNED	DCP	PR 1
Ordinary Councillor	Mouton, JS	ANC	PR 2
Ordinary Councillor	Ndwanya, SM	ANC	PR 4
Ordinary Councillor	Phungula, JT	ANC	PR 3
Ordinary Councillor	Salmon, L	ANC	Ward 8
Ordinary Councillor	Sauls, MI	ANC	Ward 1
Ordinary Councillor	Sidego, EM	DA	Ward 11
Ordinary Councillor	Simpson, RJ	ANC	Ward 9
Ordinary Councillor	Swart, D	DA	Ward 2
Ordinary Councillor	Okada J	NPP	PR 1
Ordinary Councillor	Hanekom, WJ	DA	Ward 3
Ordinary Councillor	Smith, A	ANC	Ward 10

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in the notes of these annual financial statements 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.



D Nasson
Municipal Manager



Date 30/11/16

WITZENBERG MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	2016 R	Restated 2015 R
ASSETS			
Current Assets		165,595,521	130,226,679
Cash and Cash Equivalents	2	97,039,728	62,383,031
Receivables from exchange transactions	3	48,894,912	48,554,541
Receivables from non-exchange transactions	4	6,672,523	6,057,375
Inventory	5	5,403,267	7,324,084
Current Portion of Long-term Receivables	6	7,495	52,300
Unpaid Conditional Government Grants and Receipts	7	12,375	821,870
VAT Receivable (net)	8	6,565,221	5,033,478
Non-Current Assets		791,425,121	747,157,899
Long-Term Receivables	6	-	113,693
Property, Plant and Equipment	9	712,892,875	656,775,481
Intangible Assets	10	2,645,647	2,689,747
Investment Property	11	48,506,152	48,833,256
Heritage assets	12	550,000	550,000
Operating Lease Asset	13	12,326	21,535
Capitalised Restoration Cost	14	26,818,121	38,174,187
Total Assets		957,020,642	877,384,578
LIABILITIES			
Current Liabilities		96,796,137	80,773,741
Payables from exchange transactions	15	53,707,640	50,151,048
Consumer Deposits	16	3,217,431	2,474,778
Current Employee benefits	17	16,941,160	15,508,663
Unspent Conditional Government Grants and Receipts	7	11,554,082	2,148,270
Unspent Public Contributions	18	1,282,898	1,631,250
Current Portion of Long-term Liabilities	19	10,092,926	8,859,732
Non-Current Liabilities		158,428,205	159,670,864
Long-term Liabilities	19	10,464,089	18,348,679
Non-Current Provisions	20	68,641,116	66,794,185
Employee benefits	21	79,323,000	74,528,000
Total Liabilities		255,224,342	240,444,605
Net Assets		701,796,300	636,939,973
Capital Replacement Reserve	22	9,548,191	9,430,377
Accumulated Surplus		692,248,109	627,509,596
Total Net Assets and Liabilities		957,020,642	877,384,578

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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 (Actual) R	2015 (Restated) R	2015 Correction of error R	2015 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		193,473,972	204,553,707		204,553,707
Taxation Revenue		57,039,519	51,679,412	-	51,679,412
Property rates	23	55,604,297	50,327,630	-	50,327,630
Property Rates - penalties imposed and collection charges		1,435,222	1,351,782	-	1,351,782
Transfer Revenue		136,434,463	152,874,295	-	152,874,295
Fines		8,559,000	9,884,849	-	9,884,849
Government Grants and Subsidies - Capital	24	51,539,015	51,634,066	-	51,634,066
Government Grants and Subsidies - Operating	24	74,141,437	84,008,296	-	84,008,296
Public Contributions and Donations		2,195,001	7,347,084	-	7,347,084
Revenue from Exchange Transactions		317,036,592	269,140,377	-	269,140,377
Service Charges	25	279,542,152	240,269,470	-	240,269,470
Rental of Facilities and Equipment		8,168,837	9,272,786	-	9,272,786
Interest Earned - external investments		6,772,240	4,657,957	-	4,657,957
Interest Earned - outstanding debtors		9,827,814	7,585,300	-	7,585,300
Licences and Permits		161,051	152,857	-	152,857
Agency Services		4,236,894	3,849,268	-	3,849,268
Other Income	26	8,321,816	3,352,336	-	3,352,336
Unamortised Discount - Interest		5,788	403	-	403
Total Revenue		510,510,564	473,694,084	-	473,694,084
EXPENDITURE					
Employee related costs	27	120,803,885	117,696,414	1,760,487	115,935,927
Remuneration of Councillors	28	8,661,654	8,064,895	-	8,064,895
Debt Impairment	29	34,542,290	26,525,951	-	26,525,951
Collection Costs		327,229	518,789	-	518,789
Depreciation and Amortisation	30	26,978,789	25,405,795	(898,830)	26,304,625
Repairs and Maintenance		19,675,144	18,470,170	-	18,470,170
Unamortised Discount - Interest paid		1,138,434	1,485,916	-	1,485,916
Finance Charges	32	16,764,153	12,814,203	-	12,814,203
Bulk Purchases	33	160,424,870	138,170,284	-	138,170,284
Contracted services		15,876,571	30,787,049	1,565,715	29,221,334
Grants and Subsidies	34	969,262	921,770	-	921,770
General Expenses	35	43,247,125	34,299,114	770,276	33,528,838
Total Expenditure		449,409,406	415,160,350	3,197,648	411,962,702
Gain / (loss) on disposal of assets (Impairment loss)	31	(3,728) (21,500)	3,986,400 (22,534)	(159,050)	4,145,450 (22,534)
Gain on Adjustment of Provision inventories: (Write-down) / Reversal of write-down		- (377)	4,581,861 (1,302)	-	4,581,861 (1,302)
Gain / (loss) on Actuarial Valuations	21	3,818,912	4,061,222	-	4,061,222
Asset Losses		(38,136)	-	-	-
NET SURPLUS FOR THE YEAR		64,856,329	71,139,381	(3,356,698)	74,496,079

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STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
		R	R	R
Balance at 1 JULY 2014		9,218,922	549,388,095	558,607,017
Correction of error	36.12	0	7,193,575	7,193,575
Restated Balance at 1 JULY 2014		9,218,922	556,581,670	565,800,592
Contribution to Capital Replacement Reserve		12,503,989	(12,503,989)	-
Property, Plant and Equipment purchased		(12,292,534)	12,292,534	-
Restated Net Surplus for the year		-	71,139,381	71,139,381
Balance at 30 JUNE 2015		9,430,377	627,509,596	636,939,973
Contribution to Capital Replacement Reserve		23,121,037	(23,121,037)	-
Property, Plant and Equipment purchased		(23,003,223)	23,003,223	-
Net Surplus for the year		-	64,856,329	64,856,329
Balance at 30 JUNE 2016		9,548,191	692,248,110	701,796,301


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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	Notes	30 JUNE 2016 R	30 JUNE 2015 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Taxation	37	52,556,067	48,573,644
Sales of goods and services		273,033,348	237,684,919
Government Grants		136,362,739	137,668,796
Interest		18,035,276	13,595,039
Payments			
Employee costs		(110,757,471)	(108,436,128)
Suppliers		(233,810,071)	(216,999,228)
Finance charges	32	(16,764,153)	(12,814,203)
Transfers and Grants		(969,262)	(921,770)
Cash generated by operations	37	117,686,473	98,351,069
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	11	(75,936,392)	(64,026,341)
Purchase of Intangible Assets		(321,685)	(13,300)
Proceeds on Disposal of Fixed Assets		111,192	3,006,344
Increase/(Decrease) in Long-term Receivables	6	163,151	(154,816)
Net Cash from Investing Activities		(75,983,734)	(61,188,114)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(8,964,582)	(8,276,877)
New loans raised		1,175,887	-
Increase in Consumer Deposits		742,654	434,076
Net Cash from Financing Activities		(7,046,041)	(7,842,801)
NET INCREASE/(DECREASE IN CASH AND CASH EQUIVALENTS)		34,656,697	29,320,154
Cash and Cash Equivalents at the beginning of the year		62,383,031	33,062,877
Cash and Cash Equivalents at the end of the year	2	97,039,728	62,383,031
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		34,656,697	29,320,154


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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016

	Actual 2016 R	Approved budget 2016 R	Adjustments 2016 R	Final budget 2016 R	Difference between final budget and actual	Actual 2016 R
Operating Revenue						
Property rates	55,604,297	55,695,932	-	55,695,932	-0.2%	50,327,630
Property Rates - penalties imposed and collection charges	1,435,222	860,070	-	860,070	66.9%	1,351,782
Fines	8,559,000	8,358,770	-	8,358,770	2.4%	9,884,849
Government Grants and Subsidies - Capital	51,539,015	24,179,557	29,027,917	53,207,474	-3.1%	51,634,066
Government Grants and Subsidies - Operating	74,141,437	82,346,816	(5,658,711)	76,687,905	-3.3%	84,008,296
Public Contributions and Donations	2,195,001	1,293,000	1,025,806	2,318,806	-5.3%	7,347,084
Service Charges	279,542,152	271,800,493	-	271,800,493	2.8%	240,269,470
Rental of Facilities and Equipment	8,168,837	8,043,850	-	8,043,850	1.6%	9,272,786
Interest Earned - external investments	6,772,240	2,966,250	-	2,966,250	126.0%	4,657,957
Interest Earned - outstanding debtors	8,827,814	4,893,280	-	4,893,280	101.3%	7,585,300
Licences and Permits	161,051	288,100	-	288,100	-44.1%	152,857
Agency Services	4,236,894	3,601,990	-	3,601,990	17.6%	3,849,268
Other Income	12,140,728	4,520,000	-	4,520,000	168.6%	15,981,819
Unamortised Discount - Interest	5,788	-	-	-	-	403
Total revenue	514,329,476	468,867,908	24,395,012	493,262,920	-4.3%	486,323,667
Operating Expenditure						
Employee related costs	120,803,885	131,367,445	(7,479,951)	123,887,494	2.5%	117,698,414
Remuneration of Councillors	8,681,654	8,949,345	-	8,949,345	3.2%	8,064,895
Debt Impairment	34,542,280	20,754,280	19,470,000	40,224,280	14.1%	28,525,951
Collection Costs	327,229	799,850	(370,700)	429,150	23.7%	518,789
Depreciation and Amortisation	26,978,789	24,053,863	4,749,999	28,803,862	6.3%	25,405,795
Repairs and Maintenance	19,675,144	21,779,899	(21,032)	21,758,867	9.6%	18,470,170
Unamortised Discount - Interest paid	1,138,434	1,556,310	(400,000)	1,156,310	1.5%	1,485,916
Finance Charges	16,784,153	11,758,777	5,010,000	16,768,777	0.0%	12,814,203
Bulk Purchases	160,424,870	162,743,975	(2,300,000)	160,443,975	0.0%	138,170,284
Contracted services	15,876,571	19,954,967	(63,632)	19,891,335	20.2%	30,787,049
Grants and Subsidies	989,262	831,340	139,000	970,340	0.1%	921,770
Other expenses	43,310,866	50,574,057	-821,242	49,652,815	12.8%	34,322,950
Total expenditure	449,473,147	455,124,108	17,812,442	472,936,650	5.0%	415,184,186
Surplus/(deficit) for the period	64,856,329	13,743,800	6,582,570	20,326,370	-219.1%	71,139,381
Operating expenditure by vote						
Budget & Treasury Office	32,305,839	36,929,287	(173,000)	36,756,287	12.1%	33,688,022
Civil Services	107,774,542	89,422,882	23,260,479	112,683,341	4.4%	86,466,051
Community & Social Services	23,018,404	22,597,578	961,088	23,558,666	2.3%	19,972,879
Corporate Services	28,769,266	25,599,382	2,500,548	29,099,930	1.1%	34,609,141
Electro Technical Services	182,233,016	188,303,312	(3,228,786)	185,074,546	1.5%	157,605,330
Executive & Council	24,138,834	27,761,785	(1,135,228)	26,626,559	9.3%	22,068,988
Housing	2,906,534	11,487,016	(7,803,438)	3,683,578	21.1%	17,743,879
Planning	6,592,167	9,224,181	(1,292,500)	7,931,681	16.9%	4,421,119
Public Safety	21,276,062	22,119,977	3,343,701	25,463,678	16.4%	19,815,816
Sport & Recreation	20,458,483	20,676,498	1,379,556	22,056,054	7.2%	19,792,961
Total operating expenditure by vote	449,473,147	455,121,878	17,812,442	472,934,320	4.96%	415,184,186
Capital expenditure by vote						
Budget & Treasury Office	388,558	350,000	75,000	425,000	13.8%	118,232
Civil Services	58,835,778	37,319,299	22,387,744	59,707,043	1.5%	47,588,405
Community & Social Services	2,200,741	4,239,048	(1,423,535)	2,815,513	21.8%	6,064,452
Corporate Services	425,633	350,000	110,521	460,521	7.6%	547,864
Electro Technical Services	5,616,066	7,990,000	(1,676,179)	6,313,821	11.1%	3,952,399
Planning	6,121,868	-	6,121,868	6,121,868	0.0%	3,351,041
Public Safety	561,346	520,000	50,000	570,000	1.5%	37,252
Sport & Recreation	488,506	2,000,000	(1,309,095)	690,905	29.3%	2,399,997
Total capital expenditure	74,816,282	52,768,347	24,336,124	77,104,471	3.23%	64,039,642

The budget is approved on an accrual basis by vote classification as required by the Municipal Finance Management Act. The basis used for this comparison is by nature classification as required by General Recognised Accounting Practices. The approved budget covers the same period as the financial statements, from 1 July to 30 June.

