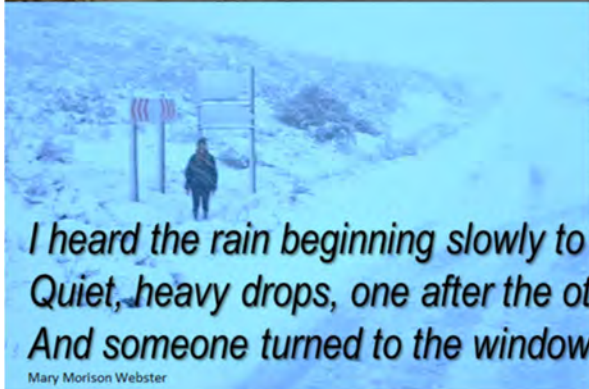




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2017/18



*I heard the rain beginning slowly to fall,
Quiet, heavy drops, one after the other, upon my thirsty tree,
And someone turned to the window and spoke: "It's raining after all."*

Mary Morison Webster



A municipality that cares for its community, creating growth and opportunities.

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CHAPTER 1 – MAYOR’S FORWARD AND EXECUTIVE SUMMARY

COMPONENT A: EXECUTIVE MAYOR’S FORWARD



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

This Annual Report, in my respectful opinion, presents a fair assessment of the activities and state of affairs of the Municipality for the 2017/18 financial year. I want to express my sincere gratitude to the Speaker, Deputy Executive Mayor, members of the Executive Mayoral Committee, Chairperson of MPAC and all Councillors for their concerted effort to make Witzenberg a better place and commitment to serve our community and different constituencies to the best of their ability. We have achieved our six consecutive clean audit from the Auditor General of South Africa. The report however highlights the material impairments of receivables from exchange and non-exchange transactions to the value of R169.4 Million. The recoverability of municipal debt remains a major concern for Council and a special task team was appointed to make recommendations to Council for the recovery of same. The devastating drought had a major impact on our economy which will still be felt by the Agricultural community for the next year or two. The water situation in Tulbagh is still gloomy and mostly as a result of the Department of Water Affairs inability to sign off on the project despite the Gazetting and approval by National Treasury of the funding of the construction of a new dam over a three year period. Despite the challenges the Municipality remains committed to the provision of quality water to all its citizens on the same standard and conditions, and for which it has received many accolades, for the years to come.

The slow progress of the Witzenberg Agri Park, has been a disappointment and I trust and believe that in the new financial year we will see significant changes that will impact much more positively on the lives of the previously disadvantaged communities. The Agricultural sector, which is the largest employment sector within our area, has experienced major challenges within the financial year impacting negatively on our local economy. This has led to major work losses and people being unemployed.

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

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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 through CBI is still committed to support Small Businesses from the previously disadvantaged community and will continue with the Entrepreneur Development programme. The Witzenberg Municipality remains very much dependent on the Agri industry and will continue to find means of broadening our income stream.

Twinning Agreement between Essen and Witzenberg Municipality

The Municipality will continue to strengthen its relationship with the Essen Gemeente Belgium. The focus area of the Twinning Agreement remains Environmental Management and Youth Development.

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. 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 all 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 WITZENBERG

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW

Report of the Accounting Officer (Municipal Manager) in terms of Section 121 of the Local Government: Municipal Finance Management Act No 56 of 2003 (the MFMA)



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 measureable 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.

1) **Arrears assessment**

The Auditor General of South Africa has, in its report on the 2017/2018 financial statements of the Municipal Council, emphasised the material impairment of R101,4 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 2018 is as set out below:

- the gross outstanding service debtors in total decreased with 15.1% in relation to the 2016/2017 financial year. This was mainly due to the write off of prescribed debt
- the leading contributors to the outstanding debt are water at 37% and sanitation and refuse at 35.9%.
- 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 drought.
- 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 65.4% of total outstanding debt.

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

2) **Revenue Collection**





The municipality's performance for revenue collection decreased from at 95% in 2015/16 to 94.2% in the 2016/2017 financial year. We are mindful that the Municipality's financial sustainability is dependent on its

ability to optimally collect the budgeted revenue. The Task Team of which Council has appointed will hopefully yield the necessary results to increase the collection of Council's debt.

3) **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 9.85% compared to the loss of 10.03% in the previous financial year. 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 the following corrective measures will be undertaken:

-  conducting an audit of all bulk meters in Municipal area
-  replacing conventional pre-paid meters with split meters
-  updating GIS data to monitor electrical distribution
-  regular special operations to clamp down on electricity theft.

4) **Water Service**

The calculated water loss is 17.88%. This is lower than the 19.36% that was recorded in the 2016/2017 financial year.

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

-  -installing water meters at unmetered communal taps
-  -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.

5) **Incidents of Theft / Fraud / Gross Negligence**

No incidents of fraud or gross negligence were reported.

6) **General and Closing Comments**

The maintenance of municipal infrastructure remains a major challenge for the municipality. The poor state of our roads, in some of our municipal, and our inability to rehabilitate same is still a major concern. The economic challenges of our Municipal financial resources and effective management of municipal labour will be crucial for Council to overcome the tough economic challenges. 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.

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

This report addresses the performance of Witzenberg Municipality, Western Cape with respect to their core legislative obligations. Local government has an obligation to create the participatory framework that defines and enhances the relationship between elected leaders and communities. This requires that the Council of the municipality provides regular and predictable reporting concerning performance programmes and the general state of affairs in their locality.

The 2017/18 Annual Report reflects the performance of Witzenberg Municipality for the period 1 July 2017 to 30 June 2018. 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*

Our Vision




A municipality that cares for its community, creating growth and opportunities.

Our Mission

Witzenberg Municipality is committed to improve the quality of life for the 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

Value system

-  Driven by the aspirations of our community, we will respect and uphold the Constitution of the Republic of South Africa.
-  We commit ourselves to the Code of Conduct for Councillors and Officials in terms of the Municipal Systems Act.
-  We commit ourselves to the principles of sound financial management.

1.2.2 *Demographic Information*

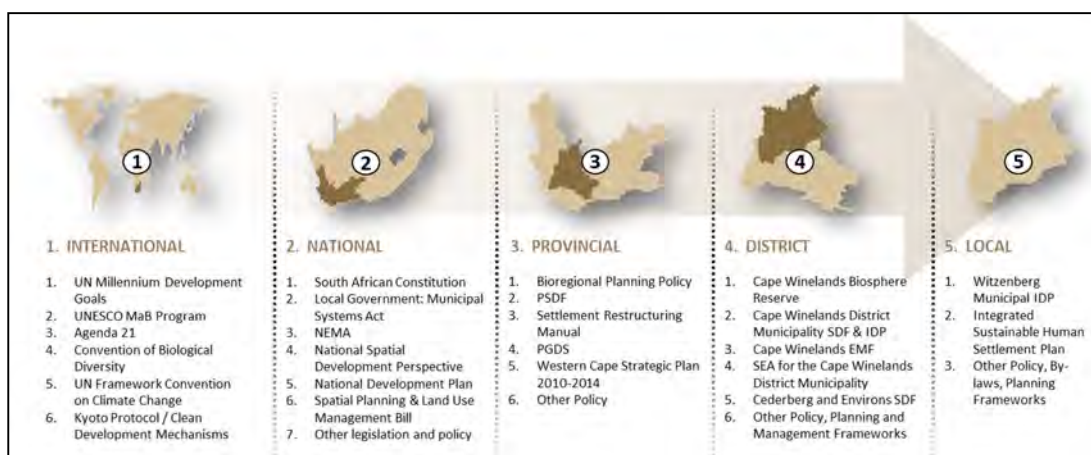
Municipal geographical information

Witzenberg Local Municipality (LM) was founded in 2000 and is classified as a Category B municipality and is responsible for basic service provision in 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, Agter-Witzenberg, Ceres/Tankwa Karoo and the northern portion of Breede River Valley (Land van Waveren).

The climate in Witzenberg is known for hot and dry weather during summer. 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 ranges from 2.4°C to 29.9°C.

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

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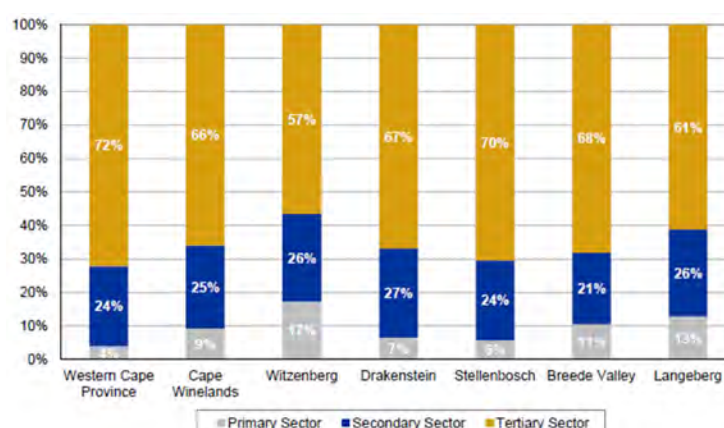
Witzenberg Municipality in geographical context.

Socio-Economic Summary (Comparison with Cape Winelands District)

Indicator	Cape Winelands District	Witzenberg
GDP growth (2005 – 2015)	3.3%	5%
Population growth (2005 – 2015)	1.72%	1.88%
Real GDP per capita (2005 – 2015)	R48 827	R43 865
Gini coefficient (2010 – 2015)	Increase	Increase
HDI (2010 – 2016)	Increase	Increase
No schooling (2016)	7.6%	8.8%
Grade 12 dropout rates (2016)	Increase	35.5%
Informal dwelling	17%	12.4%

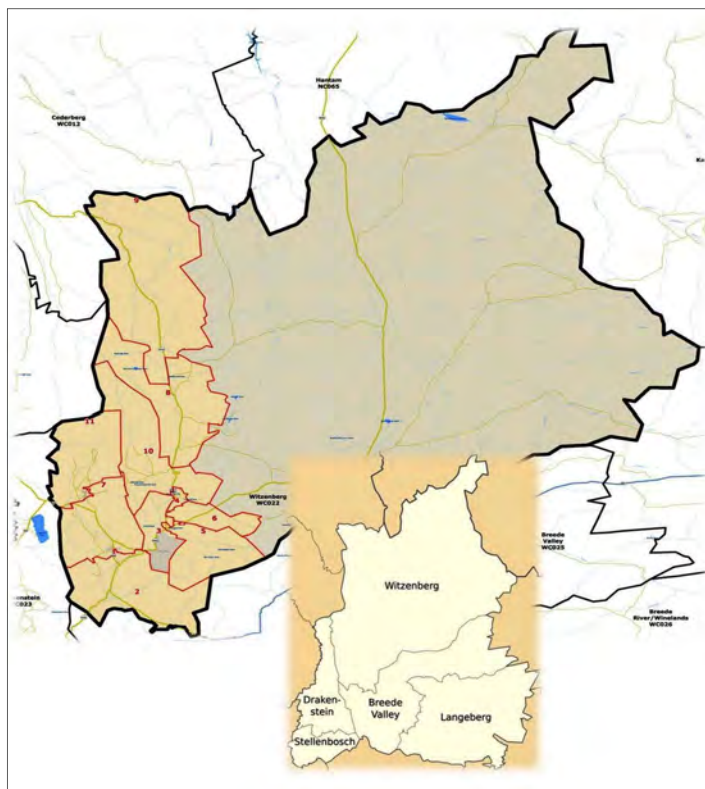
Source: Western Cape Provincial Treasury, Municipal Economic & Review Outlook 2017.

GDP contribution per main sector, 2015 (Quantec Research, 2017).



Witzenberg LM comprises an area of 10 753 km², and is situated about 150 kilometres 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. These mountain ranges often receive significant winter snowfall. Witzenberg's natural surroundings are characterized by endemic fauna and flora, forest wilderness and include the catchment areas of three river systems.

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Location of Witzenberg Municipality in the Cape Winelands District.

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 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: Main administrative centre with largest industrial developments. Low density development with limited opportunities for diversification.
- 🍷 N'Duli: The scarcity of land to address social needs, and conflict with surrounding agricultural uses.
- 🍷 Wolseley: Situated alongside major road- and rail transport corridors with the main focus on industrial development. Located on a watershed complicates the provision of services, and the wetland area is unsuitable for development.
- 🍷 Tulbagh: Historical town with focus on tourism development and heritage conservation.
- 🍷 Bella Vista: High density development with under-provision of formal business opportunities.

Wards

The municipality is currently structured into the following 12 wards:

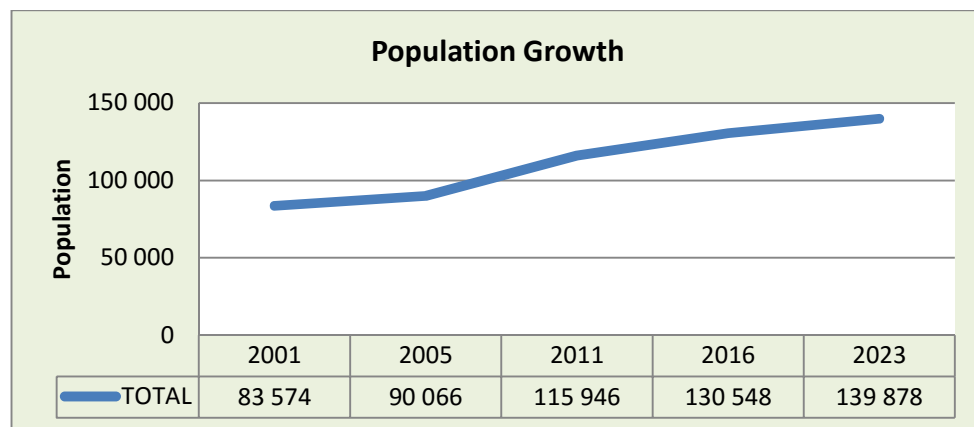
Ward	Areas
1	N'Duli - Polo Cross & Primary School
2	Wolseley - WF Loots, Petra, Bothashalt, La Plaisante
3	Ceres - Primary School, Stadsaal, Fairfield School
4	Prince Alfred's Hamlet - Town Hall, Bella Vista High School, Ceres Aartappels
5	Ceres Vallei Church Hall, Achtertuin Primary school
6	Bella Vista - URC Hall & Community Hall

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Ward	Areas
7	Tulbagh - Community Hall. Wolseley - Primary & Secondary School
8	Op-die-Berg, Koue Bokkeveld - Môrester, Bronaar, Rocklands.
9	Tandfontein, Wydekloof, Voorsorg, Kromfontein
10	Phase 4 Hamlet, Agter Witzenberg, Koelfontein.
11	Tulbagh - Town Hall & werkestoor, De Agen, Twee Jonge Gezellen.
12	N'Duli - Polo Cross & Primary School

1.2.3 Population

The 2017 Socio-Economic profile is published annually by Provincial Treasury and it estimates the population of Witzenberg at 130 607 with 35 976 households. The table below gives an indication of the increase in population since 2001.



Note: 2001 – Census, 2005 – estimate, 2011 – Census, 2015 – SEP-LG Profile & 2020 SEP-LG Profile estimate.

1.2.4 Households

There are 35 976 households in the municipality, with an average household size of 3.6 persons per household. (*Socio-Economic Profile 2017*)

The total number of households within the municipal area increased from 27 419 (2014/15) to 35 976 (2017/18) and the indigent households decreased from 2 810 (2014/15) to 2 373 (2017/18).

The following table shows the overall population within the specific area (Census 2011):

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

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Area	Population
Pine Valley	4 341
Montana	6 263
Total	115 946

1.2.5 Key Economic Activities

Economic growth at municipal level is essential for the attainment of economic development, the reduction of poverty and improved accessibility. Fostering this growth requires an in-depth understanding of the economic landscape within which each respective municipality operates.

Witzenberg contributes R6.108 billion (or 13.8%) of the Districts total R44.16 billion GDP as recorded in 2015. GDP growth averaged 5.3 % per annum over the period 2005-2015. This is significantly above the District average of 3.5 %. Average annual growth of 4.2 % in the post-recessionary period remained above the District average of 2.8%.

Witzenberg employed 16.7% (62 594) of the Cape Winelands District's labour force during 2015, and employment growth was moderate, averaging 1.6 % per annum since 2005, which was below the overall district employment growth rate of 1.9 % per annum. Employment growth has nevertheless picked up significantly in the post-recessionary period (2010-2015) averaging 3.9 % per annum (which is now above the district's rate of 2.9 % over the period 2010 –2015).