The budget and accounting bases are the same; both are on the accrual basis. The financial statements are prepared using a classification on the nature of expenses in the statement of financial performance.

The changes between the approved and final budget are a consequence of reallocations within the budget and and of other factors allowable in terms of the Municipal Finance Management Act

Please refer to Note 40 for more information on budget comparisons

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-Exchange Transactions
GRAP 24	Presentation of Budget Information
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 27	Agriculture
GRAP 31	Intangible assets
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfer of Functions Between Entities Under Common Control
GRAP 106	Transfer of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

IGRAP 1	Applying the Probability Test on Initial Recognition of Revenue (as revised in 2012)
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 11	Consolidations – Special Purpose Entities
IGRAP 12	Jointly Controlled Entities – Non-monetary Contributions by Venturers
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets – Website Costs
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC102)	Income Taxes
SIC – 21 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16(AC449)	Hedges in a Net Investment in a Foreign Operation
IFRIC 20	Stripping Costs In the Production Phase of a Surface Mine

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is 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 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.

1.5. 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. In general, materiality is determined as 1% of total expenditure.

1.6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 18	Segment Reporting Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 20	Related Party Disclosures No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 32	Service Concession Arrangements: Grantor No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 108	Statutory receivable No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 109	Accounting by Principals and Agents No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset	Unknown

1.7. RESERVES


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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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 / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.8. LEASES

1.8.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.8.2. Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The 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 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. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.10. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grant is receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1.11. PROVISIONS

1.11.1. GENERAL PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits 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. 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 (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

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.

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.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. 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 shall be reversed.

1.11.2. REHABILITATION OF LANDFILL SITES PROVISIONS

Provision is made in terms of the licensing stipulations of the landfill sites, for the estimated cost of rehabilitating waste sites. The provision has been determined on the basis of a recent independent study. The cost factors derived from the study by a firm of consulting engineers have discounted to present value at prime interest rate.

1.12. EMPLOYEE BENEFITS

1.12.1. Post-Retirement Medical obligations

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 70% as contribution and the remaining 30% are 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 in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was 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 fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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

1.12.2. 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 periodically 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 charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

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

1.12.3. Accrued Leave Pay

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 year end and also on the total remuneration package of the employee.

1.12.4. Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

1.12.5. Performance bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.12.6. Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity 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 charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.12.7. Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

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

1.13. PROPERTY, PLANT AND EQUIPMENT

1.13.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure 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. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. 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.

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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.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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 assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.13.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and 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 associated with the asset.

1.13.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. 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 management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
Infrastructure		Other	
Roads and Paving	5-100	Airports	20
Electricity	4-46	Buildings	30-100
Water	15-150	Computer equipment	3-30
Sanitation	15-60	Furniture and equipment	5-30
Other	10-15	Landfill sites	9-24
		Markets	30
		Other	3-30
Community		Other vehicles	5-67
Recreational Facilities	10-30	Plant and Equipment	5-32
Sport fields & Stadia	10-20	Specialist vehicles	7-38
Halls	5-97		
Libraries	10-30		
Parks and gardens	10		
Other assets	5-30		
Cemeteries	5-30		
Finance lease assets			
Office equipment	4		

The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.

Property, plant and equipment 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 charged to 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 impairment is recognised in the Statement of Financial Performance.

1.13.4. De-recognition



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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.

1.13.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional arrangement as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The municipality updated the Land and Buildings acquired before 30 June 2008 to the fair value as determined by an independent valuator. For Other Assets the depreciation replacement cost method was used to establish the deemed cost as on 1 July 2008.

1.14. INTANGIBLE ASSETS

1.14.1. Initial Recognition

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

An asset meets the identifiable criterion in the definition of an intangible asset when it:

is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position 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.

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

the municipality intends to complete the intangible asset for use or sale;
it is technically feasible to complete the intangible asset;
the municipality has the resources to complete the project; and
It is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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 was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.14.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. 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 subject to an annual impairment test.

1.14.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of Intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, 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:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5
Computer Software Licenses	5

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The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.

1.14.4. De-recognition

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.

1.15. INVESTMENT PROPERTY

1.15.1. Initial Recognition

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

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, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

1.15.2. Subsequent Measurement – Cost Model

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

1.15.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. 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 management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	99 - 100

The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.

1.15.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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1.16. HERITAGE ASSETS

1.16.1. Initial Recognition

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset shall be recognised as an asset if, and only if:

- it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and
- the cost or fair value of the asset can be measured reliably.

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

Where a heritage asset has been acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

1.16.2. Subsequent Measurement

Heritage assets are not depreciated based on their nature however the municipality assesses at each reporting date whether there is a need for impairment.

The class of heritage assets are carried at its cost less any accumulated impairment losses.

1.16.3. Impairment

Where the carrying amount of an item of heritage asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of heritage asset have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

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 the impairment is recognised in the Statement of Financial Performance.

1.16.4. De-recognition

The carrying amount of a heritage asset is derecognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from de-recognition of a heritage asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.17. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.17.1. Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that

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reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.17.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

Depreciation replacement cost approach - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

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.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.18. COMMITMENTS

Commitments are future payments and expenditure to be incurred on contracts that have been entered into at the reporting date and where there are unperformed obligations. The commitments would include both capital and operating items.

Committed expenditure approved and contracted for at reporting date is where the expenditure has been approved and the contract has been awarded.

Committed expenditure approved but not yet contracted for at reporting date is where the expenditure has been approved but the contract has yet to be awarded or is awaiting finalisation.

1.19. INVENTORIES

1.19.1. Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. 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. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

The cost of purified water comprises cost of conversion and other cost incurred in bringing the inventory to their present location and condition.

1.19.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, 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. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. 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 carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

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

1.20. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.21. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

1.21.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument 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

1.21.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.21.2.1. Receivables

Receivables are classified as loans and receivables, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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 (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of

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Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.21.2.2. Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, 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.

1.21.2.3. Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.21.2.4. Non-Current Investments

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.21.3. De-recognition of Financial Instruments

1.21.3.1. Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

the rights to receive cash flows from the asset have expired; or
the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.21.3.2. Financial Liabilities

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A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.21.4. *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only 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

1.22. REVENUE

1.22.1. *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.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised when issued.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

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.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.22.2. *Revenue from Exchange Transactions*

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when 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.

Revenue from the sale of electricity prepaid meter vouchers is recognised eight days after the sale of the relevant voucher.

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 recorded number of refuse points per property.

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Service charges relating to sanitation (sewerage) 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. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

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.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable.

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 imputed rate of interest is the more clearly determinable of either:

The prevailing rate for a similar instrument of an issuer with a similar credit rating; or

A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred.

When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.22.3. Grants, Transfers and Donations (Non-Exchange 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 raised 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 without any conditions attached are recognised as revenue when the asset is recognised.

1.23. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker, members of the Mayoral Committee and ordinary councillors.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer or all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1.24. 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 in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25. 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 excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. 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 in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. CONTINGENT LIABILITIES

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 entity. 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.

Management judgement is required when recognising and measuring contingent liabilities.

1.28. PRESENTATION OF BUDGET INFORMATION

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements, has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same entity and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process and upon approval the approved budget is made publicly available.

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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:

Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities 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.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1.30. 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 as part of receivables or payables in the Statement of Financial Position.

1.31. JOINT VENTURES

In respect of the municipalities' interest in jointly controlled assets, the municipality includes in its accounting records and recognises in its financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with other ventures in relation to the joint venture;
- any revenue from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- any expenses that it has incurred in respect of its interest in the joint venture.

1.32. AMENDED DISCLOSURE POLICY

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. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2	CASH AND CASH EQUIVALENTS	2016	2015
		R	R
	<u>Assets</u>		
	Bank Accounts	97,031,303	62,374,606
	Cash Floats	8,425	8,425
	Total Cash and Cash Equivalents - Assets	97,039,728	62,383,031
	The municipality has the following bank accounts:		
	Cash book balance at beginning of year	62,374,606	33,054,452
	Cash book balance at end of year	97,031,303	62,374,606
	The municipality changed it's Primary Bank Account from ABSA Bank Limited to The Standard Bank of South Africa Limited on 1 March 2013. The ABSA account has not been closed at year end as some debtors still pay their service accounts into the old account.		
	Primary Bank Account: Standard Bank - Account Number 203241819		
	Bank statement balance at beginning of year	66,875,631	40,465,237
	Bank statement balance at end of year	100,229,291	66,875,631
	ABSA Bank Limited - Account Number 350000011		
	Bank statement balance at beginning of year	33,194	758,562
	Bank statement balance at end of year	58,202	33,194

3	RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Electricity	39,653,051	36,181,668
	Water	57,648,575	62,666,645
	Housing Rentals	1,235,690	2,349,861
	Refuse	28,758,372	34,920,866
	Sewerage	23,614,585	26,198,798
	Other	1,667,121	2,783,994
	Land Sales	3,356,771	3,433,559
	Total Receivables from Exchange Transactions	155,934,165	170,735,391
	Less: Provision for Impairment	(106,039,253)	(122,180,650)
	Total Net Receivables from Exchange Transactions	49,894,912	48,554,541

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.

Included in receivables is the following accrued income (estimated consumption from the last meter reading to 30 June):

Accrued Income Electricity	17,621,583	14,887,959
Accrued Income Water	4,182,801	3,871,165

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing

Accrued Income Electricity	17,621,583	14,887,959
Current (0 - 30 days)	15,527,804	13,118,193
31 - 60 Days	582,462	1,304,655
61 - 90 Days	283,058	677,452
+ 90 Days	5,638,144	6,193,408
Total	39,653,051	36,181,668


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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

RECEIVABLES FROM EXCHANGE TRANSACTIONS CONTINUED	2016 R	2015 R
<u>(Water): Ageing</u>		
Accrued Income Water	4,182,801	3,871,165
Current (0 - 30 days)	3,875,709	8,283,975
31 - 60 Days	1,531,292	1,383,071
61 - 90 Days	1,539,568	1,087,458
+ 90 Days	46,519,206	48,240,977
Total	57,648,575	62,866,645
<u>(Housing): Ageing</u>		
Current (0 - 30 days)	27,677	44,945
31 - 60 Days	22,151	30,646
61 - 90 Days	20,399	27,683
+ 90 Days	1,165,462	2,246,587
Total	1,235,690	2,349,861
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	1,903,660	1,768,731
31 - 60 Days	812,939	734,016
61 - 90 Days	639,260	535,993
+ 90 Days	25,402,513	31,882,125
Total	28,758,372	34,920,866
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	1,836,731	1,615,272
31 - 60 Days	708,827	604,306
61 - 90 Days	520,068	475,777
+ 90 Days	20,748,959	25,503,442
Total	23,614,585	28,198,798
<u>(Other): Ageing</u>		
Current (0 - 30 days)	62,643	110,499
31 - 60 Days	33,641	155,294
61 - 90 Days	29,560	67,955
+ 90 Days	1,418,822	2,450,246
Total	1,544,666	2,783,994
<u>(Land Sales): Ageing</u>		
31 - 60 Days	-	76,787
61 - 90 Days	-	3,100,000
+ 90 Days	3,356,771	256,771
Total	3,356,771	3,433,558
<u>(Total): Ageing</u>		
Accrued Income	21,804,384	18,759,124
Current (0 - 30 days)	23,034,225	24,941,615
31 - 60 Days	3,691,312	4,288,776
61 - 90 Days	3,031,913	5,972,318
+ 90 Days	104,249,877	116,773,556
Total	155,811,711	170,735,390


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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

RECEIVABLES FROM EXCHANGE TRANSACTIONS CONTINUED	2016 R	2015 R
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	122,180,849	102,989,970
Contribution to provision	26,155,664	19,196,877
Bad Debts Written Off	(42,297,260)	(5,997)
Balance at end of year	106,039,253	122,180,849

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Rates	23,224,444	20,176,214
Other Receivables	22,388,927	16,176,856
Accrued Fines	20,546,246	14,386,760
Deposits	224,815	224,815
SARS	524,110	524,110
Prepaid Expenditure	1,085,252	1,035,252
Other receivables	8,704	6,119
Total Receivables from Non-Exchange Transactions	45,613,371	36,353,070
Less: Provision for Impairment	(38,940,848)	(30,295,695)
Total Net Receivables from Non-Exchange Transactions	6,672,523	6,057,375

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing

Current (0 - 30 days)	3,062,819	1,723,200
31 - 60 Days	342,354	275,762
61 - 90 Days	261,132	108,568
+ 90 Days	19,558,138	18,068,684
Total	23,224,444	20,176,214

Reconciliation of Provision for Bad Debts

Balance at beginning of year	30,295,694	20,882,096
Contribution to provision	8,645,153	9,413,598
Bad Debts Written Off	-	-
Balance at end of year	38,940,847	30,295,694

Included in the provision for bad debt are the following amounts in respect of traffic fines

19,274,139	12,638,691
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Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

5 INVENTORY

Consumable Stores - At cost	5,384,334	7,307,436
Water - At purification cost	18,933	16,648
Total Inventory	5,403,267	7,324,084

Consumable stores materials written down due to losses as identified during the annual stores counts.

377	1,302
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Consumable stores inventory recognised as an expense during the year

8,397,674	7,752,636
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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	R	R
6 LONG-TERM RECEIVABLES		
Housing Loans	167	268,717
Sport Club Loans	7,328	41,553
Town Development	-	24,300
	<u>7,495</u>	<u>334,570</u>
Less: Unamortised Discount on Loans	-	(4,653)
Balance 1 July	(4,653)	(5,056)
Adjustment for the period	4,653	403
	<u>7,495</u>	<u>329,917</u>
Less: Current portion transferred to current receivables	(7,495)	(52,300)
Housing Loans	(167)	(20,071)
Sport Club Loans	(7,328)	(7,929)
Town Development	-	(24,300)
	<u>-</u>	<u>277,617</u>
Less: Provision for Impairment	-	(163,924)
Total Long Term Receivables	<u>-</u>	<u>113,693</u>
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	163,925	178,723
Contribution to provision	76,709	(14,798)
Bad Debts Written Off	(240,634)	-
Balance at end of year	<u>-</u>	<u>163,925</u>
7 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
Unspent Grants	11,554,082	2,148,270
National Government Grants	1,677,347	585,794
Provincial Government Grants	9,876,735	1,562,476
Less: Grants spend but not yet received	12,375	821,870
National Government Grants	12,375	755,085
Provincial Government Grants	-	66,785
Total Conditional Grants and Receipts	<u>11,541,707</u>	<u>1,326,400</u>
Please refer to Note 24 for more information on specific grants.		
8 VAT		
VAT PAYABLE		
VAT output in suspense	(1,131,647)	2,841,524
Total Vat payable	<u>(1,131,647)</u>	<u>2,841,524</u>
VAT RECEIVABLE		
VAT input in suspense	5,433,574	7,875,002
Total VAT receivable	<u>5,433,574</u>	<u>7,875,002</u>
NET VAT RECEIVABLE/(PAYABLE)	<u>6,565,221</u>	<u>5,033,478</u>
VAT is receivable/payable on the cash basis.		


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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

PROPERTY, PLANT AND EQUIPMENT

9.1 30 JUNE 2016

Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
Carrying value at 1 July 2016	78,203,971	94,005,465	386,456,334	70,365,075	67,562	27,677,073	656,775,480
Cost	78,203,971	101,129,809	485,746,274	74,032,544	691,343	50,431,115	790,235,056
Original Cost	78,203,971	101,129,809	485,746,274	74,032,544	691,343	50,431,115	790,235,056
Accumulated Impairments	-	-	-	-	-	(551,131)	(551,131)
Original Cost	-	-	-	-	-	(551,131)	(551,131)
Accumulated Depreciation	-	(7,124,343)	(99,289,940)	(3,667,470)	(623,781)	(22,202,911)	(132,908,445)
Original Cost	-	(7,124,343)	(99,289,940)	(3,667,470)	(623,781)	(22,202,911)	(132,908,445)
Acquisitions	-	712,221	15,794,522	252,500	1,175,887	7,285,385	25,220,515
Capital under Construction	-	-	50,715,878	-	-	-	50,715,878
Transfers	-	(62,925)	-	(136,650)	-	210,650	11,075
Cost	-	(62,925)	-	(136,650)	-	210,650	11,075
Impairments	-	-	(19,801)	-	-	(1,700)	(21,500)
Impairment	-	-	(19,801)	-	-	(1,700)	(21,500)
Depreciation	-	(1,112,108)	(11,758,278)	(1,742,864)	(247,971)	(4,909,216)	(19,770,436)
Normal Depreciation for the year	-	(1,112,108)	(11,758,278)	(1,742,864)	(247,971)	(4,909,216)	(19,770,436)
Carrying value of disposals	-	-	-	-	-	(38,136)	(38,136)
Cost	-	-	-	-	-	(80,515)	(80,515)
Accumulated Impairments	-	-	-	-	-	972	972
Accumulated Depreciation	-	-	-	-	-	41,407	41,407
Carrying value at 30 June 2016	78,203,971	93,542,654	441,188,655	68,738,060	995,478	30,224,057	712,892,875
Cost	78,203,971	101,779,105	552,256,674	74,148,394	1,867,230	57,846,635	866,102,009
Original Cost	78,203,971	101,779,105	552,256,674	74,148,394	1,867,230	57,846,635	866,102,009
Accumulated Impairments	-	-	(19,801)	-	-	(551,858)	(571,659)
Original Cost	-	-	(19,801)	-	-	(551,858)	(571,659)
Accumulated Depreciation	-	(8,236,451)	(111,048,218)	(5,410,334)	(871,751)	(27,070,720)	(152,637,475)
Original Cost	-	(8,236,451)	(111,048,218)	(5,410,334)	(871,751)	(27,070,720)	(152,637,475)

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

PROPERTY, PLANT AND EQUIPMENT CONTINUED

9.2 30 JUNE 2015

Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
Carrying value at 1 July 2014	71,833,145	96,580,605	344,339,407	64,848,955	298,006	28,056,778	605,956,896
Cost	71,833,145	102,709,501	432,694,418	67,308,611	691,343	46,435,708	721,672,726
Original Cost	71,833,145	102,709,501	432,694,418	67,308,611	691,343	46,435,708	721,672,726
Accumulated Impairments	-	-	-	-	-	(528,596)	(528,596)
Original Cost	-	-	-	-	-	(528,596)	(528,596)
Accumulated Depreciation	-	(6,128,896)	(88,355,011)	(2,459,656)	(393,337)	(17,850,333)	(115,187,233)
Original Cost	-	(6,128,896)	(88,355,011)	(2,459,656)	(393,337)	(17,850,333)	(115,187,233)
Acquisitions	6,550,826	306,307	7,573,713	3,362,145	-	3,686,265	21,479,256
Capital under Construction	-	-	45,478,144	3,597,626	-	309,143	49,384,912
Impairments	-	-	-	-	-	(22,534)	(22,534)
Impairments	-	-	-	-	-	(22,534)	(22,534)
Depreciation	-	(1,115,518)	(10,934,930)	(1,207,814)	(230,443)	(4,352,578)	(17,841,283)
Normal Depreciation for the year	-	(1,115,518)	(10,934,930)	(1,207,814)	(230,443)	(4,352,578)	(17,841,283)
Carrying value of disposals	(180,000)	(1,765,929)	-	(235,837)	-	-	(2,181,766)
Cost	(180,000)	(1,886,000)	-	(235,837)	-	-	(2,301,837)
Accumulated Depreciation	-	120,071	-	-	-	-	120,071
Carrying value at 30 June 2015	78,203,971	94,005,465	386,456,334	70,365,075	67,562	27,677,073	656,775,480
Cost	78,203,971	101,129,809	485,746,274	74,032,544	691,343	50,431,115	790,235,056
Original Cost	78,203,971	101,129,809	485,746,274	74,032,544	691,343	50,431,115	790,235,056
Accumulated Impairments	-	-	-	-	-	(551,131)	(551,131)
Original Cost	-	-	-	-	-	(551,131)	(551,131)
Accumulated Depreciation	-	(7,124,343)	(99,289,940)	(3,667,470)	(623,781)	(22,202,911)	(132,908,445)
Original Cost	-	(7,124,343)	(99,289,940)	(3,667,470)	(623,781)	(22,202,911)	(132,908,445)

Land and Buildings donated by Provincial government to the value of R 6 837 826 are included in acquisitions.

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2016	2015
		R	R
10	INTANGIBLE ASSETS		
	Computer Software		
	Net Carrying amount at 1 July	2,689,747	3,023,260
	Cost	4,162,314	4,149,014
	Accumulated Amortisation	(1,472,567)	(1,125,754)
	Additions	321,685	13,300
	Amortisation for Year	(365,785)	(346,813)
	Net Carrying amount at 30 June	2,645,647	2,689,747
	Cost	4,483,998	4,162,314
	Accumulated Amortisation	(1,838,352)	(1,472,567)
11	INVESTMENT PROPERTY		
	Net Carrying amount at 1 July	48,833,256	49,420,158
	Cost	50,899,404	51,171,140
	Accumulated Depreciation	(2,066,148)	(1,750,982)
	Correction	-	(271,736)
	Depreciation for the year	(316,029)	(315,166)
	Transfers	(11,075)	-
	Net Carrying amount at 30 June	48,506,152	48,833,256
	Cost	50,888,329	50,899,404
	Accumulated Depreciation	(2,382,177)	(2,066,148)
	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.		
	Revenue derived from the rental of Investment property	(1,341,989)	(1,200,188)
	Operating expenditure incurred on properties generating revenue	12,289	52,771
	Operating expenditure incurred on properties not generating revenue	-	-
12	HERITAGE ASSETS		
	Net Carrying amount at 1 July	550,000	550,000
	Cost	550,000	550,000
	Net Carrying amount at 30 June	550,000	550,000
	Cost	550,000	550,000
	Heritage assets are carried at its cost less any accumulated impairment losses		


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13	OPERATING LEASE ARRANGEMENTS	2016	2015
		R	R
	The Municipality as Lessor (Asset)		
	Balance on 1 July	21,535	25,448
	Movement during the year	(9,208)	(3,913)
	Balance on 30 June	<u>12,326</u>	<u>21,535</u>

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	64,599	94,706
1 to 5 Years	73,929	136,681
Total Operating Lease Arrangements	<u>138,528</u>	<u>231,387</u>

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 out for periods ranging until 2019.

14	CAPITALISED RESTORATION COST		
	Net Carrying amount at 1 July	38,174,187	1,167,460
	Cost	55,802,597	11,893,337
	Accumulated Depreciation	(17,628,410)	(10,725,877)
	Acquisitions	-	43,909,260
	Adjustment for the period	(4,829,526)	-
	Depreciation for the year	(6,526,540)	(6,902,533)
	Net Carrying amount at 30 June	26,818,121	38,174,187
	Cost	50,973,071	55,802,597
	Accumulated Depreciation	(24,154,950)	(17,628,410)

15	PAYABLES FROM EXCHANGE TRANSACTIONS		
	Trade Payables	43,197,262	38,865,430
	Deposits: Other	1,443,497	1,114,914
	Interest Accrued	446,189	694,140
	Other Creditors	665,114	2,000,654
	Library books	20,542	17,666
	Payments Received in Advance	2,618,929	2,554,348
	Pre-paid Electricity	741,704	637,202
	Retentions	4,574,403	4,266,694
	Total Trade Payables	<u>53,707,640</u>	<u>50,151,048</u>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. 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 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.

16	CONSUMER DEPOSITS		
	Water and Electricity	3,217,431	2,474,778
	Total Consumer Deposits	<u>3,217,431</u>	<u>2,474,778</u>


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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

17	CURRENT EMPLOYEE BENEFITS	2016	2015
		R	R
	Current Portion of Post Retirement Benefits - Note 21	1,848,000	2,009,000
	Current Portion of Long-Service Provisions - Note 21	634,000	830,000
	Current Portion of Ex-gratia Pension Provisions - Note 21	40,000	51,000
	Staff Leave	10,442,989	8,828,211
	Performance Bonuses	773,825	730,369
	Staff Bonuses	3,201,346	3,060,083
	Total Current Employee Benefits	16,941,160	15,508,663

The movement in current employee benefits are reconciled as follows:

Staff Leave

Balance at beginning of year	8,828,208	7,429,408
Contribution to current portion	1,995,605	2,296,976
Expenditure incurred	(380,823)	(898,176)
Balance at end of year	10,442,990	8,828,208

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.

CURRENT EMPLOYEE BENEFITS CONTINUED

Performance Bonuses

Balance at beginning of year	730,369	690,395
Contribution to current portion	773,825	730,368
Expenditure incurred	(730,369)	(690,394)
Balance at end of year	773,825	730,369

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council.