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

1.2.6 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. Our notified maximum demand limits by Eskom is under pressure and cannot be increased due to the under-capacity of the bulk supply infrastructure managed by them. This has restricted further economic expansion which can only be addressed with the bulk supply infrastructure.	Various deliberations have taken place between the municipality, Eskom, local business and the agricultural sector to address the issue. Discussions with various government departments are underway to obtain funding to upgrade the Eskom bulk infrastructure on a short term basis to address this need up until the upgrade completion in 2021. The Environmental Impact Assessment has started and the indication is that upgrades will commence towards the end of September 2019.
Waste Management. The operating of the municipal landfill sites and overall management of waste has become a major challenge due to drastically increased maintenance cost of the sites, vandalism, theft and public ignorance on the by-laws. The delay in the	The municipality has started with the implementation of a long-term strategy for waste management in the municipal area. A MIG application has been submitted for the establishment of a material recovery facility and will

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Challenges	Actions to address
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. Legal challenges and public ignorance with regards to existing landfill sites contributes to this challenge..	be included in the 2019/20 municipal budget.
Drought and water sources. The Witzenberg area has experienced a severe drought during 2015/16 to 2017/18 and was declared a disaster area by National- and Western Cape Government. Severe water restrictions were implemented by Council. The limited storage capacity in Tulbagh escalated the problem.	The engagements with the Department of Water Affairs needs to be intensified and also be referred to a ministerial level to address the impasse with the approval of the funding which has been gazetted by National Treasury for three consecutive financial years.
The requirement for the upgrade of R46 between Ceres & Nduli (which is a provincial road) might delay further implementation of the Vredebes housing project which caters for 2900 subsidised residential plots.	Establishment of steering committee to unlock resources and stumbling blocks with Vredebes
Maintenance and upgrading of municipal roads. The condition of bituminous pavements (roads) has drastically decreased over the past couple of years in certain areas, due to historically poor construction practices and insufficient funding for road maintenance. The existing backlog amounts to R 80 million, with 36% of these roads located in Tulbagh in a poor to very poor structural condition. Many of these roads have deteriorated to the point that they need to be rebuilt	Continued funding through municipal budget.
Debt collection on municipal rates and taxes. The outstanding debt has increased rapidly over the past few 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 cannot be implemented. In certain areas, public hostility has reached fever-pitch and officials are at risk when investigating illegal connections and meter tampering. This is causing a culture of non-payment and apathy towards financial obligations.	The municipality has budgeted for the implementation of water management devices that will 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.

1.3 SERVICE DELIVERY OVERVIEW

The investment in municipal infrastructure has been historically influenced by existing backlogs and this is a consideration for the sustainable service delivery for new developments as well as 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 include water, sanitation, electricity, refuse, roads and storm water and should be a major focus area for infrastructure budgeting and investment.

Our previous and current investment into services has been well-supported with funding from the Department of Energy (INEP), COGTA (MIG), the Department of Human Settlements (funding for bulk services) and inherent municipal funding. In terms of bulk services, the following challenges are prominent;

- Bulk electrical supply: Eskom cannot supply any additional bulk electricity to Ceres, Tulbagh and Wolseley. We are already exceeding our Notified Maximum Demand in these towns and Eskom can only upgrade their bulk network by 2022. All new developments in Witzenberg are now jeopardised, as Eskom cannot supply additional bulk electrical supply. This is having a major impact on the growth of the economy and intervention at National level is required. In the meantime Eskom increased our

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NMD at Ceres Power Station with 1,7Mva and we installed our capacitor banks at Bon Chretien Substation which assisted in decreasing max demand by 1.5Mva. We are however still running on the limits of our NMD and are penalties to Eskom not excluded.

- The drought is having a severe impact on all towns, especially Tulbagh. A new raw water storage dam needs to be constructed at Tulbagh to alleviate the problem. Estimated funding of R29M is required to realise this project. DWS approved this funding, but we are still awaiting the release of funds from their coffers.
- Upgrade of bulk roads and storm water, electricity, sewerage and water mains for the new Vredebes development are well underway. These services will ensure sustainable capacity for the development and should be completed within the next 3 years. Upgrade of the new roads, storm water, electrical bulk provision, water and sanitation networks, however remain underfunded and should be capacitated through budget allocation and investment.

1.3.1 Basic services delivery highlights

Highlight	Description
New reservoirs at Bella Vista & Nduli	Completion of these reservoirs to service the housing developments at Bella Vista & Vredebes
New Infrastructure & upgrades	Replacement of various sewer networks within Witzenberg. Phase 2 of Vredebes sewer Upgrading of Pump station 4, Ceres Bulk sewer line from Pump station 4 to Ceres WWTW
Power Factor Correction	The PFC equipment was re-commissioned in the Bon Chretien substation. PFC equipment has the effect of decreasing Maximum Demand and therefore substantial financial savings.
Increase of NMD (Notified Maximum Demand)	Eskom increased our NMD at Ceres with 1,7Mva, which helps on the short term to supply in the high demand for electricity.
Vredebes, Ceres: New Access Collector, Storm water & Sidewalks Ph1	Class 3 road from intersection with TR22/2 up the access to Phase 1 of the Vredebes development; Sidewalks on both sides of the road; Associated storm water along the proposed road; 235 meters.

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 and obtained funding for the construction of a raw water dam at Tulbagh
Technical Services	Budget	Limited budget for infrastructure refurbishment, upgrade and replacement of vehicles and out-dated equipment.
Electricity	Eskom unable to increase Notified Maximum Demand	Regular interactions with Eskom to speed up their bulk upgrades. Renewable energy policy approved by Council to assist with the demand shortage. Eskom commenced with their EIA process for the bulk upgrades to take place.
Solid Waste	Continuous court actions by adjacent owner of the Tulbagh Landfill Site	Variation license submitted to DEADP to obtain height increase for additional volume to increase the storage capacity at Tulbagh landfill, however adjacent owner is continuously appealing these decisions in court, which limits our storage space, as the Worcester Regional Site is not forthcoming.

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Service Area	Challenge	Actions to address
Town Planning & Building Control	Land Use Control	<ul style="list-style-type: none"> 74 (58%) of House Shops in Witzenberg operate without approval Overriding reason is the shop owner is not property owner (immigrants) Serving of notices are not properly done (law enforcement). Council does not have a demolition team, equipment & suitable vehicles especially to remove structures/containers.

1.3.3 Proportion of urban households with access to basic services

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

Description	2014/15	2015/16	2016/17	2017/18
Electricity - service connections	12 730	12 893	12 543	12 250
Water - available within 200m from dwelling	14 301	14 329	14 242	13 960
Sanitation - Households with at least VIP service	14 380	14 380	14 558	13 975
Waste collection - kerbside collection once a week	13 871	14 057	14 292	13 981

Note: Decrease in 2017/18 figures due to counting of structures in informal areas in previous year and not households.

1.4 FINANCIAL HEALTH OVERVIEW

1.4.1 Financial viability highlights

Highlight	Description
Debt coverage ratio 90.2	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 2.97 months	It explains how many months' expenditure can be covered by cash and other cash equivalents available to the municipality

1.4.2 Financial viability challenges

Challenge	Action to address
Service debtors to revenue 49.1%	A specialised service provider was appointed to collect outstanding debt. The legal process is time consuming. The 2018/19 budget provides for the installation of water management devices which aims to reduce outstanding debt.

1.4.3 National key performance indicators – Financial viability (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

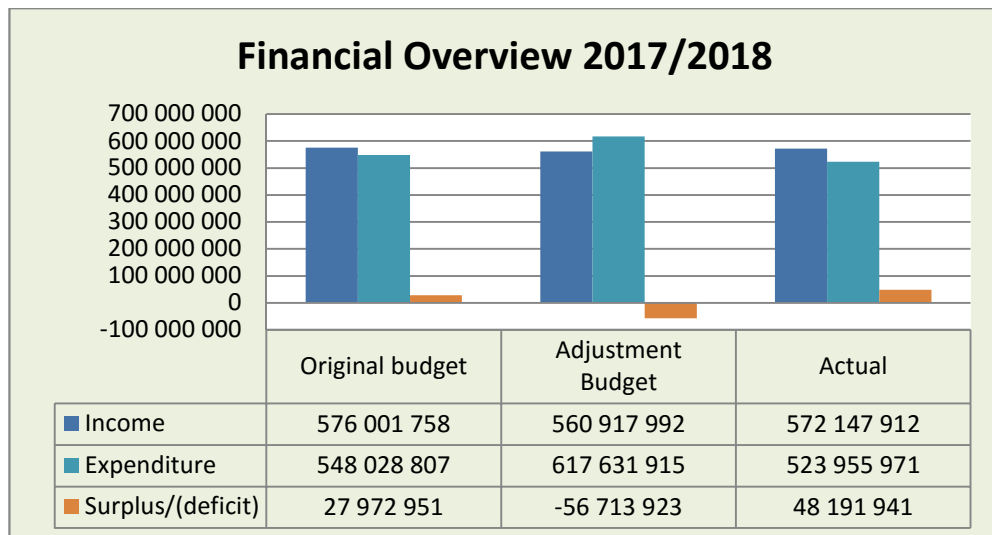
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Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area, Municipal Financial Viability and Management

KPA & Indicator	2015/16	2016/17	2017/18	Comments
Debt coverage (Total operating revenue - operating grants received: debt service payments due within the year)	32.6 : 1	39.7 : 1	90.2 : 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)	0.48 : 1	0.54 : 1	0.49 : 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)	3.6 : 1	2.4 : 1	2.97 : 1	This is the percentage that cash on hands will be able to cover monthly expenditure, the higher, the better

1.4.4 Financial overview

Details	Original budget	Adjustment Budget	Actual
	R	R	R
Income	576 001 758	560 917 992	572 147 912
Grants	161 075 999	134 302 661	128 448 511
Taxes Levies and tariffs	367 657 272	373 357 272	370 004 951
Other	47 268 487	53 258 059	73 694 450
Less Expenditure	548 028 807	617 631 915	523 955 971
Net surplus/(deficit)	27 972 951	-56 713 923	48 191 941



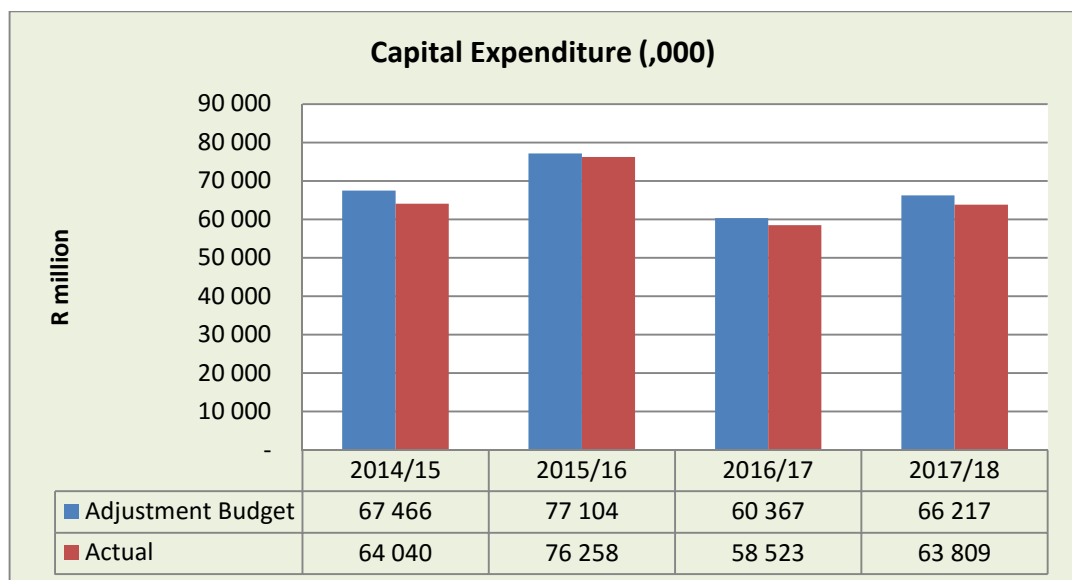
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1.4.5 Operating ratio's as a percentage of operating expenditure

Detail	Expected norm	2016/17 Actual	2017/18 Actual	Variance 2017/18 from norm
Employee Cost	30%	26%	29%	1%
Repairs & Maintenance	20%	4%	4%	16%
Finance charges & depreciation	10%	8%	8%	2%

1.4.6 Total capital expenditure

Detail	2014/15	2015/16	2016/17	2017/18
	R'000			
Original Budget	62 922	52 768	58 899	83 247
Adjustment Budget	67 466	77 104	62 908	66 217
Actual	64 040	76 258	61 033	63 809
Percentage Expenditure	95%	99%	97%	96%



1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

1.5.1 *Municipal transformation and organisational development highlights*

Highlight	Description
Embarking on TASK process. Review of all job descriptions.	Various positions and departments have been evaluated and audited
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 the community and to personnel
Skilling, capacitating and building of essential personnel	Minimum competency realisation for all key staff and continuous capacity building for strategic personnel

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

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1.6 AUDITOR-GENERAL REPORT

1.6.1 Audited outcomes

Witzenberg Municipality is proud to obtain unqualified audit outcomes for the past five financial years. The implementation of Municipal Standard Chart of Accounts was a huge challenge, but unqualified audit outcomes were still obtained. The challenge for the future is to maintain this standard. The Auditor-General of South Africa will issue opinions on the performance indicators in the future which will continually challenge our capacity, but we will endeavour to meet their criteria and adhere to regulations.

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

Year	2013/14	2014/15	2015/16	2016/17	2017/18
Status	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified

1.7 STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Municipal entities submit draft annual reports to MM	
5	Submit draft Annual Performance Report including consolidated annual financial statements to Internal Audit and Auditor-General	August
6	Audit/Performance committee considers draft Annual Performance Report of municipality and entities (where relevant)	
7	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	September
8	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	October
9	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
10	Municipalities receive and start to address the Auditor General's comments	November
11	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	December
12	Audited Annual Report is made public and representation is invited	
13	Oversight Committee assesses Annual Report	January
14	Council adopts Oversight report	
15	Oversight report is made public	
16	Oversight report is submitted to relevant provincial councils	
17	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	March

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 during decision-making. It is also responsive to the current 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 with community work and various social programmes in the municipal area.

2.1.1 Council

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

Name of Councillor / Alderman	Capacity	Political Party	Ward representing or proportional
TE Abrahams	Mayco Member 03/08/2016-	DA	Proportional
K Adams	Deputy Executive Mayor 03/08/2016-	DA	Ward 6
P Daniels	Councillor 03/08/2016-	DA	Ward 7
TT Godden	Speaker 03/08/2016-	Cope	Proportional
P Heradien	Councillor 03/08/2016-	ICOSA	Proportional
SJ Hugo	Councillor 03/08/2016-	ANC	Ward 9
DM Jacobs	Councillor 03/08/2016-	EFF	Proportional
D Kinnear	Councillor 03/08/2016-	DA	Proportional
BC Klaasen	Executive Mayor 03/08/2016-	DA	Proportional
GG Laban	Councillor 03/08/2016-	Witzenberg Aksie	Proportional
C Lottering	Councillor 03/08/2016-	DA	Ward 2
M Mdala	Councillor 03/08/2016-	ANC	Ward 12
TP Mgoboza	Councillor 03/08/2016-	ANC	Ward 10
ZS Mzauziwa	Councillor 03/08/2016-	DA	Proportional
N Phatsoane	Councillor 03/08/2016-	ANC	Ward 1
JT Phungula	Councillor 03/08/2016-	ANC	Proportional
JW Schuurman	Alderman 03/08/2016 -	ANC	Proportional
EM Sidego	Mayco Member 03/08/2016-	DA	Ward 11
RJ Simpson	Councillor 03/08/2016-	ANC	Proportional
HJ Smit	Mayco Member Alderman 03/08/2016-	DA	Ward 5
D Swart	Councillor 03/08/2016-	DA	Ward 3
HF Visagie	Councillor 03/08/2016-	ANC	Ward 8
JJ Visagie	Mayco Member Alderman 03/08/2016-	DA	Ward 4

Below is a table which indicates the Council meeting attendance for the 2017/18 financial year:

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Meeting dates	Number of items submitted	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
26 July 2017	31	96%	4%
21 August 2017	8	87%	13%
27 September 2017	31	92%	8%
25 October 2017	30	83%	17%
5 December 2017	35	87%	13%
21 December 2017	5	70%	30%
24 January 2018	15	92%	8%
28 February 2018	27	83%	17%
28 March 2018	30	96%	4%
29 May 2018	23	74%	26%
29 June 2018	11	83%	17%

2.1.2 Executive Mayoral Committee

The Executive Mayor of the Municipality, Councillor BC Klaasen, assisted by the Mayoral Committee, heads the executive arm of the Municipality. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, as well as the legislative powers assigned to these parties. Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in collaboration 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 2017 to 30 June 2018:

Name of member	Capacity
Mayco Member Alderman H Smit 17/08/2016-	Chairperson: Committee for Corporate and Financial Services
Mayco Member Councillor JJ Visagie 17/08/2016-	Chairperson: Committee for Technical Services
Mayco Member Councillor TE Abrahams 17/08/2016-	Chairperson: Committee for Local Economic Development, Tourism and Marketing
Mayco Member Deputy Executive Mayor Councillor K Adams 17/08/2016 -	Chairperson: Committee for Community Development
Mayco Member E Sidego 17/08/2016 -	Chairperson: Committee for Housing Matters

The table below indicates the dates of the Committee meetings and the number of reports submitted to Council for the 2017/18 financial year:

Meeting date	Number of items submitted to Council
COMMITTEE FOR HOUSING MATTERS	
10 August 2017	17
14 September 2017	17
12 October 2017	7
9 November 2017	11
13 December 2017	2

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Meeting date	Number of items submitted to Council
8 February 2018	12
1 March 2018	1
8 March 2018	9
12 April 2018	6
10 May 2018	12
7 June 2018	11
COMMITTEE FOR LOCAL ECONOMIC DEVELOPMENT, TOURISM AND MARKETING	
16 August 2017	8
20 September 2017	6
18 October 2017	7
15 November 2017	5
14 March 2018	4
18 April 2018	3
13 June 2018	4
COMMITTEE FOR COMMUNITY DEVELOPMENT	
21 September 2017	11
19 October 2017	8
15 February 2018	10
15 March 2018	9
19 April 2018	11
24 May 2018	9
COMMITTEE FOR CORPORATE AND FINANCIAL SERVICES	
17 August 2017	7
21 September 2017	8
16 November 2017	10
15 March 2018	9
19 April 2018	5
24 May 2018	3
COMMITTEE FOR TECHNICAL SERVICES	
16 August 2017	9
20 September 2017	10
18 October 2017	9
15 November 2017	9
14 March 2018	7
18 April 2018	4
23 May 2018	4

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Meeting date	Number of items submitted to Council
13 June 2018	4

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 2017/18 Mayoral term and their Chairpersons are as follows:

Committee	Chairperson	Section 79 or 80 Committee	Number of minutes submitted to Council	Meeting Date
Committee for Housing Matters	Councillor E Sidego 03/08/2016-	Section 80	11	10 August 2017 14 September 2017 12 October 2017 9 November 2017 13 December 2017 8 February 2018 1 March 2018 8 March 2018 12 April 2018 10 May 2018 7 June 2018
Committee for Community Development	Councillor K Adams 03/08/2016-	Section 80	6	21 September 2017 19 October 2017 15 February 2018 15 March 2018 19 April 2018 24 May 2018
Committee for Corporate and Financial Services	Alderman H Smit 03/08/2016-	Section 80	6	17 August 2017 21 September 2017 16 November 2017 15 March 2018 19 April 2018 24 May 2018
Committee for Technical Services	Councillor J Visagie 03/08/2016-	Section 80	8	16 August 2017 20 September 2017 18 October 2017 15 November 2017 14 March 2018 18 April 2018 23 May 2018 13 June 2018
Committee for Local Economic Development, Tourism and Marketing	Councillor T Abrahams 03/08/2016-	Section 80	7	16 August 2017 20 September 2017 18 October 2017 15 November 2018 14 March 2018 18 April 2018 13 June 2018

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 directorship, which constitutes the management team below:

Name of Official	Department	Performance agreement signed
		(Yes/No)
David Nasson	Municipal Manager	Yes
Cobus Kritzingier	Chief Financial Officer	Yes
Monwabisi Mpeluza	Director: Corporate Services	Yes
Jo-Ann Krieger	Director: Community Services	Yes
Joseph Barnard	Director: Technical Services	Yes

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
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 Joint Planning Initiative	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
District Public Participation and Communication Forum (DPPCOM)	All municipalities in the Cape Winelands District Municipality, DPLG, IDP Manager, local stakeholders for National Government Departments	District wide information sharing
Provincial Public Participation and Communication Forum (PPPCOM)	DPLG, GCIS, all municipalities in the WC, IDP Manager	Provincial wide information sharing
Provincial CommTech	DPLG, GCIS, all communication officials from municipalities in the WC, National Government Departments	Discussion, trend monitoring, training and workshops concerning government communication and technology

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Name of Structure	Members	Outcomes of Engagements/Topics Discussed
SALGA National Communicators Forum	DPLG, GCIS, all communication officials from municipalities in the WC, National Government Departments	Nationwide information sharing and calibration with the strategic focus of the NDP

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 shares their area and community with other spheres of government as well as their various sector departments. This means that the municipality 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
Small Town Regeneration Program	Revitalization of towns through creating an enabling environment & infrastructure for economic growth	SALGA Provincial & National, COGTA, Social Development, Education, Business, NGO's	<ul style="list-style-type: none"> Establish Town Steering Committees in Ceres, Wolseley and Tulbagh Town Steering committees drafting and implementing Community base projects to reduce unemployment and build social cohesion. Forcing strong partnerships with IGR partners

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.

A Municipal Public Accounts Committee has been established. The internal audit function has previously been outsourced, but is now administered internally with the appointment of three qualified auditors, employed on a permanent basis. The capacity of the Performance, Risk and Audit Committee has been increased with the appointment of qualified and specialized members. A representative from the business sector is also invited to participate in Mayoral Committee meetings.

Such participation is required in terms of:

- the preparation, implementation and review of the IDP;

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-  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, distribution of pamphlets, text messages and public service announcements via community radio.

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	Ward 4 & 10 P A Hamlet -23/10/2017	2	9	15
	Ward 3 & 5 Ceres & Ward 4&6 Bella Vista -24/10/ 2017	6	7	118
	Ward 8 & 9 Op-Die-Berg 25/10/2017	1	8	21
	Ward 7 & 11 Tulbagh -26 /10/2017	3	9	24
	Business & Agriculture -31/10/2017	2	4	9
	Ward 2 & 7 Wolseley 31/10/2017	2	8	1
	Ward Committees 01/11/2017	9	7	65
	Municipal Officials 07/11/2017	5	284	
	Ward 1 & 12 N'Duli 08/11/2017	2	7	102
IDP /Budget Public meetings				
IDP Review Public Participation	Ward 4 & 6 Bella Vista 16/04/2018	5	9	60
	Ward 4 & 10 P A Hamlet 17/05 2018	7	9	74
	Ward 3 & 5 Ceres 19/04 /2018	9	9	12
	Ward Committees 20/04/2018	10	8	67
	Ward 2 & 7 Wolseley 23/04/2018	4	9	36
	Business & Agriculture 24/04/2018	4	4	10
	Ward 7 & 11 Tulbagh 25/04/2018	1	7	23
	Ward 8 & 9 Op-Die-Berg 14/05/2018	2	8	27
	Ward 1 & 12 N'Duli 15/05/2018	5	11	93

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2.4.1 Labour Forum

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

Name of representative	Capacity	Meeting dates
H Smit	Chairperson	22 November 2017 22 March 2018 11 April 2018 9 May 2018 20 June 2018
B Klaasen	Executive Mayor	
E Sidego	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	
C Wessels	Manager Administration	
M. Arendse-Smith	Acting Senior Human Resources Officer	
C Titus	Committee Clerk	
A Christians	IMATU	
J Noble	IMATU	
H Minnaar	IMATU	
J Goedeman (resigned August 2017)	IMATU	
Loyiso Ntanjana (appointed 5 March 2018)	IMATU	
M Pieterse	IMATU	
S Joseph	IMATU	
K Ntanjana	SAMWU	
C Appolis	SAMWU	
L Silver	SAMWU	
R Frans	SAMWU	
J Goedeman (appointed 9 May 2018)	SAMWU	

2.4.2 Ward Committees

The purpose of a ward committee is:

-  to encourage better participation from the community and to inform council decisions;
-  to make sure that there is effective communication between the Council and the community;
-  to assist the ward councillor with consultation and feedback to the community.

Ward committees need to be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented in the membership contingent. The ward

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councillor serves on the ward committee and acts as the chairperson. Although ward committees have no formal powers, they act as an advisory body to the ward councillor, which enables them to make specific submissions directly to the Council. These committees play a pivotal role in the development and annual revision of the IDP of the area.

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.

Ward 1: N'Duli (Polo Cross Hall)

Name of representative	Capacity representing	Number meetings held during the year
Sipho Mdange	Sport & Culture	9
Cynthia Davids	Health & Social	
Raymond Stuurman	Safety	
Andile Gili	Youth	
Mandisa Hinana	Education	
Kenneth Mbangula	Business Community	
Noxolo Mbali	Women	
Thubalakhe Mhlakwapalwa	Churches	
Johannes Busakwe	Civics & Taxes	
Lungisile Kondlo	Disabled& Elderly	

Ward 2: Wolseley (Montana Library)

Name of representative	Capacity representing	Number meetings held during the year
	Safety	10
Audrey Longman	Education	
Lucille Classen	Health & Social	
Elizabeth Van Rooyen	Disability & Eldery	
Annemien Bezuidenhout	Civics & Taxes	
Elizabeth Wynand	Women	
Katrina Van Rensburg	Business Community	
Cornelia Moses	Youth	
Adan Maarman	Sport & Culture	
Brian Albertus	Churches	

Ward 3: Ceres (Rietvallei Library)

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Name of representative	Capacity representing	Number meetings held during the year
Adriaan Williams	Business Community	9
Mark Mentoer	Health & Social	
Marinda Mankapan	Women	
Hendrik Titus	Churches	
Lorencia Jacobs	Safety	
Mariaan Van Rooi	Youth	
Elizabeth Velensky	Disabled & Elderly	
Saartjie Franse	Sport & Culture	
Amanda Whitebooi	Education	
Ronald Ross	Civics & Taxes	

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

Name of representative	Capacity representing	Number meetings held during the year
Alma Goosen	Business Community	9
David Mentoer	Civics & Taxes	
Johan Jacobs	Youth	
Jane Haas	Women	
	Safety	
Anneline Smit	Churches	
Jerome Barends	Sport & Culture	
Moses Davids	Health & Social	
Jacobus de Wee	Disabled & Elderly	
Le-Marco Smit	Education	

Ward 5: Ceres (John Steyn Library)

Name of representative	Capacity representing	Number meetings held during the year
Hyno Baartman	Health & Social	6
Amelia Abrahams	Disabled & Elderly	
Angeline Wildschut	Youth	
Marius Koopman	Civics & Taxes	
Rudolf Nel	Sport & Culture	
Fiona Hardneck	Churches	
Sylvia Cupido	Women	
Jonathan Nel	Safety	
Ronnie Philander	Education	

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Name of representative	Capacity representing	Number meetings held during the year
Alistair Nasson	Business & Community	

Ward 6: Bella Vista (Bella Vista Library)

Name of representative	Capacity representing	Number meetings held during the year
Frederika Koopman	Youth	8
Joey Jantjies	Churches	
Melanie Bé	Disabled & Elderly	
Sara Krotz	Sport & Culture	
Chantel Pietersen	Health & Social	
Johannes Crotz	Safety	
Oelsen Seroot	Business & Community	
Sylvia Minnaar	Women	
Letichia Crotz	Education	
Alwyn Fransman	Civics & Taxes	

Ward 7: Wolseley (Montana Library)

Name of representative	Capacity representing	Number meetings held during the year
Deborah Hlongwana	Churches	9
Magdalena Julius	Business Community	
Jacqueline Fortuin	Youth	
Edward Nchephe	Safety	
Kenneth Carelse	Sport & Culture	
Paulina Basson	Health & Social	
Anne Swarts	Women	
Lambertus Johnson	Civics & Taxes	
Piet Klink	Disability & Elderly	
	Education	

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

Name of representative	Capacity representing	Number meetings held during the year
Brendon Maqhina	Disability & Elderly	12
Lena Pieters	Sport & Culture	
Ayanda Teni	Business Community	
Magrieta Baardman	Women	

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Name of representative	Capacity representing	Number meetings held during the year
Elzaan Ruiters	Youth	
Legina Baleni	Churches	
Albertus Nel	Safety	
Chriszelda Mars	Health & Social	
Gert Jantjies	Education	
Johannes Fransman	Civic & taxis	

Ward 9: Op-die-Berg

Name of representative	Capacity representing	Number meetings held during the year
Francic Mackenzie	Churches	5
Carlo Galant	Health & Social	
Ndelelo Shweni	Disabled & Elderly	
Annie Jansen	Women	
Tom Persens	Education	
Jika Bongiswa	Civics & Taxes	
Mzwandile Phuphuma	Safety	
Aneline Arries	Youth	
	Business Community	
Chrisjan Fortuin	Sport & Culture	

Ward 10: PA Hamlet (Council Chambers)

Name of representative	Capacity representing	Number meetings held during the year
	Youth	10
	Women	
Sophia De Bruin	Health & Social	
Juliana Appollis	Civics & Taxes	
Clive Young	Education	
Berend Skippers	Sport & Culture	
Bruce Salvester	Business Community	
Jacob Faro	Churches	
Leonard Baardman	Safety	
Clara Swarts	Disable & Elderly	

Ward 11: Tulbagh (Council Chamber)

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Name of representative	Capacity representing	Number meetings held during the year
Sittimio Louw	Education	10
Jonathan Fransman	Sport & Culture	
Gerald Davids	Sport & Culture	
Rosina Jooste	Churches	
Raymond Malapo	Women	
Ann Myburgh	Disabled & Elderly	
Daniel Thomas	Civics & Taxes	
Nceba Nyosana	Youth	
Theo Lombaard	Business Community	
Sittimio Louw	Safety	

Ward 12: N'Duli (Community Hall)

Name of representative	Capacity representing	Number meetings held during the year
Zingiswa Senoamali	Education	8
Mncedisi Gili	Disabled & Elderly	
Jevon Lukas	Churches	
Thembakazi Ncaphayi	Health & Social	
Kholekile Mrwetyana	Business Community	
Humphry Ndwanya	Safety	
Namhla Mdala	Sport & Culture	
N Ruth Yisa	Women	
Siyabonga Gaba	Civics & Taxes	
Bulelwa Mzwakali	Youth	

2.4.3 *Functionality of Ward Committees*

Ward committee members are paid a monthly stipend and transport is provided, where necessary. This stipend is to aid ward committee members with attend 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 are available for support, if necessary. Refreshments are provided at the ward committee meetings.

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

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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
1	Yes	6	9	Yes
2	Yes	6	10	Yes
3	Yes	8	9	Yes
4	Yes	4	9	Yes
5	Yes	3	6	Yes
6	Yes	6	8	Yes
7	Yes	5	9	Yes
8	Yes	8	12	Yes
9	Yes	3	5	Yes
10	Yes	6	10	Yes
11	Yes	5	10	Yes
12	Yes	4	8	Yes

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 encompasses the relationships amongst the various stakeholders involved and the strategic goals governing the institution.

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 functions.

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

To ensure business success 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. Major unplanned not disaster related service deliver interruptions due to poor infrastructure
2. Growth in informal settlements
3. Eskom's inability to provide increased electricity supply to the municipal area
4. Inability to deal with major disasters and to secure business continuity
5. Inability to provide bulk water storage capacity to the Tulbagh area.
6. Illegal invasion and occupation of municipal land
7. Poor growth in revenue base
8. Increase in unaccounted water and electricity losses
9. Un-recoverability of outstanding receivables
10. Failure of law enforcement agencies to assist municipality

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 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	July 2017
Fraud and Corruption prevention policy and response plan	Yes	July 2017

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 newsletters
Ethics Awareness Programme	Possible loss of income at traffic due to inactive follow-up on	Roll-out of Anti-Fraud and Corruption Policy to external stake holders through

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Strategies to implement	Key Risk Areas	Key measures to curb corruption and fraud
	traffic violations	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

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.

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.

The Public Sector Risk Management framework states that the committee should review and recommend for approval the:

- risk management policy;
- risk management strategy;
- risk management implementation plan; and
- risk appetite





2.7.1 Functions of the Performance, Risk & Audit Committee

Council noted its Performance, Risk and Audit Committee charter on 30 May 2017.