Staff Bonuses

Balance at beginning of year	3,060,083	2,905,791
Contribution to current portion	5,597,063	5,257,225
Expenditure incurred	(5,455,800)	(5,102,933)
Balance at end of year	3,201,346	3,060,083

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represents the portion of the bonus that have already vested for the current salary cycle.


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		2016	2015
		R	R
18	UNSPENT PUBLIC CONTRIBUTIONS		
	China - Water meters	84,307	118,962
	Essen Belgium	1,198,591	1,512,288
	Total Unspent Public Contributions	1,282,898	1,631,250
	Reconciliation of public contributions		
	<u>China - Water meters</u>		
	Opening balance	118,962	168,362
	Conditions met - Transferred to revenue	(34,655)	(49,400)
	Closing balance	84,307	118,962
	3580 Water meters were donated by the Chinese Government to the Witzenberg Municipality. The purpose of the donation is to provide water connections to poor households.		
	<u>Essen Belgium</u>		
	Opening balance	1,512,288	851,098
	Contributions received	1,380,741	1,091,148
	Conditions met - Transferred to revenue	(1,694,438)	(429,958)
	Closing balance	1,198,591	1,512,288
	A twinning agreement exists between Essen in Belgium and the Witzenberg Municipality. The purpose of the agreement is youth development and crèches.		
19	LONG-TERM LIABILITIES		
	Annuity Loans - At amortised cost	20,241,807	28,986,449
	Capitalised Lease Liability - At amortised cost	1,009,488	53,541
		21,251,295	29,039,990
	Current Portion transferred to Current Liabilities	(10,092,926)	(8,859,732)
	Annuity Loans - At amortised cost	(9,725,206)	(8,806,191)
	Capitalised Lease Liability - At amortised cost	(367,719)	(53,541)
		11,158,369	20,180,258
	Unamortised charges on loans	(694,280)	(1,831,579)
	Balance 1 July	(1,831,579)	(3,317,495)
	Adjustment for the period	1,137,299	1,485,916
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	10,464,089	18,348,679
	Refer below for maturity dates of long term liabilities:		
	The obligations under annuity loans are scheduled below:		
			Minimum annuity payments
	Amounts payable under annuity loans:		
	Payable within one year	11,735,646	11,957,307
	Payable within two to five years	10,724,199	20,671,357
	Payable after five years	2,091,424	3,781,693
		24,551,269	36,410,358
	Less: Future finance obligations	(4,309,462)	(7,423,909)
	Present value of annuity obligations	20,241,807	28,986,449

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

LONG-TERM LIABILITIES CONTINUED	2016	2015
	R	R
Annuity loans at amortised cost is calculated at an average 12.47% interest rate, with a final maturity date of 30 June 2023.		
The obligations under finance leases are scheduled below:		
		Minimum lease payments
Amounts payable under finance leases:		
Payable within one year	450,000	54,149
Payable within two to five years	693,775	-
	<u>1,143,775</u>	<u>54,149</u>
Less: Future finance obligations	(134,287)	(808)
Present value of lease obligations	<u>1,009,488</u>	<u>53,541</u>

20

NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	68,641,116	66,794,185
Total Non-current Provisions	<u>68,641,116</u>	<u>66,794,185</u>

The provision includes the rehabilitation cost of landfill sites in Ceres, Prince Alfred's Hamlet, Op-die-Berg, Tulbagh and Wolseley. The expected closing dates of the sites are:

Ceres - 2010 (The site is longer in operation)
 Prince Alfred's Hamlet - 2027
 Op-die- Berg - 2019
 Tulbagh - 2018
 Wolseley - 2018

Landfill Sites

Balance 1 July	66,794,185	25,141,223
Contribution for the year	-	39,327,399
Unwinding of Interest	6,676,457	2,325,563
Adjustment for the period	(4,829,526)	-
Balance 30 June	<u>68,641,116</u>	<u>66,794,185</u>

Discount rate	10.50%	9.25%
Inflation Rate	6.30%	5.00%

21

EMPLOYEE BENEFITS

Post-employment Health Care Benefits	74,152,000	69,431,000
Long Service Awards	4,967,000	4,818,000
Ex-Gratia Pension Benefits	204,000	279,000
Total Non-current Employee Benefit Liabilities	<u>79,323,000</u>	<u>74,528,000</u>

Post-employment Health Care Benefits

Balance 1 July	71,440,000	68,355,000
Contribution for the year	3,164,000	2,926,000
Interest Cost	6,596,000	6,162,000
Expenditure for the year	(1,792,262)	(1,765,182)
Actuarial Loss/(Gain)	(3,406,738)	(4,237,818)
Total post retirement Health Care benefits 30 June	<u>76,001,000</u>	<u>71,440,000</u>

Less: Transfer of Current Portion - Note 17 (1,849,000) (2,009,000)

Balance 30 June **74,152,000** **69,431,000**

Long Service Awards

Balance 1 July	5,648,000	5,139,000
Contribution for the year	463,000	419,000
Interest Cost	514,000	407,000
Expenditure for the year	(709,079)	(490,826)
Actuarial Loss/(Gain)	(314,921)	173,826
Total long service 30 June	<u>5,601,000</u>	<u>5,648,000</u>

Less: Transfer of Current Portion - Note 17 (634,000) (830,000)

Balance 30 June **4,967,000** **4,818,000**

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

EMPLOYEE BENEFITS CONTINUED	2016	2015
	R	R
<u><i>Ex-Gratia Pensions</i></u>		
Balance 1 July	330,000	318,000
Interest Cost	35,000	24,000
Expenditure for the year	(23,746)	(14,770)
Actuarial Loss/(Gain)	(97,254)	2,770
Total Ex-Gratia 30 June	244,000	330,000
Less: Transfer of Current Portion - Note 17	(40,000)	(51,000)
Balance 30 June	204,000	279,000
<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
Balance 1 July	77,418,000	73,812,000
Contribution for the year	3,627,000	3,345,000
Interest cost	7,145,000	6,593,000
Expenditure for the year	(2,525,087)	(2,270,778)
Actuarial Loss/(Gain)	(3,818,913)	(4,061,222)
Total employee benefits 30 June	81,846,000	77,418,000
Less: Transfer of Current Portion - Note 17	(2,523,000)	(2,890,000)
Balance 30 June	79,323,000	74,528,000

21.1 Post-employment Health Care Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	252	239
In-service (employee) non-members	228	252
Continuation members (e.g. Retirees, widows, orphans)	54	62
Total Members	534	553

The liability in respect of past service has been estimated to be as follows:

In-service members	53,302,000	44,877,000
Continuation members	22,899,000	26,563,000
Total Liability	76,001,000	71,440,000

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2014	2013	2012
	R	R	R
In-service members	46,097,000	35,087,000	38,525,020
Continuation members	22,258,000	18,843,000	18,322,792
Total Liability	68,355,000	53,930,000	56,847,812

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
LA Health
Samwumed; and
Keyhealth.

Key actuarial assumptions used:

i) Rate of Interest

Discount rate	8.94%	8.94%
Health Care Cost Inflation Rate	8.05%	8.05%
Net Effective Discount Rate	0.82%	0.82%

ii) Mortality rates

The PA 90 ultimate table was used by the actuaries.



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EMPLOYEE BENEFITS CONTINUED

2016
R

2015
R

iii) Normal retirement age

The average retirement age for all active employees was assumed to be 58 years. This assumption implicitly allows for ill-health and early retirements.

	2016	2015
	R	R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	76,001,000	71,440,000
Net liability/(asset)	76,001,000	71,440,000

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	71,440,000	68,355,000
Total expenses	7,867,738	7,322,818
Current service cost	3,164,000	2,926,000
Interest Cost	6,596,000	6,162,000
Benefits Paid	(1,792,262)	(1,765,182)
Actuarial (gains)/losses	(3,406,738)	(4,237,818)
Present value of fund obligation at the end of the year	76,001,000	71,440,000
<u>Less:</u> Transfer of Current Portion - Note 17	(1,849,000)	(2,009,000)
Balance 30 June	74,152,000	69,431,000

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (R'000)	Continuation members liability (R'000)	Total liability (R'000)
Central Assumptions	53,302	22,699	76,001

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (R'000)	Continuation members liability (R'000)	Total liability (R'000)	% change
Central assumptions		53,302	22,699	76,001	
Health care inflation	1%	62,687	26,696	89,383	18
Health care inflation	-1%	45,743	19,480	65,223	-14
Mortality rate	20%	49,409	21,041	70,450	-7
Mortality rate	-20%	58,185	24,778	82,963	9


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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

EMPLOYEE BENEFITS CONTINUED

2016

2015

21.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

476

496

i) Rate of Interest

	2016	2015
Discount rate	7.96%	7.96%
General Salary Inflation (long-term)	7.33%	7.33%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.59%	0.59%

2016

2015

R

R

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	5,601,000	5,648,000
Net liability	5,601,000	5,648,000

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2014	2013	2012
	R	R	R
Net liability	5,139,000	5,076,000	2,138,041

2016

2015

R

R

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	5,648,000	5,139,000
Total expenses	267,921	335,174
Current service cost	463,000	419,000
Interest Cost	514,000	407,000
Benefits Paid	(709,079)	(490,826)
Actuarial (gains)/losses	(314,921)	173,826
Present value of fund obligation at the end of the year	5,601,000	5,648,000
Less: Transfer of Current Portion - Note 17	(834,000)	(830,000)
Balance 30 June	4,967,000	4,818,000

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R'000)	% change
Central assumptions		5,601	
General salary inflation	1.00%	5,979	7%
General salary inflation	-1.00%	5,256	-6%
Withdrawal rates	20%	5,303	-5%
Withdrawal rates	-20%	5,936	6%


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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

EMPLOYEE BENEFITS CONTINUED

2016

2015

21.3 Ex-Gratia Pension Benefits

The Ex-Gratia Pension Benefits plans are defined benefit plans.

As at year end, the following number of employees were eligible for Ex-Gratia Pension Benefits.

34

38

i) Rate of interest

Discount rate	8.37%	7.89%
General Pension Inflation (long-term)	6.66%	7.88%
Net Effective Discount Rate applied to Ex-Gratia Pension Benefits	0.43%	0.01%

2016

2015

R

R

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	244,000	330,000
Net liability	244,000	330,000

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

2014

2013

2012

R

R

R

Net liability	318,000	340,000	337,065
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Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	330,000	318,000
Total expenses	11,254	9,230
Interest Cost	35,000	24,000
Benefits Paid	(23,746)	(14,770)
Actuarial (gains)/losses	(97,254)	2,770
Present value of fund obligation at the end of the year	244,000	330,000
Less: Transfer of Current Portion - Note	(40,000)	(51,000)
Balance 30 June	204,000	279,000

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Total liability (R'000)	% change
Central assumptions		244	
General salary inflation	+1%	248	1.6%
General salary inflation	-1%	241	-1.2%
Withdrawal rates	+20%	242	-0.8%
Withdrawal rates	-20%	245	0.4%


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EMPLOYEE BENEFITS CONTINUED		2016	2015
		R	R
21.4 Retirement funds			
	<u>CAPE JOINT PENSION FUND</u>		
	The funding level of the CJPF (Pensions Account section) was 105.1% as at the 30 June 2013 valuation date compared with a 99.4% funding level as at 30 June 2012. The Fund is in a sound financial condition at the valuation date. As at the 30 June 2013 valuation date (in totality) the members contributed at a rate of 9% of pensionable salaries and (in totality) the Local Authorities contributed at a rate of 18% of pensionable salaries.		
	Contributions paid recognised in the Statement of Financial Performance	<u>426,587</u>	<u>477,822</u>
	<u>SOUTH AFRICAN LOCAL AUTHORITIES PENSION FUND</u>		
	The funding level at the most recent actuarial valuation (1 July 2012) of 100% was calculated on a Discounted Cash Flow (DCF) basis. The funding level has improved since the previous valuation. The valuation actuary recommended that the prevailing employer contribution rate at 1 July 2012 be maintained at 15.28%. This includes a margin of 3.92% over and above the contribution rate required to fund the Projected Unit Method future service benefits and associated costs.		
	Contributions paid recognised in the Statement of Financial Performance	<u>423,555</u>	<u>386,124</u>
	<u>DEFINED CONTRIBUTION FUNDS</u>		
	Council contributes to: the Government Employees Pension Fund; Municipal Council Pension Fund; National Fund for Municipal Workers (IMATU); and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.		
	Contributions paid recognised in the Statement of Financial Performance		
	Cape Joint Retirement Fund	14,682,604	13,761,731
	Municipal Councillors Pension Fund	384,673	354,446
	National Fund For Municipal Employees (IMATU)	142,654	132,390
	SAMWU National Provident Fund	3,908,359	3,880,300
		<u>19,118,290</u>	<u>18,128,867</u>
22	NET ASSET RESERVES		
	Capital Replacement Reserve	<u>9,548,191</u>	<u>9,430,377</u>
	Total Net Asset Reserves	<u>9,548,191</u>	<u>9,430,377</u>


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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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PROPERTY RATES

Actual

	2016	2015
	R	R
Rates Levied	62,520,482	50,961,825
Business	10,206,804	8,650,716
Building Clauses	108,160	93,802
Rural	14,442,602	11,427,331
Industrial	7,007,909	5,634,045
Residential	22,440,758	18,121,053
State	6,638,749	5,752,356
Vacant Land	1,681,496	1,270,424
Public Service Infrastructure	14,003	12,098
Less: Revenue Forgone	(6,916,185)	(634,195)
Total Assessment Rates	55,604,297	50,327,630

Valuations - 1 JULY

Rateable Land and Buildings

Residential Property	2,674,117,190	2,588,803,500
Commercial Property	785,815,000	630,110,000
Industrial Property	442,495,000	405,495,000
Informal Property	30,173,000	29,865,000
Agricultural Purposes	5,195,601,700	5,168,699,700
State - National/ Provincial Services	410,112,600	408,172,000
Public Service Infrastructure	6,575,000	6,575,000
Vacant Property	151,828,810	132,493,900
Total Valuation	9,696,718,100	9,370,214,100

Assessment Rates are levied on the value of land and improvements. The valuation is performed every 4 years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Rates:

Residential	0.850c/R	0.734c/R
Commercial	1.615c/R	1.396c/R
Industrial	1.615c/R	1.396c/R
Bona Fide Agricultural	0.213c/R	0.184c/R

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential - The first R100 000 on the valuation is exempted.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.