In order to fulfil its role, the Committee 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 and internal audits;
- Risk management;
- Accounting policies;
- The adequacy, reliability and accuracy of financial reporting and information;
- Performance management;

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-  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
Mr J. George	Chairperson	18 August 2017 8 September 2017 22 November 2017 15 January 2018 2 March 2018 4 May 2018
Mr A Amod (Second 3 year term ended 31 May 2018)	Member	18 August 2017 15 January 2018 2 March 2018 4 May 2018
Mr J. Basson	Member	18 August 2017 8 September 2017 22 November 2017 15 January 2018 4 May 2018
Mr. T. Lesihla	Member	18 August 2017 8 September 2017 22 November 2017 15 January 2018 2 March 2018 4 May 2018
Mr F. Redelinghuys	Member	18 August 2017 8 September 2017 22 November 2017 15 January 2018 2 March 2018 4 May 2018

2.7.3 Performance, Risk & Audit Committee (PRAC) recommendations

Date of the PRAC meetings	Committee recommendations during 2017/18	Recommendations adopted (enter Yes) If not adopted (provide explanation)
08-Sep-17	To recommend to the Executive Mayoral Committee and Council: that the Quarterly Budget Statement [Section 52(d)] Report for 1 April 2017 to 30 June 2017 be noted and accepted.	Yes

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Date of the PRAC meetings	Committee recommendations during 2017/18	Recommendations adopted (enter Yes) If not adopted (provide explanation)
08-Sep-17	That the PRAC finalise the Second Bi-Annual Report on Performance Management for 2016/2017 and submit the same to the Department Administration for tabling to Council.	Yes
08-Sep-17	To recommend to the Mayco and Council that the Section 71 monthly report of the Department Finance for June 2017 be noted and accepted.	Yes
08-Sep-17	That the PRAC recommends to the Mayco and Council that the Internal Audit Charter from 1 July 2017 to 30 June 2018 be approved.	Yes
08-Sep-17	(b) that the Risk Based Audit Plan for 2017/2018 be finalised and tabled to Council for approval.	Yes
22-Nov-17	That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that notice be taken of the Section 71 monthly reports of the Department Finance for July, August and September 2017 and the same be accepted.	Yes
15-Jan-18	To recommend to Council: that the Quarterly Budget Statement [Section 52(d) Report] for the period 1 July 2017 until 30 September 2017 be noted and accepted.	Yes
15-Jan-18	<i>That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that notice be taken of the Section 71 monthly reports of the Department Finance for October and November 2017 and the same be accepted.</i>	Yes
15-Jan-18	<i>That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that the Audit Report and Financial Statements for 2016/2017 be noted and the same be accepted.</i>	Yes
15-Jan-18	That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that it be concluded that the Witzenberg Internal Audit Activity is allowed to fulfil its responsibilities and that the Internal Audit Activity is independent.	Yes
15-Jan-18	That the Performance, Risk and Audit Committee recommends to Council that notice be taken of the Performance, Risk and Audit Committee report as at 30 June 2017 as an annexure to the Annual Report 2016/2017 and the same be accepted.	Yes
02-Mar-18	that the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council: that notice be taken of the Internal Audit Report in respect of the Performance Management System for the second quarter of 2017/2018 and the same be approved and accepted.	Yes

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Date of the PRAC meetings	Committee recommendations during 2017/18	Recommendations adopted (enter Yes) If not adopted (provide explanation)
02-Mar-18	That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council: that notice be taken of the Mid-year Budget Statement and Performance Assessment (Section 72 Report) for the period 1 July to 31 December 2017 and the same be approved and accepted.	Yes
02-Mar-18	that Committee members send their inputs by 9 March 2018 after which the report will be updated by the Chairperson and the Head of Internal Audit for submission to Council.	Yes
02-Mar-18	That the Performance, Risk and Audit Committee recommends to Council: that notice be taken of the Internal Audit Report on the Performance Management System for the first quarter of 2017/2018 and the same be approved and accepted.	Yes
02-Mar-18	That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council: that notice be taken of the Section 71 monthly reports of the Department Finance for December 2017 and January 2018 and the same be approved and accepted.	Yes
02-Mar-18	That the Performance, Risk and Audit Committee recommends to Council: (i) that notice be taken of the report with regard to the writing off of interest and arrear monies for household debt and other irrecoverable outstanding amounts and the same be approved and accepted.	Yes
02-Mar-18	ii) That the irrecoverable arrears to the value of R51 486 498-58 be written off.	Yes
02-Mar-18	That the Performance, Risk and Audit Committee recommends to Council: that notice be taken of the Quarterly Budget Statement Report [Section 52(d)] for the period 1 October 2017 to 31 December 2017 and the same be approved and accepted	Yes
04-May-18	To recommend to the Executive Mayoral Committee and Council: that Council, in terms of MFMA Circular 65, considers that the Internal Audit Plan and the Internal Audit Charter have been approved by the Performance, Risk and Audit Committee and that Council takes notice and accepts same.	To be tabled to Mayco & Council in October 2018.
04-May-18	To recommend to the Executive Mayoral Committee and Council: that notice be taken of the Section 71 monthly reports of the	Yes

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Date of the PRAC meetings	Committee recommendations during 2017/18	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	Department Finance for February and March 2018 and same be accepted.	
04-May-18	To recommend to the Executive Mayoral Committee and Council: that notice be taken of the Status report on the implementation of internal audit findings for the first quarter of 2017/2018, dated September 2017, and same be accepted.	Report to be tabled to Mayco & Council in October 2018.
04-May-18	To recommend to the Executive Mayoral Committee and Council: that notice be taken of the Status report on the implementation of internal audit findings for the second quarter of 2017/2018 and same be accepted.	Report to be tabled to Mayco & Council in October 2018.

2.8 INTERNAL AUDITING

An annual risk assessment update was performed during April/June 2017 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 2016/17 to 2018/19 Risk Based Audit Plan.

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

Audit Activity	2016/17	2017/18	2018/19
Statutory Internal Audits			
DORA compliance	✓	✓	✓
Performance Management System (quarterly)	✓	✓	✓
Risk based audits			
AGSA Key controls	✓	✓	✓
Follow up internal Audit findings	✓	✓	✓
Operation Clean Audit	✓	✓	✓
Risk based audits			
Income & Debtors			✓
Supply Chain Management			✓
Human Resources (Including Leave and Training)	✓		
Asset Management	✓	✓	
Inventory			✓
Maintenance Management		✓	
Project & Contract Management		✓	
Indigent Management	✓		
IT – General controls	✓		
Cash Handling			✓
Fleet Management		✓	
Traffic Services			✓

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Audit Activity	2016/17	2017/18	2018/19
Disaster Management & Business continuity		√	
Overtime	√		
Debt Collection and Credit Control	√		
Time and attendance		√	
Property valuations	√		

Annual Audit Plan

The Audit Plan for 2017/18 was implemented and the table below provides detail on audits completed:

Audit Activity	Estimated hours	Quarter	Status
Statutory Audits			
DORA compliance	200	3	Completed
Performance Management System	600	All	Completed
Follow up audit work			
Follow up Internal Audit Findings	500	All	Completed
Management Audit Action Plan	80	All	Completed
Risk based audits			
Human Resources	500	-	Work in Progress
Overtime	350	3	Completed
Disaster Management	500	4	Completed
Asset Management			Work in Progress
AD-Hoc audits			
Year-end stock count	100	4	Completed
Other			
MSCOA	400	-	Continuous
Legislative/Advisory/Committees	284	All	Completed
IA Quality Assessment	100	-	Work in progress
Compliance system	100	All	Completed
Risk Management	400	All	Completed

2.9 BY-LAWS

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
Witzenberg Municipality: By-law on the Rules of Order for the Meetings of the Witzenberg Council and its	24 January 2018	Yes	14 March 2018

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Policies developed/ revised	Date adopted	Public Participation conducted prior to adoption of policy (Yes/No)	Date of Publication
Committees			
Property Rates By-Law	28 February 2018	Yes	9 March 2018

2.10 SUPPLY CHAIN MANAGEMENT

2.10.1 Competitive bids in excess of R 200 000

Bid Committee meetings

The following table details the number of Bid Committee meetings held for the 2017/18 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
50	48	30

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

Attendance of members of the Bid Evaluation 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

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

Member	Percentage attendance (%)
Director Financial Services (Chairperson)	100
Director Technical Services	86
Director Community Services	72
Director Corporate Services	62
Manager Supply Chain/Deputy Director: Finance	100

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

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Awards made by the Bid Adjudication Committee

The Bid Adjudication Committee awarded 43 bids of an estimated value of R 68 125 158

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
08/2/15/54	Supply and delivery of Electrical Equipment and cables	Finance / Electrical – Stores	Various bidders	15 484 731.07
08/2/15/86	Appointment of a service provider for Prepaid vending services	Financial Services	Syntell (PTY) Ltd	4 551 500.00
08/2/14/70	Supply and delivery of disposable bags for refuse removal	Technical – Solid Waste	AWV Project Management	4 460 700.00
08/2/15/45	Supply Upgrade And Replacement Of Water Networks In The Witzenberg Area	Technical – Water	Alfalach Engineering CC	4 000 000.00
08/2/15/46	Supply Upgrade And Replacement Of Sewer Networks In The Witzenberg Area	Technical – Water	Alfalach Engineering CC	4 000 000.00

Awards made by the Accounting Officer

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 2017/18 financial year:

Bid number	Title of bid	Directorate and section	Successful Bidder	Value of bid awarded R
08/2/15/16	Appointment of contractors for maintenance, repair and replacement of general electrical infrastructure for Witzenberg Municipality (3 year contract)	Technical – Electricity	Various bidders	31 888 078.01
08/2/15/53	The Reconstruction Of Piet Retief Street From Rossouw Street To Waveren Street In Tulbagh	Technical – Street & Storm Water	Entsha Henra (PTY) Ltd	15 654 202.00

Awards made by the Bid Adjudication Committee

No bid was awarded by the Bid Adjudication Committee in terms of paragraph 45 (2) of the Supply Chain Management Policy and paragraph 37 (2) of the Supply Chain Regulations.

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	Dealt by
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Bid number	Bid title	Date of appeal	Appellant	Reason for appeal	Dismissal	Dealt by
08/2/14/75	Shortterm Insurance (One year contract)	10 July 2017	Nico Swart Consultancy	Non-compliance of prequalification criteria	Appeal was dismissed by the Accounting Officer	Accounting Officer

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 2017/18 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	6.98	1 492 850.00	2.20

2.10.2 Formal written price quotations between R 30 000 and R 200 000

Awards made to enterprises within the Witzenberg municipal area

A total of 21 formal written price quotations amounting to R 1 719 778 were awarded.

The following table details the value of formal written price quotations awarded to enterprises within the Witzenberg municipal area during the 2017/18 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	23.81	350 530.00	20.39

2.10.3 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 R 9 581 744 were approved by the Accounting Officer. The following table provides 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	68	2 062 111.51	29.18
Impossible	0	0.00	0.00

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Type of deviation	Number of deviations	Value of deviations R	Percentage of total deviations value (%)
Impractical	123	6 791 467.47	52.79
Emergency	42	728 164.49	18.03

This amount shows a decrease of R 138 660.72 compared to the previous year's figure of R 9 720 405.

2.10.4 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;
- 🍎 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, Drommedaris Street, is coded and 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 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 checks are performed to determine the condition. Quarterly stock counts are performed so that surpluses, deficits, damaged and redundant stock items are identified and reported to Council. As at 30 June 2018, the value of the stock at the municipal stores is calculated at R 10 738 297, with a satisfactory stock turnover rate of 1.68. For the 2017/18 financial year, a total of R 2 038.52 was accounted for as damaged and deficit inventory. Surplus items amounted to R 52.14.

2.10.5 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 is reviewed annually;
- 🍎 Where assets are traded in for other assets, the highest possible trade-in price is negotiated; and

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- ✿ 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 require this equipment.

We are complying with section 14 of the MFMA which deals with the disposal of capital assets. A consolidated disposal report was approved by Council 26 July 2017.

An auction was held 15 November 2017 for the items approved by Council and the total value of items disposed of during the auction were R 661 460.00.

The following items were withdrawn from the auction:

- ✿ Compressor on trailer CT 4882
- ✿ Flatbed trailer CT 7137
- ✿ Scaffolding jacks
- ✿ Motors X 10
- ✿ Asbestos drill

The items withdrawn were approved by the accounting officer.

The following items were not sold at the auction:

- ✿ Ceramic pipes (Lot nr. 115)
- ✿ Cement pipes (Lot nr. 117)
- ✿ Porcelain pipes (Lot. 144)
- ✿ Asbestos pipes (Auctioneer not authorised to sell asbestos)

All items disposed of were removed from the municipal stores.

2.10.6 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 has been updated and are awaiting approval for implementation. Monthly reporting concerning 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 regard to our bid committee system and compliance to all relevant legislation.

No companies were listed as restricted suppliers during the 2017/18 financial year.

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.

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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 2017/18	Yes
Adjusted Budget 2017/18	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
Veriment Policy	Yes
Petty Cash Policy	Yes
Long Term Financial Policy	Yes
Borrowing Policy	Yes
SDBIP 2017/18	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 2017/18	Yes
IDP Process Plan for 2017/18	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
Reports (Sections 52(d), 71, 72 and 75(1)(c) and 129(3) of the MFMA)	
Annual Report of 2016/17	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

Description of information and/or document	Yes/No
Assurance Functions (Sections 62(1), 165 and 166 of the MFMA)	
Audit Committee charter	Yes
Risk Management Policy	Yes

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:

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.

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 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.

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.

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.

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.

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.

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.

Value for money

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 action plan 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	Yes
Functional complaint management systems	Yes
Newsletters distributed at least quarterly	Yes

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 storm water, as well as escalates 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 executed and monitored. Complaints are also received via fax, email, website and letters and this communication is routed to the correct sections and personnel to address. Speedy turnaround 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.

2.12.3 Communication and municipal marketing

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 (logos, uniforms, public engagement, etc.) 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, marketing efforts will focus upon logo placement on 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 to 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 to our vulnerable communities.

2.12.5 Communication and investor relations

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 and semi-skilled 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 and 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, 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 maintain our 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.

2.12.8 Electronic communication

Social media is a cost effective resource used to convey information and is an effective method of relaying municipal communication as many residents are in possession of a cell phone. However, this mode of communication is labour intensive and does not have great penetration in our rural environs due to limited connectivity and access to mobile data/wifi. 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, 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

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





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

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

2.12.14 *Communication milestones*

Witzenberg Municipality conducted a Communications Audit during May and June 2017. This survey looked at various demographic profiles of various internal and external stakeholders, to sample and measure the knowledge of the Witzenberg Municipality brand, perceptions of service delivery, the level of satisfaction with services, rating of communication, suggestions for improvement and the most effective communication channel/s. The inputs derived from this survey will provide the base line for the review of the current Communication Strategy. Witzenberg Municipality conducted a water demand management campaign aimed at communicating water restrictions and water conservation. As part of the campaign, a colouring book was developed in 2017 and produced in three languages aimed at crèche to grade 2 learners. This book was then adopted by the Cape Winelands District Municipality and rolled out to all municipalities within the District as collaboration to manage water during drought conditions.

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 above-mentioned list must be made public, whilst balancing the need for confidentiality and disclosure in the public interest.

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:

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Disclosures of Financial Interests		
2017/18		
Name	Description of Financial interests*	
Executive Mayor		
Cllr BC Klaasen	Shares and securities in any	NASPERS and SASOL
	Directorships	Klaasen Incorporated
	Employment and Remuneration	Witzenberg Municipality; Klaasen Incorporated
	Property	21 Albert Crescent, Ceres
	Pension	Consolidated Retirement Fund
Member of Mayoral Committee / Executive Committee		
Cllr K Adams	Employment and Remuneration	Witzenberg Municipality
	Property	853 Vrede Street, Bella Vista
	Pension	Consolidated Retirement Fund
Cllr T Godden	Share and Security in any company	Klein Begin Viswinkel
	Directorship	Klein Begin Viswinkel; Rimary Co-operative Limited
	Employment and Remuneration	Witzenberg Municipality
	Interest in Property	214 Hoop Street , Koue Bokkeveld
	Pension	Consolidated Retirement Fund
Cllr TE Abrahams	Shares and securities in any	MTN; SASOL; Peninsula Hotel Time shares
	Close Corporation	Trevor Farming CC
	Interest in any trust	Abrahams Family Trust
	Directorships	Breede Gouritz Catchment Management Agency
	Employment and Remuneration	Witzenberg Municipality & BGCMA
	Property	7 Fortuin Street, Ceres, 1 Cloete Street, Ceres
	Pension	Consolidated Retirement Fund
Ald HJ Smit	Employment and Remuneration	Witzenberg Municipality
	Property	28 Tall Timber Avenue, Ceres
	Pension	Consolidated Retirement Fund
Ald JJ Visagie	Employment and Remuneration	Witzenberg Municipality

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Disclosures of Financial Interests		
2017/18		
Name	Description of Financial interests*	
	Property	Skuinsbaai, Prince Alfred's Hamlet
	Pension	Consolidated Retirement Fund
Cllr EM Sidego	Employment and Remuneration	Witzenberg Municipality
	Property	9 Michael Street, Tulbagh
	Pension	Consolidated Retirement Fund
Councillor		
Cllr M Mdala	Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Cllr P Daniels	Membership of any Close Corporation	Avaxa514- Dormant
	Employment and Remuneration	Witzenberg Municipality
	Property	7th Avenue Wolseley
	Pension	Consolidated Retirement Fund
Cllr S Hugo	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Ald J Schuurman	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Cllr GG Laban	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Cllr Z Mzauziwa	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Cllr TP Mgoboza	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Cllr Kinnear	Employment and Remuneration	Witzenberg Municipality
	Pension	CRF & Telkom
	Property	3 Kort Street, Wolseley
Cllr DM Jacobs	Close Corporation	Khayaletu; Abafazi; Eagle
	Directorships	Khayaletu; Abafazi; Eagle
	Employment and	Witzenberg Municipality

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Disclosures of Financial Interests		
2017/18		
Name	Description of Financial interests*	
	Remuneration	
	Property	Residential
	Pension	Consolidated Retirement Fund
Cllr C Lottering	Employment and Remuneration	Witzenberg Municipality
	Property	23 Belvrede Single, Wolseley
	Pension	Consolidated Retirement Fund
Cllr P Heradien	Shares and Securities in any company	Colbalt
	Employment and Remuneration	Witzenberg Municipality
	Property	44 Lyell Street Ceres; 42 Lylle Street Ceres
	Pension	Consolidated Retirement Fund; ABSA Pension Fund
Cllr N Phatsoane	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Cllr H Visagie	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Cllr JT Phungula	Employment and Remuneration	Councillor at Witzenberg Municipality
	Property	8 Buckingham Street, Ceres
	Pension	Consolidated Retirement Fund
Cllr RJ Simpson	Employment and Remuneration	Witzenberg Municipality
	Pension	Municipal Councillors Pension Fund
Cllr D Swart	Shares and securities in any company	Crispy Farming
	Employment and Remuneration	Councillor at Witzenberg Municipality
	Property	2 St James Street, Ceres
	Pension	Consolidated Retirement Fund
Chief Accounting Officer		
Mr D Nasson	Shares and securities in any company	Old Mutual
	Property	Residential
Chief Financial Officer		
Mr HJ Kritzing	Property	Residential

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Disclosures of Financial Interests		
2017/18		
Name	Description of Financial interests*	
Directors		
Mr JF Barnard	Property	Residential (Small Holding); Farm
Mrs JS Krieger	Directorship and Partnerships	NAWA & Fikelelela Dikoporasi
Mr M Mpeluza	Property	Residential
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A		

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 Framework** that was approved by Council on **13 December 2012**. A revision was accepted by Council on **25 July 2018**.

The Top Layer SDBIP was approved by the Mayor on **7 June 2017**. Revisions to the SDBIP Top Layer targets was approved by Council on 28 February 2018 and the Adjusted Top Layer SDBIP approved by the Mayor on the same date. Below are the considerations 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 2016/17
- 🍎 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

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. By the 10th of each month KPI owners must submit their actuals achieved, performance information or evidence to the Manager: Projects & Performance. If a specific target was not reached, reasons with corrective measures must be provided.
- 🍎 The Performance Administrator captures the result on an excel spreadsheet which is updated on a monthly basis after the closure date.
- 🍎 Within 10 working days after the closure date, the Performance Administrator generate a report from excel and distribute via email to Senior Management for discussion at Senior Management- and Directorate Meetings.
- 🍎 Results on the Top Layer SDBIP Key Performance Indicators are submitted to the CFO for inclusion in the quarterly Section 52D report that is tabled at Council.
- 🍎 The quarterly performance report as included in the Quarterly Budget Statement (Section 52d Report), was tabled at Council as follows:

○ 1 st Quarterly Budget Statement	5 December 2017
○ 2 nd Quarter Budget Statement	24 January 2018
○ Section 72 Midyear report	24 January 2018
○ 3 rd Quarterly Budget Statement	29 May 2018
○ 4 th Quarterly Budget Statement	25 July 2018

3.1.3 Individual Performance

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 2017/18 financial year were signed on 28 July 2017, as prescribed.

The appraisal of the actual performance in terms of the signed agreements, takes place twice per annum as regulated. The mid-year performance of 2017/18 took place on 26 March 2018 and the final evaluation of the 2017/18 financial year will take place after the auditing of the 2017/18 Annual Performance Report and Annual Financial Statements.

The appraisals were done by an evaluation panel as indicated in the signed performance agreements and in terms of Regulation 805. The panel included 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 Oudtshoorn Municipality, took part in the review of the Municipal Manager

3.1.4 The IDP and the Budget

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

3.1.5 Strategic Alignment

Municipal Key Performance Areas

Municipal Key Performance Area	Strategic Objective	
Essential Services	1.1	Sustainable provision and maintenance of basic infrastructure
	1.2	Provide for the needs of informal settlements through improved services
Governance	2.1	Support institutional transformation and development
	2.2	Ensure financial viability
	2.3	To maintain and strengthen relations with international- and inter-governmental partners as well as the local community through the creation of participative structures.
Communal Services	3.1	Provide and maintain facilities that make citizens feel at home
Socio-Economic Support Services	4.1	Support the poor and vulnerable through programmes & policy
	4.2	Create an enabling environment to attract investment and support to the local economy.

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Performance indicators set in the approved Top Layer for 2017/18 per Strategic Objective

1.1) Sustainable provision and maintenance of basic infrastructure

Ref	KPI	Unit of Measurement	Wards	Target/Actual for 2016/17	Target for 2017/18				
					Q1	Q2	Q3	Q4	Annual
TecDir1	% Expenditure on Maintenance Budget by Technical Directorate	Percentage of budget spent.	All	98% /99%	25%	50%	75%	99%	99%
TecDir3	% Expenditure on Capital Budget by Technical Directorate	Percentage of budget spent.	All	95%/98%	10%	40%	60%	96%	96%
TecWat21	Percentage compliance with drinking water quality standards.	Percentage compliance.	All	97%/100%	98%	98%	98%	98%	98%
FinInc17	Number of outstanding valid applications for water services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	<1%	<1%	<1%	<1%
FinInc18	Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	<1%	<1%	<1%	<1%
FinInc19	Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0.05%	<1%	<1%	<1%	<1%	<1%
FinInc20	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	<1%/0%	<1%	<1%	<1%	<1%	<1%
TecWat20	Decrease unaccounted water losses.	Percentage water losses.	All	20%/19%	18%	18%	18%	18%	18%
TecEl37	Decrease unaccounted electricity losses.	Percentage electricity losses.	All	9%/10%	8%	8%	10%	10%	10%
TecRo7	Kilometres of roads upgraded & rehabilitated	Kilometres of roads	All	2/10.7	0	0.5	1.5	3	3

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

Ref	KPI	Unit of Measurement	Wards	Target/Actual for 2016/17	Target for 2017/18				
					Q1	Q2	Q3	Q4	Annual
TecDir2	Number of subsidised serviced sites developed.	Number of serviced plots.	All	No Target	0	0	0	100	100
TecWat22	Provide basic services - number of informal areas with sufficient communal water services points (taps).	Number of informal areas.	All	3/3	3	3	3	3	3
TecSan13	Provide basic services - number of informal areas with sufficient communal sanitation services points	Number of informal areas.	All	3/3	3	3	3	3	3

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Ref	KPI	Unit of Measurement	Wards	Target/Actual for 2016/17	Target for 2017/18				
					Q1	Q2	Q3	Q4	Annual
	(toilets).								
TecRef31	Improve basic services - number of informal settlements receiving a door-to-door refuse collection and area-cleaning service.	Number of informal areas.	All	3/3	3	3	3	3	3
TecEl36	Number of subsidised electricity connections installed.	Number of connections.	All	200/94	0	150	150	200	200

2.1) Support institutional transformation and development

Ref	KPI	Unit of Measurement	Wards	Target/Actual for 2016/17	Target for 2017/18				
					Q1	Q2	Q3	Q4	Annual
CorpHR13	Percentage budget spent on implementation of Workplace Skills Plan.	Percentage of budget spent.	All	95%/98%	25%	50%	75%	96%	96%
CorpHR12	Percentage of people from employment equity target groups employed in the three highest levels of management	Quarterly report	All	75%/75%	1	1	1	1	4

2.2) Ensure financial viability

Ref	KPI	Unit of Measurement	Wards	Target/Actual for 2016/17	Target for 2017/18				
					Q1	Q2	Q3	Q4	Annual
FinFAdm10	Financial viability expressed as Debt-Coverage ratio	Ratio	All	16/39.7	30	30	90	90	90
FinFAdm9	Financial viability expressed as Cost-Coverage ratio	Ratio	All	1.6/2.4	2.8	2.8	2.8	2.8	2.8
FinFAdm11	Financial viability expressed outstanding service debtors	Ratio	All	44%/54%	44%	44%	44%	44%	44%
FinDir3	Opinion of the Auditor-General on annual financial statements of the previous year.	Opinion of AG - unqualified	All	1/1	0	0	1	0	1
FinIn15	Increased revenue collection	Percentage revenue collected.	All	95%/95%	95%	95%	95%	95%	95%
MM1	Percentage of budget spent on maintenance.	Percentage of budget spent.	All	98%/99%	25%	50%	75%	99%	99%
MM2	Percentage spent of capital budget.	Percentage of budget spent.	All	95%/97%	10%	40%	60%	96%	96%

2.3) To maintain and strengthen relations with international- and inter-governmental partners as well as the local community through the creation of participative structures.

Ref	KPI	Unit of Measurement	Wards	Target/Actual for 2016/17	Target for 2017/18				
					Q1	Q2	Q3	Q4	Annual

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Ref	KPI	Unit of Measurement	Wards	Target/Actual for 2016/17	Target for 2017/18				
					Q1	Q2	Q3	Q4	Annual
MMIDP9	Number of IDP community meetings held.	Number of meetings held.	All	14/14	0	7	0	7	14
ComSoc49	Number of meetings with inter-governmental partners.	Number of meetings held.	All	12/12	3	6	9	12	12

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

Ref	KPI	Unit of Measurement	Wards	Target/Actual for 2016/17	Target for 2017/18				
					Q1	Q2	Q3	Q4	Annual
ComAm34	Customer satisfaction survey (Score 1-5) - community facilities.	1 Survey	All	2.5/2.2				1	1
ComDir1	% Expenditure on Maintenance Budget by Community Directorate	Percentage of budget spent.	All	98%/99%	25%	50%	75%	99%	99%
ComDir2	% Expenditure on Capital Budget by Community Directorate	Percentage of budget spent.	All	95%/96%	10%	40%	60%	96%	96%

4.1) Support the poor and vulnerable through programmes and policy

Ref	KPI	Unit of Measurement	Wards	Target/Actual for 2016/17	Target for 2017/18				
					Q1	Q2	Q3	Q4	Annual
ComSoc41	Number of account holders subsidised through the municipality's indigent Policy	Number of account holders.	All	2 750/2 521	2750	2750	3000	3000	3000
ComLed8	The number of jobs created through municipality's local economic development initiatives including capital projects.	Number of jobs created.	All	390/398	100	200	300	390	390
ComSoc 42-48	Number of social development programmes implemented	Number of programmes.	All	20/22	5	10	15	20	20
ComHS14	Number of housing opportunities provided per year.	Number of top structures.	All	200/200	0	50	107	107	107
ComHS15	Number of Rental Stock transferred	Number of properties transferred.	All	60/65	10	30	40	60	60

4.2) Create an enabling environment to attract investment and support to the local economy.

Ref	KPI	Unit of Measurement	Wards	Target/Actual for 2016/17	Target for 2017/18				
					Q1	Q2	Q3	Q4	Annual

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Ref	KPI	Unit of Measurement	Wards	Target/Actual for 2016/17	Target for 2017/18				
					Q1	Q2	Q3	Q4	Annual
MMProp21	Revisit Municipal Land Audit and draw up an implementation plan. Phase implementation from 14/15 onwards.	Phased implementation	All	1/1	0	Progress report	0	Implement Report	Implement Report
ComLed4	Compile & Implementation of LED Strategy	Phased implementation/ strategy	All	1/1	0	Progress Report	0	Implement Report	Review of plan

3.1.6 Budget spending per IDP key performance area

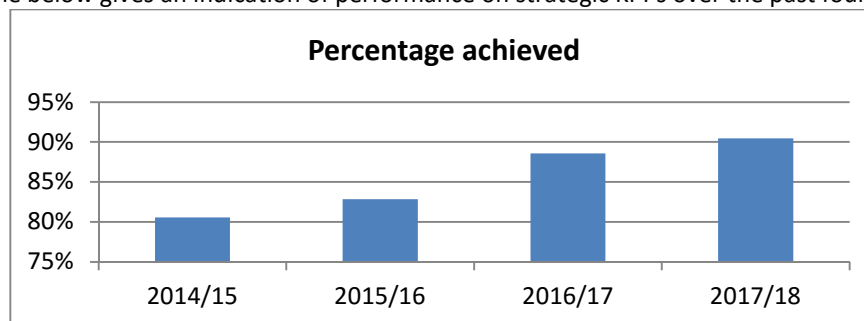
The table below provides an analysis of the budget allocation and expenditure per Municipal Key Performance Area (Operational expenditure excludes internal transfers):

Municipal Key Performance Area	Adjusted Capital Budget	Actual Capital Expenditure for 2016/17	Operational Budget (Opex)	Actual Operating Expenditure for 2016/17
	R'000	R'000	R'000	R'000
Essential Services	48 002	47 111	384 796	316 605
Governance	1 888	1 416	110 072	94 908
Communal Services	15 969	14 915	114 832	105 039
Socio-Economic Support Services	359	359	7 933	7 404
Total	66 217	63 800	617 632	523 956

3.1.7 Strategic Performance (Top Layer SDBIP) for 2017/18

Strategic performance of the municipality is measured in terms of the municipality's performance on its key performance indicators (KPI) set in the Top Layer SDBIP. For the 2017/18 year, 38 of the 42 KPI's measured were achieved.

The table below gives an indication of performance on strategic KPI's over the past four years:



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

1.1) Sustainable provision and maintenance of basic infrastructure

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18
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Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18	
TecDir1	% Expenditure on Maintenance Budget by Technical Directorate	Percentage of budget spent.	All	98% /99%	99%	99.8%	
TecDir3	% Expenditure on Capital Budget by Technical Directorate	Percentage of budget spent.	All	95%/98%	96%	98.2%	
TecWat21	Percentage compliance with drinking water quality standards.	Percentage compliance.	All	97%/100%	98%	100%	
FinInc17	Number of outstanding valid applications for water services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	0%	
FinInc18	Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	0%	
FinInc19	Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0.05%	<1%	0%	
FinInc20	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	<1%/0%	<1%	0%	
TecWat20	Decrease unaccounted water losses.	Percentage water losses.	All	20%/19%	18%	17.9%	
TecEI37	Decrease unaccounted electricity losses.	Percentage electricity losses.	All	9%/10%	10%	9.9%	
<p>Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 28/02/2018.</p> <p>Motivation: Current NERSA benchmark is 10%. This consists mainly of Power Transfer losses (I²R) which is normal in electrical any network and cannot be 'avoided'. Witzenberg's inefficient network of over 120km is also an extenuating factor.</p>							
TecRo7	Kilometres of roads upgraded & rehabilitated	Kilometres of roads	All	2/10.7	3	4,4	

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

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18	
TecDir2	Number of subsidised serviced sites developed.	Number of serviced plots.	All	No Target	100	101	
<p>Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 28/02/2018.</p> <p>Motivation: The target relates to the construction of serviced sites at the Vredebes subsidised housing development (Project 3199.03). Project approval from the Department of Human Settlements was only received in February 2018 with resolution nr 18/03. The project of 635 will now be implemented over two financial years.</p>							
TecWat22	Provide basic services - number of informal areas with sufficient communal water services points (taps).	Number of informal areas.	All	3/3	3	3	
<p>Note: The indicator measures the availability of water within 200m in the three informal areas located in Nduli, Tulbagh & Wolseley. A land invasion took place at Pine Valley, Wolseley where 228 illegal informal structures were erected and occupied. The construction of serviced sites in the area were planned for over the long term as all planning and funding for the next 3 years is focused on the Vredebes development at Ceres. These 228 structures were therefor not included in the result above.</p>							
TecSan13	Provide basic services - number of informal areas with sufficient	Number of informal areas.	All	3/3	3	3	

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Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18
	communal sanitation services points (toilets).					
<p>Note: The indicator measures the availability of toilets within 200m in the three informal areas located in Nduli, Tulbagh & Wolseley . A land invasion took place at Pine Valley, Wolseley where 228 illegal informal structures were erected and occupied. The construction of serviced sites in the area were planned for over the long term as all planning and funding for the next 3 years is focused on the Vredebes development at Ceres. These 228 structures were therefore not included in the result above.</p>						
TecRef31	Improve basic services - number of informal settlements receiving a door-to-door refuse collection and area-cleaning service.	Number of informal areas.	All	3/3	3	3
TecEI36	Number of subsidised electricity connections installed.	Number of connections.	All	200/94	200	189
<p>Reason for under-performance:</p> <p>Houses were illegally occupied before electricity connections could be installed and it was decided not to continue with electrical connections before the legal approved beneficiaries did not move into the houses.</p>						
<p>Corrective measures:</p> <p>Legal action has been introduced to remove the illegal occupiers from the houses. Outcome of the court action was still awaited at year end.</p>						
<p>Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 28/02/2018.</p> <p>Motivation: The original target included the electrification of houses in the Bella Vista and Vredebes housing projects. The Vredebes project has not been approved yet and therefore the target is decreased to only include the outstanding electrical connections for the Bella Vista project.</p>						

2.1) Support Institutional transformation and development

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18
CorpHR13	Percentage budget spent on implementation of Workplace Skills Plan.	Percentage of budget spent.	All	95%/98%	96%	98.8%
CorpHR12	Percentage of people from employment equity target groups employed in the three highest levels of management in	Nr of reports	All	75%/75%	4	4
<p>Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 28/02/2018.</p> <p>Motivation: The indicator is included in the SDBIP as a national indicator. Determining of performance on the indicator & measuring of a result has been impractical and not "SMART". The main reason being that the municipality cannot plan on a target as resignations cannot be controlled by the municipality. Measurement is there for revised to the quarterly reporting on the implementation of the municipality's equity policy.</p>						

2.2) Ensure financial viability

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18
FinFAdm10	Financial viability expressed as Debt-Coverage ratio	Ratio	All	16/39.7	90	90.2
<p>Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 28/02/2018.</p> <p>Motivation: This indicator measures debt coverage as (total operating revenue – operating grants received) / debt service payments due within the year. It therefore measures the municipality's ability to cover its debt service payments from operating revenue (excluding grants) a number of times. Due to the redemption of a number of loans over the past year, this number of times can be increased from 30 to 90 times.</p>						
FinFAdm9	Financial viability expressed as Cost-Coverage ratio	Ratio	All	1.6/2.4	2.8	2.97
FinFAdm11	Financial viability expressed outstanding service debtors	Ratio	All	44%/54%	44%	49.1%

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Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18
Reason for under-performance: The majority of outstanding debt is in respect of prescribed debt and debt of indigent households.						
Corrective measures: Council has established a Task team to investigate a strategy to address outstanding debt as well as to consider the writing off of prescribed debt and debt of indigents.						
FinDir3	Opinion of the Auditor-General on annual financial statements of the previous year.	Opinion of AG - unqualified	All	1/1	1	1
FinInc15	Increased revenue collection	Percentage revenue collected.	All	95%/95%	95%	94.2%
Reason for under-performance: The drought has negatively affected employment opportunities resulting that households could not afford to pay their municipal accounts.						
Corrective measures: Council established a task team to investigate measures to improve debt collection as well as the installation of water management devices.						
MM1	Percentage of budget spent on overall maintenance.	Percentage of budget spent.	All	98%/99%	99%	99.7%
MM2	Percentage spent of overall capital budget.	Percentage of budget spent.	All	95%/97%	96%	96.4%

2.3) To maintain and strengthen relations with international- and inter-governmental partners as well as the local community through the creation of participative structures.