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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

24 GOVERNMENT GRANTS AND SUBSIDIES	2016 R	2015 R
Unconditional Grants	54,850,000	54,124,000
Equitable Share	54,850,000	54,124,000
Conditional Grants	70,830,452	81,518,362
Grants and donations	70,830,452	81,518,362
Subsidies	-	-
Total Government Grants and Subsidies	125,680,452	135,642,362
Government Grants and Subsidies - Capital	51,539,015	51,634,066
Government Grants and Subsidies - Operating	74,141,437	84,008,296
	125,680,452	135,642,362

Please refer to appendix D for more detailed disclosure of Government Grants and Subsidies.

The Municipality does not expect any significant changes to the level of grants.

24.1 GOVERNMENT GRANTS AND SUBSIDIES CONTINUED	2016 R	2015 R
Equitable share		
Opening balance	-	-
Grants received	54,850,000	54,124,000
Conditions met - Operating	(54,850,000)	(54,124,000)
Conditions still to be met/(Grant expenditure to be recovered)	-	-

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.

24.2 Local Government Financial Management Grant (FMG)		
Opening balance	(441)	93
Grants received	1,450,000	1,450,000
Conditions met - Operating	(1,179,615)	(1,332,302)
Conditions met - Capital	(269,944)	(118,232)
Conditions still to be met/(Grant expenditure to be recovered)	-	(441)

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

24.3 Municipal Systems Improvement Grant		
Opening balance	-	1,155
Grants received	930,000	934,000
Conditions met - Operating	(361,200)	(114,844)
Conditions met - Capital	(568,800)	(820,311)
Conditions still to be met/(Grant expenditure to be recovered)	-	-

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.


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GOVERNMENT GRANTS AND SUBSIDIES CONTINUED

24.4 Municipal Infrastructure Grant (MIG)	2016	2015
	R	R
Opening balance	(650,830)	(650,590)
Grants received	25,278,000	21,218,000
Conditions met - Operating	(4,445,988)	(2,677,604)
Conditions met - Capital	(19,482,858)	(18,540,636)
Conditions still to be met/(Grant expenditure to be recovered)	<u>698,324</u>	<u>(650,830)</u>

The grant was used to upgrade Infrastructure in previously disadvantaged areas.

24.5 Housing Grants		
Opening balance	-	638,731
Grants received	28,927,739	45,873,613
Conditions met - Operating	(440,857)	(16,815,095)
Conditions met - Capital	(27,008,472)	(29,697,249)
Conditions still to be met/(Grant expenditure to be recovered)	<u>1,478,410</u>	<u>-</u>

Housing grants was utilised for the development of erven and the erection of top structures.

24.6 Integrated National Electrification Grant		
Opening balance	29,959	29,959
Grants received	4,000,000	-
Conditions met - Operating	(484,404)	-
Conditions met - Capital	(3,038,008)	-
Conditions still to be met/(Grant expenditure to be recovered)	<u>507,547</u>	<u>29,959</u>

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

24.7 Other Grants		
Opening balance	1,947,713	(719,379)
Grants received	20,927,000	14,069,183
Conditions met - Operating	(12,379,373)	(8,944,453)
Conditions met - Capital	(1,170,933)	(2,457,638)
Conditions still to be met/(Grant expenditure to be recovered)	<u>9,324,407</u>	<u>1,947,713</u>

Various grants were received from other spheres of government of which the material ones are: Library grants R 8 915 000, Main Roads Grant R 4 091 000, Draught Relieve R 4 653 000 etc.

24.8 Total Grants		
Opening balance	1,326,401	(700,031)
Grants received	136,362,739	137,668,796
Conditions met - Operating	(74,141,437)	(84,008,298)
Conditions met - Capital	(51,539,015)	(51,634,066)
Conditions still to be met/(Grant expenditure to be recovered)	<u>12,008,688</u>	<u>1,326,401</u>

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	11,554,082	2,148,270
Unpaid Conditional Government Grants and Receipts	(12,375)	(821,870)
	<u>11,541,707</u>	<u>1,326,400</u>

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25	SERVICE CHARGES	2016	2015
		R	R
	Electricity	201,090,680	173,256,510
	Water	42,166,718	34,394,598
	Refuse removal	26,508,826	24,323,464
	Sewerage and Sanitation Charges	26,091,673	24,032,661
	Bulk service levies	117,813	1,201,646
		<u>295,975,710</u>	<u>257,208,879</u>
	Less: Revenue Forgone	(16,433,558)	(16,939,409)
	Total Service Charges	<u>279,542,152</u>	<u>240,269,470</u>

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

26	OTHER INCOME		
	Application fees - Town Planning	35,670	51,582
	Building Plan Fees	727,198	922,869
	Cemetery Fees	213,865	180,501
	Clip Cards	172,862	123,893
	Collection Fees	187,210	109,681
	Damages Income	25,001	28,701
	Housing	257,257	257,453
	Industrial Effluent	21,421	24,907
	Insurance Claims Received	162,168	266,675
	Mayor's Golf Day	117,574	79,500
	Re-connection fees	222,219	249,949
	Refuse Bags	3,740	2,699
	Servitudes	4,828,322	-
	Skills Development Levies received	234,023	401,436
	Special Projects	42,350	36,020
	Sundry Income	1,070,936	616,470
	Total Other Income	<u>8,321,816</u>	<u>3,352,336</u>

27	EMPLOYEE RELATED COSTS		
	Salaries and Wages	76,362,708	77,140,497
	Bargaining Council Levy	47,186	45,221
	Bonuses	6,394,808	5,599,841
	Contributions For Pensions	11,875,700	11,333,127
	Contributions For Medical Aids	5,397,130	5,101,544
	Contributions For UIF	723,352	703,395
	Group Life Insurance	1,196,502	1,155,608
	Housing Benefits and Allowances	1,386,326	773,352
	Leave Reserve	1,995,605	2,296,975
	Long service awards	463,000	419,000
	Overtime	7,569,115	6,437,202
	Post Employment Health Care Benefits	3,164,000	2,926,000
	Travel, Motor Car, Accommodation, Subsistence and Other Allowances	4,303,988	3,935,492
		<u>120,879,420</u>	<u>117,867,254</u>
	Less: Employee Cost allocated elsewhere	(75,535)	(170,840)
	Total Employee Related Costs	<u>120,803,885</u>	<u>117,696,414</u>

KEY MANAGEMENT PERSONNEL

The Municipal Manager and Directors are appointed on 5-year fixed contracts.



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EMPLOYEE RELATED COSTS CONTINUED	2016	2015
	R	R
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager</i>		
Annual Remuneration	1,003,332	934,813
Performance Bonuses	179,012	169,214
Travelling Allowance	108,000	108,000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	260,419	233,742
Travelling Expenses	27,981	22,718
Total	1,578,743	1,468,487
<i>Remuneration of the Director Technical Services</i>		
Annual Remuneration	741,501	736,228
Performance Bonuses	137,839	130,295
Travelling Allowance	301,646	248,337
Contributions to UIF, Medical, Pension Funds and Bargaining Council	15,056	3,569
Travelling Expenses	31,437	7,641
Total	1,227,480	1,126,070
<i>Remuneration of the Director Corporate Services</i>		
Annual Remuneration	733,934	687,443
Performance Bonuses	137,839	130,295
Travelling Allowance	168,000	163,947
Contributions to UIF, Medical, Pension Funds and Bargaining Council	155,605	136,907
Travelling Expenses	84,969	31,966
Total	1,280,347	1,150,558
<i>Remuneration of the Director Financial Services</i>		
Annual Remuneration	648,236	574,243
Performance Bonuses	137,839	130,295
Travelling Allowance	180,000	180,000
Housing Allowance	52,902	84,611
Contributions to UIF, Medical, Pension Funds and Bargaining Council	175,226	149,144
Travelling Expenses	54,747	23,813
Cellphone Allowance	14,400	
Total	1,264,350	1,142,107
<i>Remuneration of the Director Community Services</i>		
Annual Remuneration	770,613	723,523
Performance Bonuses	137,839	130,295
Travelling Allowance	90,000	90,000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	196,459	174,323
Travelling Expenses	16,258	6,311
Total	1,211,169	1,124,452
28	REMUNERATION OF COUNCILLORS	
Executive Mayor	770,070	675,018
Deputy Mayor	562,856	551,961
Speaker	591,642	548,827
Mayoral Committee Members	2,112,841	1,975,391
Ordinary Councillors	3,677,684	3,409,035
Pension fund contributions	904,426	865,783
Medical aid contributions	42,135	38,880
Total Councillors' Remuneration	8,661,654	8,064,895
<i>In-kind Benefits</i>		

The Executive Mayor, Speaker and all the Mayoral committee members are full-time. The Executive Mayor, Speaker and all the Mayoral committee members are provided with secretarial support and an office at the cost of the Council.

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	R	R
29 DEBT IMPAIRMENT		
Long term Receivables - Note 6	-	163,824
Receivables from exchange transactions - Note 3	21,039,343	11,728,585
Receivables from non-exchange transactions - Note 4	13,502,947	14,633,442
Total Contribution to Debt Impairment	34,542,290	26,525,951
30 DEPRECIATION AND AMORTISATION		
Property Plant and Equipment	19,770,435	17,841,283
Investment Property	316,029	315,166
Intangible Assets	365,785	346,813
Capitalised restoration cost	6,526,540	6,902,533
Total Depreciation and Amortisation	26,978,789	25,405,795
31 IMPAIRMENTS		
Property Plant & Equipment	21,500	22,534
Total Impairments	21,500	22,534
32 FINANCE CHARGES		
Long-term Liabilities	2,942,696	3,895,640
Ex-Gratia Pension	35,000	24,000
Post Employment Health Care Benefits	6,596,000	6,162,000
Long service awards	514,000	407,000
Capitalised restoration cost	6,676,457	2,325,563
Total finance charges	16,764,153	12,814,203
33 BULK PURCHASES		
Electricity	160,424,870	138,170,284
Total Bulk Purchases	160,424,870	138,170,284
34 GRANTS AND SUBSIDIES		
Council	282,229	293,200
Tourism	687,033	628,570
Total Grants and Subsidies	969,262	921,770