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18
MMIDP9	Number of IDP community meetings held.	Number of meetings held.	All	14/14	14	14
Note: Although the 1 st Bella Vista meeting was advertised to be held on the 30 th of October 2017, the meeting was cancelled, as it was combined with the Ceres meeting held on the 24 th of October 2017. Members of the Bella Vista community marched to Ceres and demanded to attend the Ceres meeting. It was decided that it would be unnecessary to have another meeting in Bella Vista.						
ComSoc49	Number of meetings with inter-governmental partners.	Number of meetings held.	All	12/12	12	13

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

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18
ComAm34	Customer satisfaction survey (Score 1-5) - community facilities.	Survey to be undertaken.	All	2.5/2.2	1	1
Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 28/02/2018. Motivation: The indicator's scope include survey's to be done in all towns on the public's perception on various communal facilities ranging from access to libraries & town halls to maintenance of sports fields. It is the experience that the result is not "SMART" and impractical to influence change immediately. Some communities might have a very negative image of the municipality although all facilities are available while for other the facilities are not such a priority. The continuation of the survey are however necessary & especially the thorough analysis of results to influence the IDP & budgetary processes. Scoring is therefore replaced as a target with the implementation of 1 survey annually.						
ComDir1	% Expenditure on Maintenance Budget by Community Directorate	Percentage of budget spent.	All	98%/99%	99%	99.7%
ComDir2	% Expenditure on Capital Budget by Community Directorate	Percentage of budget spent.	All	95%/96%	96%	97.1%

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4.1) Support the poor and vulnerable through programmes and policy

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18
ComSoc41	Number of account holders subsidised through the municipality's indigent Policy	Number of account holders.	All	2 750/2 521	3000	2373
<p>Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 28/02/2018.</p> <p>Motivation: The current drought experienced has had a noticeable impact on the local economy & job creation as the majority of poor families relies mainly on the primary & secondary agricultural economies for income. Forecasts have indicated that the situation will increase with more pressure on municipal debt collection and can an accrument of indigent's number be expected.</p>						
ComLed8	The number of jobs created through municipality's local economic development initiatives including capital projects.	Number of jobs created.	All	390/398	390	403
ComSoc 42-48	Number of social development programmes implemented	Number of programmes.	All	20/22	20	36
ComHS14	Number of housing opportunities provided per year.	Number of top structures.	All	200/200	107	107
<p>Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 28/02/2018.</p> <p>Motivation: The original target included the outstanding top structures for Bella Vista & the new Vredebes project. The Vredebes housing project has not been approved yet by the Department of Human Settlements & the target are there for decreased to include only the completion of the Bella Vista project.</p>						
ComHS15	Number of Rental Stock transferred	Number of properties transferred.	All	60/65	60	39
<p>Reason for under-performance:</p> <p>Several transfers could not be finalised due to the following reasons: original beneficiaries could not be located, death of original beneficiaries, household differences on who should be the legally title holder and delays in transfers from the Deeds Office.</p> <p>Corrective measures:</p> <p>Several of the reasons as mentioned are difficult to address as they relates to a lack of interest from certain beneficiaries. The municipality will however increase awareness to ensure co-operation from the relevant parties.</p>						

4.2) Create an enabling environment to attract investment and support to the local economy.

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18
MMPop21	Revisit Municipal Land Audit and draw up an implementation plan. Phase implementation from 14/15 onwards.	Phased implementation	All	1/1	Phase 4 Implement	Phase 4 Implement
ComLed4	Compile & Implementation of LED Strategy	Phased implementation/ strategy	All	1/1	Review of plan	Review of plan
<p>Note: LED Strategy is in process of review and has been work shopped with stakeholders.</p>						

3.1.8 5 Year corporate scorecard: Development and service delivery priorities

The main development and service delivery priorities for 2017/18 forms part of the Municipality's 5 Year Corporate Scorecard and are indicated in the table below:

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Municipal KPA	Pre-determined objectives	Ref	Key Performance Indicator	Baseline 2016/17	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021/22	Target 2022/23
Essential Services	Sustainable provision & maintenance of basic infrastructure	TecDir1	% Expenditure on Maintenance Budget by Technical Directorate	99%	99%	99%	99%	99%	99%
		TecDir3	% Expenditure on Capital Budget by Technical Directorate	98%	96%	96%	96%	97%	97%
		TecWat 21	Percentage compliance with drinking water quality standards.	100%	98%	98%	98%	98%	98%
		FinInc17	Number of outstanding valid applications for water services expressed as a % of total number of billings for the service.	0%	<1%	<1%	<1%	<1%	<1%
		FinInc18	Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service.	0%	<1%	<1%	<1%	<1%	<1%
		FinInc19	Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service.	0,05%	<1%	<1%	<1%	<1%	<1%
		FinInc20	Number of outstanding valid applications for refuse collection services expressed as a % of total number of billings for the service.	0%	<1%	<1%	<1%	<1%	<1%
		TecWat 20	Decrease unaccounted water losses.	19%	18%	18%	18%	16%	16%
		TecEl37	Decrease unaccounted electricity losses.	10%	10%	10%	10%	10%	10%
		TecRo7	Kilometres of roads upgraded & rehabilitated	10	3	3	3	4	4
	Provide for the needs of informal settlements through improved services	TecDir2	Number of subsidised serviced sites developed.	No target	400	0	100	0	200

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Municipal KPA	Pre-determined objectives	Ref	Key Performance Indicator	Baseline 2016/17	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021/22	Target 2022/23
		TecWat 22	Provide basic services - number of informal areas with sufficient communal water services points (taps).	3	3	3	3	2	2
		TecSan 13	Provide basic services - number of informal areas with sufficient communal sanitation services points (toilets).	3	3	3	3	2	2
		TecRef3 1	Improve basic services - number of informal settlements receiving a door-to-door refuse collection and area-cleaning service.	3	3	3	3	2	2
		TecEl36	Number of subsidised electricity connections installed.	94	100	100	100	100	100
Governance	Support Institutional Transformation & Development	CorpHR 13	Percentage budget spent on implementation of Workplace Skills Plan.	98%	96%	96%	96%	96%	96%
		CorpHR 12	Percentage of people from employment equity target groups employed in the three highest levels of management in	75%	4 reports	4 reports	4 reports	4 reports	4 reports
	Ensure financial viability.	FinFAd m10	Financial viability expressed as Debt-Coverage ratio	39.7	90	90	90	90	90
		FinFAd m9	Financial viability expressed as Cost-Coverage ratio	2.4	2.8	2.8	2.8	2.8	2.8
		FinFAd m11	Financial viability expressed outstanding service debtors	54%	44%	42%	42%	42%	40%
		FinDir3	Opinion of the Auditor-General on annual financial statements of the previous year.	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
		FinIn15	Increased revenue collection	95%	96%	96%	96%	97%	97%

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Municipal KPA	Pre-determined objectives	Ref	Key Performance Indicator	Baseline 2016/17	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021/22	Target 2022/23
		MM1	Percentage of budget spent on maintenance.	99%	99%	99%	99%	99%	99%
		MM2	Percentage spent of capital budget.	97%	96%	96%	96%	97%	97%
	To maintain and strengthen relations with intergovernmental & inter-governmental partners as well as the local community through the creation of participative structures.	MMIDP 9	Number of IDP community meetings held.	14	14	14	14	14	14
		ComSoc 49	Number of meetings with inter-governmental partners.	12	12	12	12	12	12
Communal Services	Provide & maintain facilities that make citizens feel at home.	ComAm 34	Customer satisfaction survey (Score 1-5) - community facilities.	2.2	1 report	1 report	1 report	1 report	1 report
		ComDir 1	% Expenditure on Maintenance Budget by Community Directorate	99%	98%	99%	99%	99%	99%
		ComDir 2	% Expenditure on Capital Budget by Community Directorate	96%	96%	96%	96%	97%	97%
Socio-Economic Support Services	Support the poor & vulnerable through programmes & policy	ComSoc 41	Number of account holders subsidised through the municipality's indigent Policy	2 521	2 750	2 700	2 700	2 500	2 500
		ComLed 8	The number of jobs created through municipality's local economic development initiatives including capital projects.	398	390	400	400	400	420
		ComSoc 42-48	Number of social development programmes implemented	22	20	20	20	20	20
		ComHS 14	Number of housing opportunities provided per year.	200	100	100	100	100	100
		ComHS 15	Number of Rental Stock transferred	65	50	60	60	70	70
	Create an enabling environment to attract investment & support local economy.	MMPro p21	Revisit Municipal Land Audit and draw up an implementation plan. Phase implementation from 14/15 onwards.	1	4 reports	4 reports	4 reports	4 reports	4 reports

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Municipal KPA	Pre-determined objectives	Ref	Key Performance Indicator	Baseline 2016/17	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021/22	Target 2022/23
		ComLed 4	Compile & Implement of LED Strategy	1	4 reports	4 reports	4 reports	4 reports	4 reports

3.1.9 Overview of performance per ward

Ward 1 & 12: N'Duli

Capital Projects				
No.	Project Name and detail	Start Date	End Date	Total Value R
1	New N'Duli reservoir	Nov 2016	March 2018	R 13m
<i>The above analysis include only the largest capital project of the ward</i>				

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal households	1 119	1 123	1 711	1 116	
Informal households	564	564		564	
Total Households*	1 683	1 687	1 711	1 680	
Houses completed in year					0
Shortfall in Housing units					1 662
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>					

Top Four Service Delivery Priorities for Ward	
Priority Name and Detail	Progress During 2017/18
Sewer network	Periodic maintenance
Street/flood lights and electrical failure due to illegal connections	Illegal connections remain high priority to be addressed
Ablution facilities for informal areas	Periodic maintenance
Housing need	635 Serviced sites in process of development in Vredebes

Ward 3 & 5: Ceres

Capital Projects				
No.	Project Name and detail	Start Date	End Date	Total Value R
1	Traffic Test Centre	Nov 2017	March 2018	R 2,2m

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Capital Projects				
No.	Project Name and detail	Start Date	End Date	Total Value R
2	Bulk sanitation for Vredebes	June 2017	May 2018	R 9,3m
3	Vredebes Access Collector Ph1	March 2017	Dec 2017	R 5,7m
4	Upgrade Die Eiland swimming pool	March 2017	Sept 2017	R 0,6m
5	Vredebes Phase F1 Internal Services	March 2018	Dec 2018	R 33m
<i>The above analysis include only the largest capital project of the ward</i>				

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal households	2 435	2 268	3 015	2 276	
Informal households					
Total Households*	2 435	2 268	3 015	2 276	
Houses completed in year					
Shortfall in Housing units (include Ceres & Bella Vista)					2 212
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>					
Top Four Service Delivery Priorities for Ward					
No.	Priority Name and Detail	Progress During 2017/18			
1	Playgrounds	Borehole for park irrigation			
2	Closing off of Bassonsloot	Completed			
3	Rotational skip removal	New Waste Management Policy			
4	Housing need	635 Serviced sites being developed at Vredebes			

Ward 4 & 6: Bella Vista

Capital Projects				
No.	Project Name and detail	Start Date	End Date	Total Value R
1	Bella Vista bulk water supply	Aug 2017	May 2018	R 6m
<i>The above analysis include only the largest capital project of the ward</i>				

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal households	2 558	2 571	2 554	2 517	
Informal households					
Total Households*	2 558	2 571	2 554	2 517	
Houses completed in year					107
Shortfall in Housing units (included under Ceres)					

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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>					

Top Four Service Delivery Priorities for Ward		
No.	Priority Name and Detail	Progress During 2017/18
1	Business hub/mini CBD for Bella Vista	Discussions with Rural Development for funding
2	Clamp down on illegal dumping of refuse.	New Waste Management Policy
3	Off-ramp lanes at Bella Vista entrances	Traffic study underway.
4	Housing need	Development at Vredebes

Ward 4 & 10: Prince Alfred's Hamlet

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal households	1 224	1 201	Eskom	1 201	
Informal households					
Total Households*	1 224	1 201	Eskom	1 201	
Houses completed in year					
Shortfall in Housing units					1 479
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>					

Top Four Service Delivery Priorities for Ward		
No.	Priority Name and Detail	Progress During 2017/18
1	Not all dwellings connected to main sewer line	Rest of Kliprug to be connected in 18/19, investigation for rest.
2	Effective placement of skips	New Waste Management Policy
3	Better controlled refuse removal in Phases areas	New Waste Management Policy
4	Housing need	Development at Vredebes

Ward 9: Op-Die-Berg

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal households	542	530	Eskom	577	
Informal households					
Total Households*	542	530	Eskom	577	
Houses completed in year					
Shortfall in Housing units					891
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>					

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Top Four Service Delivery Priorities for Ward		
No.	Priority Name and Detail	Progress During 2017/18
1	The location public ablutions facilities in the CBD area	Budgeted for in 2018/19
2	Illegal house shops, need to be regulated	Continued law enforcement & inspections
3	Illegal shebeens need to be closed	Continued law enforcement & inspections
4	Speed calming still a problem	Increased law enforcement

Ward 7 & 11: Tulbagh

Capital Projects				
No.	Project Name and detail	Start Date	End Date	Total Value R
1	Roads rehabilitation – Piet Retiefstr	March 2018	May 2019	R 13,7m
<i>The above analysis include only the largest capital projects of the ward</i>				

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal households	1 822	1 915	2 221	2 145	
Informal households	812	812		812	
Total Households*	2 634	0 727	2 221	2 957	
Houses completed in year					
Shortfall in Housing units					1 508
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>					
Top Four Service Delivery Priorities for Ward					
No.	Priority Name and Detail	Progress During 2017/18			
1	Illegal house shops, need to be regulated	Continued law enforcement & inspections			
2	Illegal shebeens need to be closed	Continued law enforcement & inspections			
3	Informal households utilising storm water as a means to dump their grey water & waste water, which contaminates river. Storm water network in Tulbagh needs to be maintained regularly	Formal housing to be included in housing pipeline to alleviate problem.			
4	Sewerage network in Chris Hani area needs to be maintained regularly	Periodic maintenance			

Ward 2 & 7: Wolseley

Capital Projects				
No.	Project Name and detail	Start Date	End Date	Total Value R

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Capital Projects				
No.	Project Name and detail	Start Date	End Date	Total Value R
1	Upgrading of Montana Hall	October 2017	May 2018	250 000
<i>The above analysis include only the largest capital projects of the ward</i>				

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal households	2 546	2 653	2 749	2 435	
Informal households	338	338		338	
Total Households*	2 884	2 991	2 749	2 773	
Houses completed in year					
Shortfall in Housing units					1 816
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>					

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During 2017/18
1	Replacement and maintenance of roads	Periodic maintenance
2	Small-scale farmers need land for their animals	Rural Development and Department of Agriculture in process to investigate suitable land availability.
3	Secure fencing at the graveyard	Budgeted for in 2018/19
4	Illegal shebeens need to be closed	Continued law enforcement and inspections

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 thus, this report contains no information in this regard. 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:

- 🍎 Each project manager shall monitor the supplier's compliance and performance to the set of specifications.
- 🍎 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.

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The above information will be kept and made available for future evaluation purposes, contract negotiations and regular feedback to vendors.

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
Building regulations	Yes
Child care facilities	No (support)
Electricity and gas reticulation	Yes
Fire fighting 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 wastewater 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

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

COMPONENT A: BASIC SERVICES

3.2 WATER SERVICES

3.2.1 Introduction

All the towns in the Witzenberg municipal area are equipped with independent water services with their own resources, distribution systems and treatment works.

Ceres

The main water source for Ceres is the Koekedouw Dam. Six boreholes serve as a backup source of supply. Water quality from the Koekedouw is good and it is only chlorinated before distribution. Two reservoirs (3 and 5 Ml) serve as storage reservoirs to the 114km distribution network, with 4 supply zones (Bella Vista, N'Duli, Ceres main supply zone and Ceres central PRV zone). The network includes a 2 Ml service reservoir, a booster pump station to the pressure tower at Bella Vista, as well as a 750 kl service reservoir, 4Ml reservoir and booster pump station at N'Duli. Three additional boreholes were drilled in Ceres and the Koekedouw borehole equipped.

Tulbagh

Currently, Klein Berg, Moordenaarskloof and Tierkloof serve as the main sources of water supply to Tulbagh. Construction of the Kleinberg pipeline has been completed to provide an additional supply of $1.2 \times 10^6 \text{ m}^3/\text{annum}$ from the Klein Berg River. The project will also include a storage dam with a capacity of approximately 1 200 000 m³. Funding applications has been approved by the Department of Water and Sanitation (DWS) for the construction of the dam. One borehole at Kruysvallei serves as a back-up emergency supply to Tulbagh. Moordenaarskloof is commonly used with two other users (SAPCO &

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Kruysvallei). During 2006 two additional sources, the Schalkenbosch tributaries and Skilpadrug, were also identified as possible future sources of supply. Infrastructure to partially link Schalkenbosch with the water supply network, was implemented in 2007 after an agreement was reached with the owner concerning the management of this source. Funding applications have been submitted to the DWS to complete these projects, but the agreement remains a major challenge. All the water is stored in a 570 MI 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 MI) serve as a clear water storage reservoir to the 29km distribution network, with 2 pressure zones. The network includes a booster pump station to the pressure tower (500 kl). A new reservoir for extra storage capacity is planned for construction at a later stage. An additional borehole was drilled in Nuwekloof pass, but due to the low yield of the borehole it was not equipped. Talks are on-going with DOPW to equip an existing borehole at Obiqua prison.