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35	GENERAL EXPENSES	2016 R	2015 R
	Audit Committee	132,530	85,041
	Audit Fees	2,321,680	2,283,740
	Bank Charges	574,445	445,912
	Cell phone	246,756	393,738
	Chemicals	1,017,316	660,803
	Communication & Events	241,855	272,008
	Commission	1,648,004	1,532,162
	Connection Cost	1,034,910	617,673
	Consultant Fees	142,900	178,150
	Consumable Items	696,454	202,311
	Data lines	218,552	196,290
	Developing Projects	144,971	203,981
	Entertainment	240,689	364,000
	Eskom Electricity	1,500,751	1,461,121
	Expenditure against Grants	3,772,005	-
	Expenditure against Public Donations	541,575	316,917
	Indigent costs	717,909	514,520
	Insurance	930,302	856,326
	Investigations	69,000	118,640
	Job Creation	2,534,678	1,185,804
	Job Discriptions	280,000	-
	Koekedouw	1,217,737	437,010
	Membership Fees	1,344,941	245,011
	Printing and Stationary	1,489,461	1,854,117
	Projects	265,467	1,150,843
	Protective Clothing	570,082	659,197
	Professional Fees	1,653,527	328,153
	Refuse bags	1,758,648	1,741,102
	Rental of Offices	558,315	508,557
	Sewerage analysis	596,353	550,906
	Soup Kitchen	160,000	165,000
	Strategic Partnerships	406,474	407,904
	Telephone and Postage	2,363,609	2,178,017
	Training	1,010,444	1,480,583
	Travel and Accommodation	1,139,511	1,389,847
	TV Transponder	-	14,560
	Valuation Costs	49,611	71,066
	Vehicle Fleet Costs	5,383,060	5,387,177
	Veterinary Expenses	250,000	250,000
	Ward Committee Allowance	664,500	690,500
	Wards	171,125	161,033
	Water levies	155,486	705,339
	Other	3,031,492	1,934,055
	General Expenses	43,247,125	34,299,114
36	CORRECTION OF ERROR IN TERMS OF GRAP 3		
36.1	Property, Plant and Equipment		
	Balance previously reported		648,818,500
	Correction of depreciation - Note 36.4		7,612,423
	Depreciation on new assets - Note 36.8 & Note 36.11		245,075
	Depreciation on new assets for 2013/2014 - Note 36.12		335,320
	Erf 3184 sold during May 2015 - Note 36.4		(235,837)
	Balance now reported		656,775,481
36.2	Intangible Assets		
	Balance previously reported		722,757
	Correction of depreciation - Note 36.4		1,966,990
	Balance now reported		2,689,747


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		2016	2015
CORRECTION OF ERROR IN TERMS OF GRAP 3 CONTINUED		R	R
36.3	Investment property		
	Balance previously reported		49,009,502
	Correction of duplicated asset - Note 36.12		<u>(176,246)</u>
	Balance now reported		<u>48,833,256</u>
36.4	Receivables from exchange transactions		
	Balance previously reported		48,232,577
	Reduction in bank charges - Note 36.11		308,922
	Correction of old Debtor - Note 36.12		<u>(63,746)</u>
	Erf 3184 sold during May 2015 - Note 36.11		76,787
	Balance now reported		<u>48,554,540</u>
36.5	VAT Receivable (net)		
	Balance previously reported		4,607,068
	VAT on Recognition of manual creditors - Note 36.7		322,569
	Correction of retention Money - Note 36.7		<u>103,841</u>
	Balance now reported		<u>5,033,478</u>
36.6	Current Employee benefits		
	Balance previously reported		12,991,960
	Correction of valuation of employee benefits - Note 36.11		1,760,486
	Correction of valuation of employee benefits - Note 36.12		<u>756,214</u>
	Balance now reported		<u>15,508,660</u>
36.7	Payables from exchange transactions		
	Balance previously reported		46,113,591
	Recognition of manual creditors - Note 36.9 & Note 36.1		3,933,616
	Correction of retention Money - Note 36.5		<u>103,841</u>
	Balance now reported		<u>50,151,048</u>
36.8	Depreciation and Amortisation		
	Balance previously reported		26,304,625
	Depreciation on new assets - Note 36.1		<u>(245,075)</u>
	Correction of depreciation - Note 38.4		<u>(653,755)</u>
	Balance now reported		<u>25,405,795</u>


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		2016	2015
		R	R
CORRECTION OF ERROR IN TERMS OF GRAP 3 CONTINUED			
36.9 Contracted services			
	Balance previously reported		29,221,334
	Security services previously included with General Expenses - Note 36.1		4,313
	Recognition of manual creditors - Note 36.11		1,561,402
	Balance now reported		30,787,049
36.10 General Expenses			
	Balance previously reported		33,528,838
	Security services previously included with General Expenses - Note 36.9		(4,313)
	Recognition of manual creditors - Note 36.11		1,083,511
	Reduction in bank charges - Note 36.11		(308,922)
	Balance now reported		34,299,114
36.11 Net Surplus for the year			
	Balance previously reported		74,498,079
	Erf 3184 sold during May 2015 - Note 36.4		(159,050)
	Correction of valuation of employee benefits - Note 36.6		(1,760,486)
	Depreciation on new assets - Note 36.1 & Note 36.8		245,075
	Recognition of manual creditors - Note 36.9 & Note 36.1		(2,644,913)
	Reduction in bank charges - Note 36.4		308,922
	Correction of depreciation - Note 36.1		653,755
	Depreciation on investment property for 2013/2014 - Note 36.3		
	Balance now reported		71,139,381
36.12 Accumulated Surplus			
	Balance previously reported		549,388,095
	Correction of valuation of employee benefits - Note 36.6		(756,214)
	Depreciation on new assets for 2013/2014 - Note 36.8		335,320
	Recognition of creditor for 2013/2014 - Note 36.2		(966,135)
	Correction of old Debtor - Note 36.4		(63,746)
	Correction of duplicated asset - Note 36.3		(178,246)
	Reversal of Non Current Investment - Note 36.13		(105,062)
	Correction of Accumulated Depreciation - Note 36.1		8,925,658
	Balance now reported		556,581,670
36.13 Ceres Koekedouw Management Committee			
	Balance previously reported: Investment		105,062
	Reversal of Non Current investment - Note 36.12		(105,062)
	Balance now reported		-


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37	RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS	2016 R	2015 R
	Surplus/(Deficit) for the year	64,856,329	71,139,381
	<u>Adjustments for:</u>		
	Depreciation	26,613,004	25,058,983
	Amortisation of Intangible Assets	365,785	346,813
	Gain on disposal of property, plant and equipment	3,728	(3,986,400)
	Gain on Adjustment of Provision	-	(4,581,861)
	Unamortised Discount on Loans	1,132,646	1,485,513
	Debt Impairment	34,542,290	26,362,027
	Debt Impairment - Long term receivables	-	163,924
	Stock Adjustments	(377)	(1,302)
	Contribution from/to provisions	6,676,457	2,325,563
	Contribution from/to employee benefits	10,046,414	9,260,286
	Actuarial Gain	(3,818,913)	(4,061,222)
	Donated assets included in Public Contributions	-	(6,837,826)
	Impairment written off	21,500	22,534
	Operating lease income accrued	9,209	3,913
	Operating Surplus/(Deficit) before changes in working capital	140,448,072	116,700,326
	Changes in working capital	(22,761,599)	(18,349,256)
	Increase/(Decrease) in Trade and Other Payables	3,556,592	11,739,366
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	9,405,812	870,761
	Increase/(Decrease) in Unspent Public Contributions	(348,352)	611,791
	Increase/(Decrease) in Taxes	(1,531,743)	(980,698)
	(Increase)/Decrease in Inventory	1,921,194	229,445
	(Increase)/Decrease in Trade and other receivables	(36,574,597)	(31,975,594)
	(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	809,495	1,155,673
	Cash generated/(absorbed) by operations	117,686,473	98,351,070
38	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents - Note 2	97,039,728	62,383,031
	Less:	97,039,728	62,383,031
	Unspent Committed Conditional Grants - Note 7	11,554,082	2,148,270
	Resources available for working capital requirements	85,485,646	60,234,761
	Allocated to:		
	Capital Replacement Reserve	9,548,191	9,430,377
	Employee Benefits Reserve	96,264,160	90,036,683
	Non-Current Provisions Reserve	68,641,116	66,794,185
	Shortfall in working capital requirements	(88,967,821)	(106,026,464)
39	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities - Note 19	21,251,295	29,039,990
	Used to finance property, plant and equipment - at cost	(21,251,295)	(29,039,990)
	Cash Invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.


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40	BUDGET COMPARISONS	2016 R	2015 R
Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance			
	Net surplus/deficit per the statement of financial performance	64,856,329	
	Adjusted for:		
	Fair value adjustments	a) (3,818,912)	
	Depreciation and Amortisation recognised / reversed	b) (1,825,073)	
	Increases in debt impairment	c) (5,681,990)	
	Employee related cost	d) (3,083,609)	
	Finance Charges	e) (4,624)	
	Bulk Purchases	f) (19,105)	
	Other Expenditure	g) (4,546,772)	
	Rates & Service Charges	h) (8,225,176)	
	Grants & Donations	i) 4,338,732	
	Other Income	j) (13,361,200)	
	Net surplus/deficit per approved budget	28,628,600	

- a) Actuarial gains on Employee Benefits
- b) Depreciation less than expected due to slow capital spending
- c) Collection ratio less than expected. Collection of traffic fines to slow
- d) Employee cost less than budget due to vacancies not filled timeously
- e) Loans redeemed
- f) Bulk purchases less than expected.
- g) Contracted Services less than budget due to effective contract management.
- h) Property rates increase due to the inclusion of the District Management Area
- i) Improved spending of Grants received.
- j) More interest earned than expected and Income received from Servitude

Please refer to the statement of comparison of budget and actual amounts for more information.

41 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

41.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:			
	Opening balance	7,757,172	
	Unauthorised expenditure current year - operating		7,757,172
	Condoned by council	(7,757,172)	
	Unauthorised expenditure awaiting authorisation	-	7,757,172

Unauthorised expenditure on operating votes are due to:
 - Increased depreciation on Capital Restoration cost and
 - Debt impairment of service and fines debtors..

41.2 Material Losses

	2016	2015
Water distribution losses		
- Kilolitres purified	6,088,276	7,079,144
- Kilolitres sold	5,125,931	5,815,840
- Kilolitres lost during distribution	962,345	1,463,304
- Percentage lost during distribution	15.81%	20.67%
- Value of kilolitres lost during distribution	622,405	836,035
- The value of kilolitres lost is based on the treatment cost of water.		
Electricity distribution losses		
- Units purchased (Kwh)	200,214,058	194,232,557
- Units sold (Kwh)	183,813,777	177,550,538
- Units lost during distribution (Kwh)	16,400,281	16,682,019
- Percentage lost during distribution	8.19%	8.59%
- Value of units lost during distribution (Kwh)	13,141,000	11,867,008


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42	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2016	2015
		R	R
42.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
	Opening balance	-	-
	Council subscriptions	1,336,228	231,672
	Amount paid - current year	(1,336,228)	(231,672)
	Balance unpaid (included in Payables from exchange transactions)	-	-
42.2	<u>Audit fees - [MFMA 125 (1)(c)]</u>		
	Opening balance	-	-
	Current year audit fee	2,454,210	2,368,781
	External Audit - Auditor-General	2,321,680	2,283,740
	Audit Committee	132,530	85,041
	Amount paid - current year	2,454,210	2,368,781
	Balance unpaid (included in Payables from exchange transactions)	-	-
42.3	<u>VAT - [MFMA 125 (1)(c)]</u>		
	Opening balance	(1,405,076)	2,386,275
	Amounts received - Output VAT - current year	(37,458,637)	(36,231,268)
	Amounts claimed - Input VAT - current year	35,679,803	31,323,847
	Amount paid - current year	7,986,829	3,502,345
	Amount paid - previous year	1,405,076	(2,386,275)
	Closing balance	6,207,995	(1,405,076)
	Vat in suspense due to cash basis of accounting		
	Input VAT	5,433,574	7,875,002
	Output VAT	1,131,647	(2,841,524)
	Receivable	6,565,221	5,033,478

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.


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	2016	2015
	R	R
42.4 <u>PAYE, SDL and UIF - [MFMA 125 (1)(c)]</u>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	14,972,701	13,031,218
Amount paid - current year	(14,972,701)	(13,031,218)
Balance unpaid (Included in Payables from exchange transactions)	-	-
42.5 <u>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</u>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	28,799,248	27,177,307
Amount paid - current year	(28,799,248)	(27,177,307)
Balance unpaid (included in Payables from exchange transactions)	-	-

42.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

No Councillors had arrear accounts for more than 90 days as at 30 June 2016:

During the year no Councillors had arrear accounts outstanding for more than 90 days.

42.7 Discloser in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36 (2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36 (1) (a)

	Amount	Single Supplier	Type of deviation		
			Impossible	Impractical	Emergency
July	505,608	2	-	14	-
August	771,962	7	-	14	2
September	440,308	7	-	12	5
October	7,066,459	15	-	23	12
November	1,004,235	4	-	26	8
December	1,660,024	8	-	23	14
January	149,923	3	-	8	3
February	928,984	8	-	12	10
March	678,055	4	-	15	8
April	1,307,119	8	-	9	5
May	4,022,950	13	-	11	11
June	960,115	12	1	15	3
	19,495,742	91	1	182	81


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2015
R

2015
R

Regulation 45 - Details of awards made to close family members of persons in service of State

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Williams Loodgieters	SR Williams	Husband	R Williams	Dept. of Health: Nurse	R 104,740
L & E Blinds	AHE de Jongh	Husband	E de Jongh	Dept. Correctional services: Correctional officer	R 2,419
Queen's Cake	M Zimri	Wife	JJ Zimri	Department of Correctional Services; Correctional officer	R 666
		Mother	MM Zimri	Witzenberg Municipality: Supervisor meter readers	
SEW Plumbing	SE Williams	Wife	L Williams	Dept. of Health: Admin Officer	R 443,064
		Mother	R Williams	Dept. of Health: Nurse	
Regan Brown Attorneys	R Brown	Brother	E Johnson	City of Cape Town: Traffic Dept	R 210,232
		Brother	D Johnson	SAPS: Worcester	
O'neil & Visser Attorneys	CW O'neil	Husband	H O'neil	DOJ: Worcester	R 653,363
Vox Elektries	F Blom	Husband	M Blom	SAPS: Officer	R 119,538
Witzenberg Concrete	D Ontong	Wife	C Ontong	WCED: Teacher	R 29,331
JC Fencing	JJ Abrahamse	Father	K Abrahamse	Witzenberg Municipality: Traffic Officer	R 73,240
Freddie Opperman	Freddie Opperman	Wife	J Opperman	WCED: Teacher	R 14,800
SJ Peres	SJ Peres	Brother IDP	S Peres	Witzenberg Municipality: Accountant Expenditure	R 2,800
P Swarts	P Swarts	Husband	L Swarts	Pharmacist: Ceres Provincial Hospital	R 1,990
CJ Services	C Hofmeester	Cousin	F Hofmeester	Witzenberg Municipality: SCM Practitioner	R 1,740
AON (Pty) Ltd	N Mangyanga	Mother		Department of Education	R 1,439,797
		Father		Department of Transport	


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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

43	COMMITMENTS	2016 R	2015 R
	Commitments in respect of expenditure:		
	Approved and contracted for	44,079,157	34,862,077
	Infrastructure	12,144,820	14,190,064
	Community	587,631	748,000
	Other Capital	4,687,590	-
	Operational	26,659,116	19,924,013
	Total	44,079,157	34,862,077

44 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

0.5% Increase in interest rates	382,371	175,831
0.5% Decrease in interest rates	(382,371)	(175,831)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss. Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors 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.

All rates and services are payable within 30 days from invoice date. Refer to note 3 and 4 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 3 for balances included in receivables that were re-negotiated for the period under review.

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

			2016 R	2015 R
FINANCIAL RISK MANAGEMENT CONTINUED				
Balances past due not impaired:				
	2016 %	2016 R	2015 %	2015 R
<u>Long Term Receivables</u>				
Rates & other	0.00%		34.46%	113,693
<u>Exchange Receivables</u>				
Electricity	80.60%	31,960,554	77.63%	28,086,265
Water	14.78%	8,523,087	13.77%	8,657,323
Housing Rentals	5.01%	61,901	5.66%	133,096
Refuse	10.33%	2,970,103	11.77%	4,108,468
Sewerage	11.48%	2,710,023	12.30%	3,467,962
Other	18.74%	312,473	23.99%	667,869
Land Sales	100.00%	3,356,771	100.00%	3,433,559
	32.00%	49,894,912	28.44%	48,554,542

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 3 and 4 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2016 %	2016 R	2015 %	2015 R
<u>Long Term Receivables</u>				
Rates & Other	0.00%	-	0.13%	163,924
<u>Exchange Receivables</u>				
Electricity	7.25%	7,692,497	6.62%	8,095,403
Water	46.33%	49,125,488	44.31%	54,209,322
Housing Rentals	1.11%	1,173,789	1.81%	2,216,765
Refuse	24.32%	25,788,269	25.18%	30,812,398
Sewerage	19.71%	20,904,562	20.21%	24,730,836
Other	1.28%	1,354,648	1.73%	2,116,125
	100.00%	106,039,253	100%	122,180,850

The provision for bad debts could be allocated between the different categories of debtors as follows:

	2016 %	2016 R	2015 %	2015 R
Residential	89.11%	94,494,237	91.08%	111,435,181
Commercial	6.02%	6,387,057	4.28%	5,234,370
Government	1.02%	1,083,997	1.81%	2,219,557
Other	3.84%	4,073,962	2.82%	3,455,666
	100.00%	106,039,253	100.00%	122,344,774


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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

FINANCIAL RISK MANAGEMENT CONTINUED

	2016 %	2016 R	2015 %	2015 R
Bad debts written off per debtor class:				
<u>Long Term Receivables</u>				
Rates & other	0.57%	240,634	0.00%	-
<u>Exchange Receivables</u>				
Electricity	25.84%	10,992,555	21.63%	1,271
Water	37.57%	15,981,245	37.58%	2,208
Housing Rentals	0.81%	342,556	1.40%	83
Refuse	18.74%	7,972,350	20.87%	1,227
Sewerage	15.39%	6,548,397	16.86%	890
Other	1.09%	462,157	1.66%	98
	<u>99.43%</u>	<u>42,297,260</u>	<u>100.00%</u>	<u>5,876</u>

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows:

	2016 R	2015 R
Long term receivables	7,495	165,993
Receivables from exchange transactions	49,894,912	48,232,577
Cash and Cash Equivalents	97,031,303	62,374,606
Unpaid conditional grants and subsidies	12,375	821,870
	<u>146,946,085</u>	<u>111,595,046</u>


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FINANCIAL RISK MANAGEMENT CONTINUED

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2016				
Long Term liabilities	12,185,646	11,417,974	2,091,424	-
Capital repayments	10,092,926	9,218,805	1,932,984	-
Interest	2,092,720	2,199,169	158,439	-
Trade and Other Payables	50,347,007	-	-	-
Unspent conditional government grants and receipts	11,554,082	-	-	-
	<u>74,086,735</u>	<u>11,417,974</u>	<u>2,091,424</u>	<u>-</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2015				
Long Term liabilities	12,010,848	20,671,357	3,776,013	-
Capital repayments	8,859,732	16,769,605	3,404,972	-
Interest	3,151,116	3,901,752	371,041	-
Trade and Other Payables	46,959,498	-	-	-
Unspent conditional government grants and receipts	2,148,270	-	-	-
	<u>61,118,616</u>	<u>20,671,357</u>	<u>3,776,013</u>	<u>-</u>


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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

45	FINANCIAL INSTRUMENTS	2016	2015
		R	R
	In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:		
	The fair value of financial instruments approximates the amortised costs as reflected below.		
45.1	<u>Financial Assets</u>		
	<u>Classification</u>		
	Long-term Receivables		
	Officials Housing Loans	167	268,717
	Rates (Re-negotiated terms)	7,328	41,553
	Councillor Allowances	-	24,300
	Receivables		
	Receivables from exchange transactions	49,894,912	48,554,541
	Other Receivables		
	Government Subsidies and Grants	12,375	821,870
	Current Portion of Long-term Receivables		
	Officials Housing Loans	167	20,071
	Sport Club Loans	7,328	7,929
	Bank Balances		
	Bank Balances	97,031,303	62,374,606
		<u>146,953,580</u>	<u>112,113,587</u>
	SUMMARY OF FINANCIAL ASSETS		
	Financial instruments at amortised cost	<u>146,953,580</u>	<u>112,113,587</u>
	At amortised cost	<u>146,953,580</u>	<u>112,113,587</u>
45.2	<u>Financial Liability</u>	2016	2015
		R	R
	Long-term Liabilities		
	Annuity Loans	10,516,601	20,180,258
	Capitalised Lease Liability	641,769	-
	Payables from exchange transactions		
	Trade creditors	43,197,262	38,865,430
	Retentions	4,574,403	4,266,894
	Deposits	1,443,497	1,114,914
	Other	1,131,845	2,712,460
	Other Payables		
	Government Subsidies and Grants	11,554,082	2,148,270
	Current Portion of Long-term Liabilities		
	Annuity Loans	9,725,206	8,806,191
	Capitalised Lease Liability	367,719	53,541
		<u>83,152,384</u>	<u>78,147,758</u>
	SUMMARY OF FINANCIAL LIABILITY		
	Financial instruments at amortised cost	<u>83,152,384</u>	<u>78,147,758</u>


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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
46 IN-KIND DONATIONS AND ASSISTANCE		
Land and Buildings donated by Provincial government		6,837,826
47 PRIVATE PUBLIC PARTNERSHIPS		
Council has not entered into any private public partnerships during the financial year.		
48 CONTINGENT LIABILITY		
Claims against Council	<u>3,398,459</u>	<u>4,243,631</u>
Estimate legal Fees	<u>510,000</u>	<u>721,023</u>

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. Management are respectfully of opinion that this matter will be successfully defended. The Municipality is defending all the claims. The amounts indicated is Management's estimated financial exposure. The following are narratives of the cases:

GP Bezuidenhout	Mr Gert Bezuidenhout has issued a summons out of the High Court against the Municipal Manager and Witzenberg Municipality for damages. Mr Bezuidenhout's claim is based on the premise that the Municipal Manager made an affidavit in the labour matter instituted by Mr Bezuidenhout that he was found guilty of fraud whilst he was found guilty of a lesser dishonest offence.	-	844,349
F Daniels / SALGBC & two others	The applicant was the former Manager of Traffic. He was dismissed after an internal disciplinary hearing on 21/09/2009, where after he unsuccessfully appealed internally against the sanction of dismissal. Management is of opinion that the risk of the municipality being ordered to pay Mr Daniel's legal fees is slim.	1,000,000	1,000,000
Ceres Inn	Ceres Inn alleged that they delivered a service to Witzenberg Municipality by providing lunch/dinner to a former Mayor. Management denies this allegation until proof can be provided in the form of an order number, which must be issued beforehand according to our supply chain policies.	-	823
L Louw	A child was assaulted at the Pine Forest. The claimant alleged that the security measures at the Pine Forest were not sufficient to protect the child. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	1,427,600	1,427,600
F Viljoen	On 23 July 2011 at approximately 00h30 and along Retief Street, Ceres, the Plaintiff sustained serious injuries after colliding with a heap of gravel which the claimant alleged had been placed in the middle of the street by persons in the employment of the Municipality. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	251,672	251,672
Telemasters	Witzenberg municipality cancelled the contract with Telemasters according to the stipulations of the contract. Telemasters alleges that the contract was not cancelled and sued the municipality for breach of contract. The chance that any amount might be payable by the municipality is remote.	133,421	133,421
Packaging Services PTY (Lft)	Plaintiff alleges that the Witzenberg Municipality do not comply with the permit conditions for the Tulbagh landfill site. Plaintiff seek closure of, or improved management of the landfill site.		
Gunter	Plaintiff claims damages from the municipality after she fell on the sidewalk. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	585,766	585,766
		<u>3,398,459</u>	<u>4,243,631</u>


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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2016	2015
		R	R
49	RELATED PARTIES		
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.		
	The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.		
49.1	Related Party Loans		
	Since 1 July 2004 loans to councillors and senior management employees are not permitted.		
49.2	Compensation of key management personnel		
	The compensation of key management personnel is set out in Note 27 to the Annual Financial Statements.		
49.3	Other related party transactions		
	No purchases were made during the year where Councillors or staff have an interest.		
49.4	Ceres Koekedouw Management Committee		
	Ceres Koekedouw Management Committee is an entity established by the Witzenberg Municipality and the Koekedouw Irrigation Board. Ceres Koekedouw Management Committee is responsible for the management of the Koekedouw Dam, jointly owned by Witzenberg Municipality and the Koekedouw Irrigation Board.		
	The following contributions included with General Expenses were paid to the Ceres Koekedouw Management Committee	1,217,737	437,010

**APPENDIX A - Unaudited
WITZENBERG MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2015	Received during the period	Redeemed / written off during the period	Balance at 30 JUNE 2016
ANNUITY LOANS							
ABSA	10.21%	90-9200-8204	30-12-15	6,427		6,427	0
ABSA	10.21%	20-9200-9990	30-12-15	10,986		10,986	0
ABSA	10.21%	0-9205-8859	30-12-15	3,015		3,015	0
NED BANK	8.00%	5032156 0001	30-05-15	-		-	0
NED BANK	8.00%	5032113 0001	30-05-18	647,876		199,306	448,570
NED BANK	8.00%	5032032 0001	30-05-23	7,469,327		705,805	6,763,522
CERES GOLF CLUB	18.00%	49	30-06-18	20,459		20,459	0
DBSA	12.00%	10478/102	30-09-17	954,738		617,728	337,009
DBSA	12.00%	10525/104	31-03-17	12,001,757		5,547,077	6,454,680
DBSA	15.25%	11188/101	30-09-18	4,822,592		1,134,428	3,688,164
DBSA	15.50%	10772/101	30-09-18	1,095,010		256,750	838,260
DBSA	9.50%	102040/1	30-09-21	210,252		24,660	185,592
DBSA	10.75%	13161/101	31-12-14	-		-	0
DBSA	15.25%	13164/101	31-12-14	-		-	0
DBSA	8.59%	100605/1	30-06-23	1,744,010		218,001	1,526,009
Total Annuity Loans				28,986,449	-	8,744,642	20,241,807
LEASE LIABILITY							
Office Equipment		Various	2012/02/29	53,541	1,175,887	219,940	1,009,488
Total Lease Liabilities				53,541	1,175,887	219,940	1,009,488
TOTAL EXTERNAL LOANS				29,039,990	1,175,887	8,964,582	21,251,295