Wolseley

Wolseley receives its water supply from the Tierhokkloof weir. No storage facility exists and the dependency on the Tierhokkloof River as a sustainable supply without storage has been identified as a critical risk in water provision for growth in Wolseley. Purification consists of pressure filters and chlorination. The Ceres Road Reservoir (680 kl) and the newly constructed 6 MI Wolseley Reservoir serves as a storage reservoir to the 44km distribution network, with two pressure zones. The network includes a 4.5 MI services reservoir (Stamper Street Reservoir), which has been resealed to prevent losses, and a booster pump station. An additional pump station with a 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 allows 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, 1 borehole and a supply line from the Koekedouw Dam. Due to the quality of the raw water, only chlorination is required. Four 500 kl reservoirs serve as storage reservoirs to the 32km distribution network, 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. A 50kl, 60kl and 500kl reservoir serve as storage reservoirs to the 6km distribution network, 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 drinking water systems located in the towns within Witzenberg have attained Blue Drop status and have also scored nationally in the top ten rankings.

3.2.2 Highlights

Highlights	Description
Upgrading & replacement of infrastructure	Upgrading of bulk supply pipelines. Replacement of various pipe networks, and valves. Meter replacement program.

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Highlights	Description
	New reservoirs at Bella Vista & Nduli.

3.2.3 Challenges

Challenges	Description
Personnel shortage	Number of vacant positions
Budget	Limited budget for infrastructure refurbishment, upgrade and replacement of vehicles and out-dated equipment.

3.2.4 Water service delivery levels

Total use of water by sector (cubic meters)

Year	All	Unaccountable water losses	Percentage losses
	Cubic meters		
2014/15	7 079 144	1 463 304	20.7%
2015/16	6 088 276	962 345	16%
2016/17	6 508 218	1 259 772	19.36%
2017/18	5 835 602	1 090 102	17.9%

Water losses decreased from 19.36% in the 2016/17 to 18% in the 2017/18 financial year and this volume remains within the target set for the financial year. Management processes are, however, on-going to reduce the rate of water losses even further.

The table below specifies the different water service delivery levels per household for the financial years 2015/16, 2016/17 and 2017/18: Note that the “piped water inside dwelling” figure constitutes the number of accounts and is not a true reflection of the number of households. Other figures represent households. These figures exclude rural areas.

Description	2015/16	2016/17	2017/18
	Actual	Actual	Actual
Household			
<u>Water:</u> (above minimum level)			
Piped water inside dwelling (accounts)	11 988	12 016	12 246
Piped water inside yard (but not in dwelling) (accounts)	400		
Using public tap (within 200m from dwelling) (households)	1 941	2 226	1 714
Other water supply (within 200m)	0	0	0
Minimum Service Level and Above Sub-total	14 329	14 242	13 960
Minimum Service Level and Above Percentage	100%	100%	98.4%
<u>Water:</u> (below minimum level)			
Using public tap (more than 200m from dwelling)	0	0	228
Other water supply (more than 200m from dwelling)	0	0	0

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Description	2015/16	2016/17	2017/18
	Actual	Actual	Actual
Household			
No water supply	0	0	0
Below Minimum Service Level Sub-total	0	0	228
Below Minimum Service Level Percentage	0%	0%	1.6%
Total number of households (formal and informal)	14 301	14 329	14 188
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>			

3.2.5 Service delivery indicators: Water services

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2016/17	Overall Performance 2017/18		
					Target	Actual	R
TecWat21	Sustainable provision & maintenance of basic infrastructure	Percentage compliance with drinking water quality standards	Percentage compliance	97%/100%	98%	100%	
FinInc17		Number of outstanding valid applications for water services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	<1%/0%	<1%	0%	
TecWat20		Decrease unaccounted water losses	Percentage water losses	20%/19%	18%	17.9%	
TecWat22	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	3/3	3	3	

Note: The indicator measures the availability of water within 200m in the three informal areas located in Nduli, Tulbagh & Wolseley. A land invasion took place at Pine Valley, Wolseley where 228 illegal informal structures were erected and occupied. The construction of serviced sites in the area were planned for over the long term as all planning and funding for the next 3 years is focused on the Vredebes development at Ceres. These 228 structures were therefor not included in the result above.

3.2.6 Employees: Water & Sanitation services

Employees: Water & Sanitation Services			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
0 - 3	23	32	3
4 - 6	7	1	0
7 - 9	10	17	3

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Employees: Water & Sanitation Services			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
10 - 12	2	1	0
13 - 15	1	2	0
Total	43	59	6
<i>Employees and Posts numbers are as at 30 June.</i>			

3.2.7 Capital expenditure: Water services

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Vredebes Housing Internal	6 000 000	1 788 868	1 788 868	0	8 300 000
Vredebes Bulk Water Supply	9 101 872	13 192 645	12 849 648	(2,6%)	13 288 150
Drought Relief Tulbagh Boreholes		462 350	462 350	0	462 350
Infrastructure Management System	250 000	278 531	278 531	0	278 531
Bella Vista Bulk Water	5 041 042	5 932 888	5 932 888	0	7 586 000
Network water pipes & valves	1 000 000	359 707	359 707	0	258 779
Boreholes – Morrisdale Park		310 000	310 000	0	310 000
Total all	21 392 914	22 324 989	21 981 992	(1,5%)	30 483 810
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). Only major projects included above.</i>					

3.3 WASTE WATER (SANITATION) SERVICES

3.3.1 Introduction

Ceres

Sewerage and industrial effluent is collected from consumers via a sewerage system which is treated at the Ceres Wastewater Treatment Plant. The Plant services the areas of Ceres, N'Duli, Bella Vista and

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Prince Alfred's Hamlet. The sewerage system includes 9 booster pump stations. A portion of the treated effluent is used for irrigation on communal land, sport fields and the golf course.

Tulbagh

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

Wolseley

Sewerage is collected from consumers via a sewerage system and treated at the Wolseley Waste Water Treatment Plant. The sewerage system includes 6 booster pump stations. Upgrades to the plant has been completed to ensure adequate capacity as well as efficient and effective treatment of the waste water. The Pittebos PS which was vandalised, is also fully re-constructed and is currently operational.

PA Hamlet

A significant volume of sewerage generated at Prince Alfred's Hamlet is pumped for treatment to the Waste Water Treatment Works (WWTW) in Ceres. Three pump stations are used for this purpose. A number of erven still use private septic tank systems to deal with the sewerage. These septic tanks are emptied by the municipality on request.

Op-die-Berg

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

All the towns within Witzenberg have attained Green Drop status and have also scored nationally within in the top ten rankings.

3.3.2 Highlights

Highlights	Description
New Infrastructure & upgrades	Successful completion of various infrastructure projects including services for Bella Vista and Vredebes housing projects Refurbishment of Pittebos PS. Replacement of various sewer networks within Witzenberg. Phase 2 of Vredebes sewer Upgrading of Pumpstation 4, Ceres Bulk sewer line from Pumpstation 4 to Ceres WWTW

3.3.3 Challenges

Challenges	Description
Personnel shortage	Number of vacant positions

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Challenges	Description
Budget	Limited budget for infrastructure refurbishment, upgrade and replacement of vehicles and out-dated equipment.

3.3.4 Waste Water (Sanitation) service delivery levels

The table below specifies the different sanitation service delivery levels per households for the financial years 2015/16, 2016/17 and 2017/18.

Note that the “flushed toilet” figure constitutes the number of accounts and is not a true reflection of the number of households. Other figures represent households. These figures exclude rural areas.

Description	2015/16	2016/17	2017/18
	Actual	Actual	Actual
Household			
<u>Sanitation: (above minimum level)</u>			
Flush toilet (connected to sewerage) (accounts)	11 530	11 537	11 544
Flush toilet (with septic tank) (nr. of erven)	717	717	717
Chemical toilet (only indicate nr of toilets, not included in calculation)	54	71	58
Pit toilet (ventilated)	0	0	0
Other toilet provisions (above minimum service level) (households – informal areas)	2 257	2 226	1 714
Minimum Service Level and Above Sub-total	14 380	14 558	13 975
Minimum Service Level and Above Percentage	100%	100%	98.4%%
<u>Sanitation: (below minimum level)</u>			
Bucket toilet	0	0	0
Other toilet provisions (below minimum service level)	0	0	0
No toilet provisions	0	0	228
Below Minimum Service Level Sub-total	0	0	0
Below Minimum Service Level Percentage	0%	0%	1.6%%
Total number of households (formal and informal)	14 380	14 558	14 203
<i>*Formal households calculated based on accounts issued (including serviced sites but excluding informal households which is actual households)</i>			

3.3.5 Service delivery indicators: Waste Water (Sanitation) services

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2016/17	Overall Performance 2017/18		
					Target	Actual	R
FinInc18	Sustainable provision & maintenance of basic infrastructure	Number of outstanding valid applications for sewerage services expressed as a % of total number of	Percentage of outstanding applications.	<1%/0%	<1%	0%	

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Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2016/17	Overall Performance 2017/18		
					Target	Actual	R
		billings for the service.					
TecSan13	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	3/3	3	3	
Note: The indicator measures the availability of toilets within 200m in the three informal areas located in Nduli, Tulbagh & Wolseley . A land invasion took place at Pine Valley, Wolseley where 228 illegal informal structures were erected and occupied. The construction of serviced sites in the area were planned for over the long term as all planning and funding for the next 3 years is focused on the Vredebes development at Ceres. These 228 structures were therefor not included in the result above.							

3.3.6 Capital expenditure: Waste Water (Sanitation) services

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Vredebes Bulk Sewer	6 372 734	9 386 148	9 382 753	(0.03%)	12 500 000
Security Upgrades	550 000	940 000	940 000	0	940 000
Sewer pumps replacement	200 000	200 000	200 000	0	200 000
Aerator replacement programme	850 000	850 000	850 000	0	850 000
Network: Sewer pipe & Valve Replacement	1 000 000	1 920 637	1 748 508	(9%)	1 648 060
Vredebes Housing Internal	6 000 000	1 788 868	1 788 868	0	8 300 000
Total all	14 972 734	15 085 653	14 910 129	(1.2%)	24 438 060
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). Only major projects included above.					

3.4 ELECTRICITY

3.4.1 Introduction

The National Energy Regulator (NERSA) was established to be the custodian and enforcer of the National Electricity Regulatory Framework. NERSA provides the framework for licenses, power 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.

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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 adjacent low cost housing. The municipality has a license to reticulate electricity to all other developed areas. NERSA has however recently embarked on an AoS (Area of Supply) GIS confirmation meeting, the guidelines of which were never discussed with Municipalities. Because Witzenberg is of the opinion that the proposed NERSA process is potentially detrimental to the Municipality, Council has decided to not support the process.

All qualifying and identified indigent households receive free basic water and electricity as per national government policy. However, servicing informal settlements with electricity is a continuous struggle.

The Electricity Master Plan for Ceres, Wolseley and Tulbagh has just been completed and is thus up-to-date. It also included a condition assessment of the major network components, information that will be considered critical when determining future budget requirements.

Local government plays an integral 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 with the upgrading of Panorama Sub switchgear and the establishment of the new Vredebes substation.
Electrical network – Bella Vista	Completion of 300 connections to the RDP housing project
Power Factor Correction	The PFC equipment was re-commissioned in the Bon Chretien substation. PFC equipment has the effect of decreasing Maximum Demand and therefore substantial financial savings.
Increase of NMD (Notified Maximum Demand)	Eskom increased our NMD at Ceres with 1,7Mva, which helps at the short term to supply in the high demand for electricity.

3.4.3 Challenges

Challenges	Description
Eskom unable to increase Notified Maximum Demand	Regular interactions with Eskom to speed up their bulk upgrades. Renewable energy policy approved by Council to assist with the demand shortage. Eskom commenced with their EIA process for the bulk upgrades to take place.
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
Aging Electrical Network	Much of the existing electrical network exceeds its useful life and is even considered hazardous to operate in some instances. The new Master plan will assist in identifying the hazardous equipment.
Recapitalization of the Electrical Network	Available funding to replace aging equipment is always a challenge within the Municipal environment, but with heightened awareness, this will be addressed

Major Towns	Notified Maximum Demand (NMD)	Maximum Demand Growth (NMD)	Maximum Demand Peak (NMD)
Ceres	36,5MVA (Increased by 1,7MVA)	-3,5MVA (Due to PFC)	33,4 MVA (Due to PFC)
Wolseley	4.5	4.5	4,5
Tulbagh	3.5	3.5	3,5

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The energy losses for the 2016/17 financial year were 10%. The losses decreased to 9.85% in 2017/18, and are still managed within the national benchmark of 10%. Management processes are, however, ongoing to reduce the rate of losses even further.

3.4.4 Electricity service delivery levels

Description	2015/16	2016/17	2017/18
	Actual	Actual	Actual
Household			
<u>Energy: (above minimum level)</u>			
Electricity (at least minimum service level - accounts)	2 987	2 366	1 831
Electricity - prepaid (minimum service level)	9 906	10 177	10 419
Minimum Service Level and Above Sub-total	12 893	12 543	12 250
Minimum Service Level and Above Percentage	99.9%	100%	
<u>Energy: (below minimum level)</u>			
Electricity (< minimum service level)	0	0	0
Electricity - prepaid (< min. service level)	0	0	0
Other energy sources	8	0	0
Below Minimum Service Level Sub-total	8	0	0
Below Minimum Service Level Percentage	0.1%	0%	0%
Total number of households (formal and informal)	12 901	12 543	12 250
<i>*The below minimum service level cannot be determined as the number of pre-paid meters installed in informal areas is unknown. Therefore it cannot 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>			

3.4.5 Service delivery indicators: Electricity services

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2016/17	Overall Performance 2017/18		
					Target	Actual	R
FinInc19	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.	<1%/0.05%	<1%	0%	
TecEl37		Decrease unaccounted electricity losses	Percentage electricity losses	9%/10%	10%	9.9%	
Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 28/02/2018.							
Motivation: Current NERSA benchmark is 10%. This consists mainly of Power Transfer losses (I²R) which is normal in electrical any network and cannot be ‘avoided’. Witzenberg’s inefficient network of over 120km is also an extenuating factor.							
TecEl36	Provide for the needs of informal settlements through improved services	Number of subsidised electricity connections installed	Number of connections	200/94	200	189	

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Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2016/17	Overall Performance 2017/18		
					Target	Actual	R
Reason for under-performance:							
Houses were illegally occupied before electricity connections could be installed and it was decided not to continue with electrical connections before the legal approved beneficiaries did not move into the houses.							
Corrective measures:							
Legal action has been introduced to remove the illegal occupiers from the houses. Outcome of the court action was still awaited at year end.							
Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 28/02/2018.							
Motivation: The original target included the electrification of houses in the Bella Vista and Vredebes housing projects. The Vredebes project has not been approved yet and therefor the target is decreased to only include the outstanding electrical connections for the Bella Vista project.							

3.4.6 Employees: Electricity

Employees: Electricity Services			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
0 - 3	11	17	3
4 - 6	4	2	1
7 - 9	4	2	1
10 - 12	7	9	0
13 - 15	0	0	0
16 - 18	1	2	0
Total	27	32	5
<i>Employees and Posts numbers are as at 30 June.</i>			

3.4.7 Capital expenditure: Electricity services





Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Streetlights	1 227 193	934 000	934 394	0	934 394
11KV ring supply	500 000	470 000	469 924	0	469 924
Replace out-dated switchgear	1 000 000	2 427 941	2 427 742	0	2 427 742
Total all	2 727 193	3 826 941	3 832 060	0	3 832 060
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). Only major projects included above.</i>					

3.5 WASTE MANAGEMENT (COLLECTION, DISPOSAL & CLEANING)

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. This Act aims to transform 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 optimize waste management, in order to maximise efficiency and to minimise the associated environmental impact, financial cost and to improve the quality of life of all residents within Witzenberg Municipality. Witzenberg conducts refuse removal through curbside collection on a weekly basis to address 100% of the domestic waste generated. A standard collection plan was implemented where collection in each town takes place on separate days.






We also employed temporary employees from local communities to perform cleaning services in the streets, open spaces and around waste removal skips. A service is rendered to formal and informal settlements that include:

-  A black bag and green bag system
-  Public awareness and education
-  Waste disposal (landfill sites)
-  Cleansing of streets and public toilets in Central Business Districts 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, limited 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, to reduce the relatively small amounts of waste generated by the population. 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.

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 is disposed at the municipality's engineered and licensed waste disposal sites near Tulbagh and Prince Alfred Hamlet for building and green waste.
-  no significant waste recovery is performed, except for private enterprises and recycling bins in Tulbagh, Wolseley and Ceres.
-  no significant waste avoidance is conducted
-  a Solid Waste Management Master Plan has been completed.

Witzenberg Municipality currently operates two landfills. The Tulbagh landfill site is licensed as a GSB- site and receives waste from all towns in Witzenberg. The Prince Alfred Hamlet site is licensed as a GCB- operated by a private contractor appointed by the municipality for building and garden refuse.