**APPENDIX B - Unaudited
WITZENBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016
MUNICIPAL VOTES CLASSIFICATION**

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
64,349,868	(33,888,022)	30,661,846	Budget & Treasury Office	72,550,461	(32,305,839)	40,244,623
114,181,580	(86,466,051)	27,715,529	Civil Services	132,166,224	(107,774,542)	24,391,682
59,551,132	(18,972,879)	40,578,253	Community & Social Services	68,763,386	(23,018,404)	43,744,982
19,664,088	(34,609,141)	(14,945,053)	Corporate Services	5,825,927	(28,769,266)	(23,143,338)
172,655,333	(157,605,330)	15,050,003	Electro Technical Services	202,548,876	(182,233,016)	20,315,860
4,112,420	(22,068,988)	(17,956,568)	Executive & Council	165,626	(24,135,106)	(23,969,481)
15,582,685	(17,743,879)	(2,161,194)	Housing	836,596	(2,906,534)	(2,069,938)
2,275,301	(4,421,119)	(2,145,818)	Planning	980,307	(6,592,167)	(5,611,860)
13,821,096	(19,815,816)	(5,994,720)	Public Safety	12,897,601	(21,276,062)	(8,378,461)
20,130,062	(19,792,958)	337,103	Sport & Recreation	14,944,879	(20,458,485)	(5,513,606)
486,323,565	(415,184,183)	71,139,381	Total	509,479,884	(449,469,421)	60,010,463

**APPENDIX C - Unaudited
WITZENBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
4,112,420	(20,310,180)	(16,197,760)	Executive and Council	159,924	(14,968,966)	(14,809,042)
64,349,868	(33,688,022)	30,661,846	Budget and Treasury Office	72,550,461	(30,779,873)	41,770,589
19,983,024	(36,308,110)	(16,325,086)	Corporate Services	5,625,927	(31,204,632)	(25,578,704)
2,275,301	(7,342,625)	(5,067,323)	Planning and Development	980,307	(5,299,838)	(4,319,532)
59,294,209	(16,274,360)	43,019,849	Community and Social Services	65,777,189	(18,229,670)	47,547,519
15,582,685	(17,743,879)	(2,161,194)	Housing	836,596	(2,906,534)	(2,069,938)
9,872,458	(17,063,447)	(7,190,990)	Public Safety	8,548,322	(18,278,805)	(9,730,483)
20,130,062	(19,792,958)	337,103	Sport and Recreation	14,944,879	(20,442,636)	(5,497,757)
256,923	(975,940)	(719,016)	Environmental Protection	986,197	(1,050,653)	(64,456)
25,291,453	(30,379,267)	(5,087,814)	Waste Management	23,218,849	(38,478,357)	(15,259,508)
38,644,505	(23,566,236)	15,078,268	Waste Water Management	49,455,678	(26,928,263)	22,527,415
16,137,212	(17,103,031)	(965,819)	Road Transport	14,253,291	(23,822,405)	(9,569,114)
38,057,049	(18,169,885)	19,887,164	Water	49,587,685	(21,495,667)	28,092,018
172,336,396	(156,409,752)	15,926,645	Electricity	202,548,876	(181,150,396)	21,398,480
-	-	-	Other	-	-	-
486,323,565	(415,127,693)	71,195,872	Total	509,474,182	(435,036,696)	74,437,486

**APPENDIX D - Unaudited
WITZENBERG MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 66 OF 2003**

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance	Grants	Operating	Capital	Balance	Unspent	Unpaid
	1 JULY 2015	Received	expenditure during the year Transferred to revenue	expenditure during the year Transferred to revenue	30 JUNE 2016	2016 (Payable)	2016 (Receivable)
	R	R	R	R	R	R	R
National Government Grants							
Finance Management Grant	(441)	1,450,000	(1,179,615)	(269,944)	-	-	-
Municipal Systems Improvement Grant	-	930,000	(361,200)	(568,800)	(0)	-	0
Municipal Infrastructure Grant	(650,831)	25,278,000	(4,445,988)	(19,482,858)	698,323	698,323	-
Regional Bulk Infrastructure Grant (DWAF)	-	-	-	-	-	-	-
Housing - Kluitjieskraal	-	-	-	-	-	-	-
Integrated National Electricity Program	29,959	4,000,000	(484,404)	(3,038,008)	507,548	507,548	-
Equitable share	-	54,850,000	(54,850,000)	-	0	0	-
Department of Rural Development	555,515	-	(10,380)	(74,000)	471,155	471,155	-
ACIP funds (DWAF)	-	-	-	-	-	-	-
Expanded Public Works Programme	(103,813)	1,041,000	(949,563)	-	(12,375)	-	12,375
Neighbourhood Development Plan	321	-	-	-	321	321	-
Provincial Government Grants							
Library services	536,287	3,115,000	(1,494,607)	(740,007)	1,416,673	1,416,673	-
Library services Replacement Funding	(66,785)	5,800,000	(5,662,719)	(70,496)	(0)	-	0
CDW	260,922	144,000	(67,107)	-	337,816	337,816	-
Main roads	-	4,091,000	(4,091,000)	-	-	-	-
Municipal Infrastructure Support Grant	145,286	600,000	-	(150,672)	594,594	594,594	-
Draught Relief	-	4,653,000	-	(135,758)	4,517,242	4,517,242	-
Housing	-	28,927,739	(440,857)	(27,008,472)	1,478,410	1,478,410	-
Multipurpose Centre	-	433,000	(211,000)	-	222,000	222,000	-
Financial Management Training	620,000	1,050,000	(360,000)	-	1,310,000	1,310,000	-
Total	1,326,402	136,362,739	(74,608,419)	(61,539,015)	11,541,706	11,554,082	12,376



Annexure B

Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Witzenberg Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Witzenberg Municipality set out on pages 3 to 61, which comprise the statement of financial position as at 30 June 2016, 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, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2015 (Act No. 1 of 2015) (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.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Witzenberg Municipality as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

8. As disclosed in note 36 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of errors discovered during 2015-16 in the financial statements of the municipality at, and for the year ended, 30 June 2015.

Material impairments

9. As disclosed in note 3 to the financial statements, the municipality provided for an impairment of R106,0 million (2014-15: R122,1 million) on receivables from exchange transactions.
10. As disclosed in note 4 to the financial statements, the municipality provided for the impairment of gross receivables from non-exchange transactions amounting to R38,9 million (2014-15: R30,0 million).

Additional 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 62 to 65 does not form part of the financial statements and is presented as additional information. I have not audited this information and, accordingly, I 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.

Report on other legal and regulatory requirements

14. 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 findings on the reported performance information against predetermined objectives for selected strategic objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

15. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected strategic objectives presented in the annual performance report of the municipality for the year ended 30 June 2016:
 - Strategic objective 1.2: provide for the needs of informal settlements through improved services on pages 12 to 13
 - Strategic objective 1.1: sustainable provision and maintenance of basic infrastructure on page 14
16. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned strategic objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information.
17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not identify raise any material findings on the usefulness and reliability of the reported performance information for the selected strategic objectives:
 - Strategic objective 1.2: Provide for the needs of informal settlements through improved services) on pages 12 to 13
 - Strategic objective 1.1: Sustainable provision and maintenance of basic infrastructure) on page 14

Additional matters

19. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected strategic objectives, I draw attention to the following matters:

Achievement of planned targets

20. Refer to the annual report on pages 11 to 14 for information on the achievement of planned targets for the year.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information for sustainable provision and maintenance of basic infrastructure. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary information

22. The supplementary information set out on pages 15 to 97 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not express a conclusion thereon.

Compliance with legislation

23. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

24. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor - General

Cape Town

30 November 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



Annexure C

Report of the Performance Risk and Audit Committee

We are pleased to present our Report for Witzenberg Municipality for the financial year ended 30 June 2016.

1. Performance, Risk and Audit Committee Members and attendance

The Performance, Risk and Audit Committee (PRAC) consisted of four independent members during 2015/2016. All members of the Performance, Risk and Audit Committee have the required expertise and experience in business, financial matters and performance management. The Committee met nine times during the year ended 30 June 2016 and performed their duties in accordance with the MFMA, MSA and the PRAC Charter.

Name of representative	Capacity	Meeting dates
Ms. B. Daries (Resigned 20 May 2016)	Chairperson	31 July 2015 21 August 2015 4 September 2015 11 September 2015 23 October 2015 27 November 2015 14 March 2016 29 April 2016 20 May 2016
Mr A Amod	Member	31 July 2015 21 August 2015 4 September 2015 11 September 2015 23 October 2015 27 November 2015 14 March 2016 29 April 2016
Mr T. Lesihla	Member	31 July 2015 21 August 2015 11 September 2015 23 October 2015

Name of representative	Capacity	Meeting dates
		27 November 2015 14 March 2016 29 April 2016 20 May 2016
Mr J. Basson	Member	31 July 2015 21 August 2015 4 September 2015 11 September 2015 23 October 2015 27 November 2015 14 March 2016 29 April 2016 20 May 2016

Other invitees by the Audit Committee during the year under review include the Municipal Manager, Chief Financial Officer, Director Corporate Services, the Auditor-General of South Africa (AGSA), Internal Auditors, Deputy Director: Finance, Manager Performance Management and a representative of Provincial Treasury.

The PRAC members participated in discussions with the AGSA in reviewing the 2015/2016 audit experience and held further discussions with the AGSA, Municipal Manager, Internal Auditors and other officials to gain further understanding of the issues and challenges facing the municipality.

2. PRAC Responsibility

The PRAC reports that it has complied with its responsibilities according to the MFMA and the PRAC Charter.

The PRAC further reports that it has reviewed and re-affirmed the PRAC Charter during the year and has regulated its affairs in compliance with this charter.

3. Internal Audit

The PRAC reviewed the risk based Internal Audit plan adopted in 2015/2016 as required by legislation. The PRAC reviewed the actual internal audit work that was conducted by the Internal Audit Unit in relation to the one year internal audit plan. Internal audit achieved 80% of their risk based audit plan for the 2015/2016

financial year due to resource constraints. Internal audit has made provision to complete the outstanding work.

The PRAC is satisfied that the internal audit function operated effectively and that it has addressed the risks pertinent to the municipality. The PRAC expresses their appreciation to the Internal Auditors for the work done.

4. Internal control

Internal control is the system of controls and directives that are designed to provide cost effective assurance that assets are safeguarded, that liabilities and working capital are efficiently managed and that the municipality fulfilled its mandate, in compliance with all relevant statutory and governance duties and requirements.

The PRAC reviewed the following:

- Internal audit reports
- AGSA's audit report
- Annual Financial Statements
- Annual Performance Report
- Section 71 reports
- Section 72 report

Based on these reports, certain control deficiencies have been identified. The PRAC will monitor the progress made by Management towards the improvement of the internal control environment.

5. Risk Management

The PRAC has reviewed the completeness of the risk assessment process implemented by management and the alignment thereof to the objectives of the municipality as contained in the Integrated Development Plan (IDP). The PRAC has also reviewed the risk appetite, risk profile and action plans implemented by management to mitigate high risks.

Management is advised on a regular basis towards improvement of risk management.

6. Performance Management

To improve the functionality, compliance and reliability of the Performance Management System, management should embrace the recommendations by Internal Audit and ensure continuous monitoring to address the control deficiencies.

7. Evaluation of Financial Statements

The PRAC has:

- Reviewed and discussed the audited annual financial statements to be included in the Annual Report

with the AGSA, the Municipal Manager, the Chief Financial Officer and other officials employed by the municipality.

- Reviewed changes in accounting policies and practices as applicable.

The PRAC accordingly concurs with and supports the AGSA conclusion on the annual financial statements, and is of the opinion that the audited annual financial statements can be accepted.

8. Concerns

Although corrective steps were taken by management and Council, the PRAC is still concerned about certain aspects:

- The collection of long outstanding debt remains a concern and has a serious negative effect on the cash flow and sustainability of the municipality;
- The effectiveness and efficiency of revenue management;
- The process of traffic fine collections.

9. Conclusion

The PRAC congratulates the municipality on achieving an Unqualified Audit Report with no other matters for the fourth consecutive year, which in terms of the AGSA definition is a Clean Audit Report. This is due to the commitment of management and officials.

The PRAC expresses their appreciation for the cooperation of all the officials who have engaged with them during the year. The PRAC expresses their appreciation for the cooperation of the AGSA who we have engaged with during the year.



Chairperson

Performance Risk and Audit Committee