3.5.2 Highlights

Highlights	Description
New Sweeper truck procured	Service all areas with sweeping of streets and clean up campaigns
Report to IPWIS system	All waste types reported to the Department of Environmental Affairs and Development Planning monthly
New by-law	Draft for vetting at provincial level
Wheelie bin system implemented at all businesses in	2 type of bins at businesses with 240 l and 770l.

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Highlights	Description
Witzenberg	

3.5.3 Challenges

Challenges	Description
Waste recovery facilities (drop-offs or transfer station)	Separation of waste for recycling & composting
Regional Landfill Site in Worcester (Waste licence issued)	Investigation into the costs for required infrastructure and tipping fee at gate.
Non-compliance of landfill sites	Rehabilitation of landfill sites –budget of R68m

3.5.4 Waste management service delivery levels

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

Description	2015/16	2016/17	2017/18
	Actual	Actual	Actual
Household			
<u>Refuse removal:</u> (above minimum level)			
Removed at least once a week (accounts and informal households)	14 057	14 292	13 981
Minimum Service Level and Above Sub-total	14 057	14 292	13 981
Minimum Service Level and Above Percentage	100%	100%	100%
<u>Refuse removal:</u> (below minimum level)			
Removed less frequently than once a week	0	0	0
Using communal refuse dump	0	0	0
Using own refuse dump	0	0	0
Other rubbish disposal	0	0	0
No rubbish disposal	0	0	0
Below Minimum Service Level Sub-total	0	0	0
Below Minimum Service Level Percentage	0%	0%	0%
Total number of households (formal and informal)	14 057	14 292	13 981

3.5.5 Service delivery indicators: Waste management

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2016/17	Overall Performance 2017/18		
					Target	Actual	R
FinInc20	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.	<1%/0%	<1%	0%	

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Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2016/17	Overall Performance 2017/18		
					Target	Actual	R
TecRef31	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	3/3	3	3	

3.5.6 Employees: Waste management

Employees: Waste Management Services			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual		6	0
0 - 3	70	59	4
4 - 6	7	2	0
7 - 9	5	12	1
10 - 12	1	1	0
13 - 15	0	0	0
Total	83	80	5
<i>Employees and Posts numbers are as at 30 June.</i>			

3.5.7 Capital expenditure: Waste management

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Vehicle Replacement	2 600 000	2 626 408	2 626 406	0	2 626 406
Transfer stations	704 816	678 408	629 360	(7%)	45 000 000
Total all	3 304 816	3 304 816	3 255 766	(1.5%)	47 626 406
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). Only major projects included above.</i>					

3.6 HOUSING

3.6.1 Introduction

The installation of services in Phase 2 which include 635 serviced plots was started in the Vredebes subsidised housing project. The construction of 307 houses in Bella Vista was completed. The construction of 200 houses in Vredebes Phase is planned for the 2018/19 financial year.

3.6.2 Highlights

Highlights	Description
Bella Vista Housing Project	In terms of National Housing Policy, the most needy beneficiaries were approved and allocated houses namely the elderly. Military Veterans and disable will also be accommodated in this project
GAP Housing Project consisting out of 49 units started in Tulbagh	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. Currently 5 houses has been completed and owners have moved in.
Application for additional funds for purchasing of land in Tulbagh of completion of outstanding project was done	Due to illegal occupants invaded the land available solutions must be found to address the outstanding houses to be built as part of an outstanding project
Approval of the UISP Project for 188 sites in N'duli	Planning money made available to the amount of R500 000 by DoHS. Layout for the project has been completed

3.6.3 Challenges

Challenges	Description
Selling and renting of RDP houses	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
Transfer of rental stock	Outstanding debts of tenants to get rates clearance. Unforeseen 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 \pm 3 years to be completed depending on additional fund allocations
Immigration control in informal settlements. Increased illegal invasion of land in Wolseley and unfortunately we have no control because these structures are erected overnight and eviction through the court process costly and lengthy.	A response team need to be budgeted for and advertised via the tender process. Existing Community Committees needs to be co-operative. A "breakdown & monitoring team" consisting out of 9 temporary workers has been appointed to assistance the housing officials and law enforcement with controlling illegalities in the informal settlements in December 2017. A budget for the new financial year has been approved (2018/19) to an amount of R1 million for the services of a response team.
GAP housing opportunities need to be are increased because of household incomes rising on a yearly basis	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

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Challenges	Description
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. Policy however changed in 2016 and aged limit were lowered to 35 years the challenge stays the same because of the limited opportunities.

3.6.4 Housing service delivery levels

Financial Year	*Nr of households in formal dwellings	*% of households in formal dwellings	Households in informal settlements	Nr of people on housing waiting list	% Housing waiting list increase (decrease)
2014/15		86.7%	2 077	9 065	(3.75)%
2015/16			1 945	10 421	14.96%
2016/17	29 969	83.3%	2 200	10 736	3%
2017/18	27 295	86.8%	1 942	9 568	(10%)

* Witzenberg Socio-Economic Profile (Western Cape Government)

A summary of houses built and sites serviced under the subsidisation programme, includes:

Financial year	Allocation (Budget)	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2014/15 (Capital)	34 885	34 885	100	0	470
2014/15 (Operational)	15 017	15 017	100	42	0
2015/16 (Capital)	28 930	27 449	94	0	763
2015/16 (Operational)	0	0	0	0	0
2016/17 (Capital)	7 711	7 522	98%		0
2016/17 (Operational)	24 963	24 264	97%	200	
2017/18 (Capital)	7 155 472	7 155 472	100%		In process
2017/18 (Operational)	15 573 699	12 643 351	81%	107	

3.6.5 Service delivery indicators: Housing

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2016/17	Overall Performance 2017/18		
					Target	Actual	R
TecDir2	Provide for the needs of informal settlements through improved services	Number of subsidised serviced sites developed	Number of serviced plots	No Target	100	101	
ComHS 14	Support the poor & vulnerable through programmes & policy	Number of housing opportunities provided per year	Number of top structures	200/200	107	107	

Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 28/02/2018.
 Motivation: The original target included the outstanding top structures for Bella Vista & the new Vredebes project. The Vredebes housing project has not been approved yet by the Department of Human Settlements & the target are there for decreased to include only the completion of the Bella Vista project.

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Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2016/17	Overall Performance 2017/18		
					Target	Actual	R
ComHS 15	Support the poor & vulnerable through programmes & policy	Number of Rental Stock transferred	Number of properties transferred	60/65	60	39	
Reason for under-performance: Several transfers could not be finalised due to the following reasons: original beneficiaries could not be located, death of original beneficiaries, household differences on who should be the legally title holder and delays in transfers from the Deeds Office.							
Corrective measures: Several of the reasons as mentioned are difficult to address as they relates to a lack of interest from certain beneficiaries. The municipality will however increase awareness to ensure co-operation from the relevant parties.							

3.6.6 Employees: Housing

Employees: Housing Management Services			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
0 - 3	1	3	3
4 - 6	4	5	0
7 - 9	5	2	1
10 - 12	0	0	0
13 - 15	1	1	0
Total	11	11	4
<i>Employees and Posts numbers are as at 30 June.</i>			

3.7 FREE BASIC SERVICES AND INDIGENT SUPPORT

Witzenberg acknowledges that priority must be given to the basic needs of the community and that the social and economic development of the community is supported 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 a combined monthly income of less than R3 000. A household may apply with 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 lapsed, they need to complete the application process again.

The aim of the Indigent Policy is to ensure a sound and sustainable manner in which to provide affordable basic services to the poor through financial assistance within the legal framework of the powers and functions of the municipality. This is done in an effort to improve the standard of living and creating a prosperous municipality that is free from the scourge of poverty.

THE OBJECT OF THIS POLICY IS TO:

- Ensure a transparent, accountable and sustainable manner to assist the poor with access to basic services as defined in the policy;

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- 🍎 Ensure a sustainable manner to assist the poor with the burial 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 spent as a contribution towards poverty alleviation.

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

- 🍎 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 Witzenberg Municipality;
- 🍎 An application on the prescribed form must be duly completed and submitted, with the required information and signature;
- 🍎 No member of the household may own a fixed property, other than 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 FOLLOWS:

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

BENEFITS:

- 🍎 **Property rates**
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 a property. As an additional subsidy, the municipality will increase this level subsidized to R120 000 in the form of a credit on the municipal account. This subsidy will thus, equate to a R120 000 of the total market value or the total valuation of the 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.
- 🍎 **Burial costs**
A subsidy equal to 100% of the amount charged for burial cost. The subsidy can be provided in terms of every deceased member of the household.
- 🍎 **Transfer costs**

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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 subsidy is provided as a result of death of the head of the household, whilst approved as an indigent household and the current registration is not in registered at the Deed's Office in the name of both parties. The appointment of the attorney is entirely the prerogative of the municipality.

3.7.1 Access to free basic services

Free Basic Services To Low Income Households									
Year	Number of households								
	Total no. of HH	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	%
2015/16	14 085	4 614	33	4 614	33	4 614	33	4 614	33
2016/17	14 085	4 510	32	4 510	32	4 510	32	4 510	32
2017/18	14 391	4 591	32	4 591	32	4 591	32	4 591	32

Rates						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Exempt Valuation	Value	No of HH	Exempt Valuation	Value
			R'000			R'000
2015/16	4 614	100 000	2 272	11 385	100 000	9 677
2016/17	4 510	100 000	2 573	11 304	100 000	9 677
2017/18	4 591	100 000	2 277	11 914	100 000	11 806

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
2015/16	2 673	50	1 518	10 228	0	0	1 618	50	919
2016/17	2 565	50	1 526	10 493	0	0	1 458	50	828
2017/18	2 345	50	1 547	9 905	0	0	1 766	50	1 165

Water		
Financial year	Indigent Households	Non-indigent households

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	No of HH	Unit per HH (kl)	Value	No of HH	Unit per HH (kl)	Value
			R'000			R'000
2015/16	4 614	6	5 510	9 444	0	0
2016/17	4 510	6	5 386	9 575	0	0
2017/18	4 591	6	8 263	9 901	0	0

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
2015/16	4 614	179.38	9 932	9 444	0	0
2016/17	4 510	190.14	10 290	9 575	0	0
2017/18	4 591	176.8	9 740	9 901	0	0

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
2015/16	4 614	1	10 936	9 444	0	0
2016/17	4 510	1	8 021	9 575	0	0
2017/18	4 591	1	7 591	9 901	0	0

COMPONENT B: ROAD TRANSPORT

This component includes roads and storm water management.

3.8 ROAD SERVICES

3.8.1 Introduction

The Witzenberg Local Integrated Transport Plan (LITP) was prepared as part of the review of the Cape Winelands District Integrated Transport Plan (DITP) 2016- 2021.

As per Section 36 of the National Land Transport Act (Act 5 of 2009) all planning authorities must prepare an Integrated Transport Plan for their area for a five year period. These ITPs need to be overhauled every five years and updated annually. The Integrated Transport Plans for the Cape Winelands District have been prepared to meet the minimum requirements for preparing an Integrated Transport Plan as published by the Department of Transport. Witzenberg Municipality has been classified as a level 3 planning authority and is therefore required in terms of the National Land Transport Act to prepare a LITP.

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Transport Status Quo

Witzenberg Municipality has a total population of approximately 115 000 persons with an economic growth rate of 2.64%. The primary economic activities which take place in the agricultural sector and are subject to seasonal changes. Witzenberg Municipality has a number of public transport services operating within municipal area. The most used mode of transportation is the minibus taxi. Other modes used in Witzenberg are rail, non-motorised transport and private vehicles. Witzenberg Municipality also experiences high volumes of freight transport travelling through the municipality. At present, the municipality has both formal and informal public transport facilities of which some formal facilities are currently not utilised by public transport operators. Witzenberg Municipality has three minibus taxi associations operating within the area; the Ceres Taxi Association, the Nduli Taxi Association and the Tulbagh Taxi Association.

The transport needs of Witzenberg are similar to those of its neighbouring municipalities. The primary issue in Witzenberg are that there is a limited public transport service during off peak periods, forcing people to wait for long periods of time before being able to travel. The safety of passengers and pedestrians as well as the affordability of taxi services are also issues impeding transportation. The municipal transport budget for Witzenberg indicates that there is approximately R8 million allocated toward transport related improvements. The budget mainly focuses on roads improvements in residential areas within the municipality.

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. 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, the road structure will be 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 performed according to a schedule and data is recorded and prioritised for implementation. Limited and funding backlogs are the greatest challenge faced in maintaining the road network.

3.8.2 Highlights

Highlights	Description
Vredebes, Ceres: New Access Collector, Storm water & Sidewalks Ph1	Class 3 road from intersection with TR22/2 up the access to Phase 1 of the Vredebes development; Sidewalks on both sides of the road; Associated storm water along the proposed road; 235 meters.
Traffic calming measures	Constructed 30 speed-humps in Witzenberg

3.8.3 Challenges

Challenges	Description
------------	-------------

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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	4.35km Deteriorated roads needs to be upgraded
Roads master plan	No roads master plans makes proper development planning difficult, also evaluation of new town planning applications
Upgrading needs on provincial roads, TR22/2 as a result of new developments	No funding or assistance from Department of Transport and Public Works
Upgrading needs for public transport infrastructure	No funding for proposals from Transport Assessment Plans

3.8.4 Service delivery levels: New roads and maintenance of existing roads

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

Tarred/paved roads:

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
2016/17	222.43	0	1.58	2.63	222.43
2017/18	222.66	0.235	1.00	0	222.26

Gravelled 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
2016/17	10.50	0	0	10.50
2017/18	10.50	0	0	10.50

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

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Financial year	New & Replacements	Resealed	Maintained
	R'000	R'000	R'000
2015/16	6 121	5 753	5 780
2016/17	16 806	7 698	7 804
2017/18	8 8102	3 109	8 007

3.8.5 Service delivery indicators: Road Services

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2016/17	Overall Performance 2017/18		
					Target	Actual	R
TecRo7	Sustainable provision & maintenance of basic infrastructure	Kilometres of roads upgraded & rehabilitated	Kilometres of roads	2/10.7	3	4,4	

3.8.6 Employees: Roads & Storm water

Employees: Roads & Storm water Services			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	0	4	0
0 - 3	16	17	3
4 - 6	8	8	6
7 - 9	1	4	1
10 - 12	2	3	0
13 - 15	0	0	0
16 - 18	1	1	0
Total	28	38	10
<i>Employees and Posts numbers are as at 30 June.</i>			

3.5.7 Capital expenditure: Roads and Storm water

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Vredebes Housing Internal	13 000 000	3 577 736	3 577 736	0	16 600 000
Rehabilitation Streets - Tulbagh	4 200 000	4 155 820	4 050 953	(2.5%)	13 700 000
Vredebes Access Collector Phase 1	2 210 229	2 825 367	2 824 983	0	6 500 000

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Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Vehicle replacement	400 000	400 000	396 486	(1%)	400 000
Total all	19 810 229	10 958 923	10 850 158	(1%)	37 200 000
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). Only major projects included above.</i>					





3.9 WASTE WATER (STORM WATER DRAINAGE)

3.9.1 Introduction

Currently the municipality does not have a Storm Water Master Plan for Ceres, Wolseley, Op die Berg and N'Duli. A plan for Tulbagh and Prince Alfred Hamlet was completed recently. This document has been compiled based on the approach and work plan listed below in chronological order:

(i) Data collation including field visit to verify existing storm water drainage system and flow regime.

(ii) Storm water Master Planning

-  Catchment delineation and determination of hydrological and hydraulic parameters
-  Compilation of catchment hydrological and hydraulic models
-  Flood line determination
-  Capital upgrade cost estimate

The municipality also have maintenance plans for these areas through scheduled inspections and prioritisation for implementation. Cleaning of infrastructure is done in accordance with a scheduled programme.

3.9.2 Highlights

Highlights	Description
Storm water master plan for Prince Alfred Hamlet	New storm water master plan to manage storm water infrastructure

3.9.3 Challenges

Challenges	Description
Storm water Master Plan	No storm water master plans, except for Tulbagh and Prince Alfred Hamlet
Wolseley Montana Channel upgrade	No funding for portal culverts that has an enormous financial implication
Vandalism storm water drainage	Covers being stolen and sold at scrap metal yards.
Trees damage storm water pipes/sidewalks and roads	Trees with aggressive root systems

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Challenges	Description
Storm water blockages	Manholes/catch pits being used as dirt dumping places

3.9.4 Service delivery levels: Infrastructure and cost of construction/maintenance

Storm water infrastructure

The table below shows the total kilometres of storm water maintained and upgraded as well as the kilometres of new storm water pipes installed:

Financial year	Total km storm water measures	Km new storm water measures	Km storm water measures upgraded	Km storm water measures maintained
2014/15	139.00	0.97	0	138.03
2015/16	139.83	0.83	0	139.00
2016/17	139.83	0	0	139.83
2017/18	139.83	0	0	139.83

Cost of construction maintenance:

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

Financial year	Storm water measures	
	Capital	Maintained
	R'000	R'000
2014/15	3 626	1 227
2015/16	9 662	952
2016/17	0	1 359
2017/18	2 008	1 834

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, Internal Audit and Organisational Performance sections report to the Municipal Manager. Tourism and marketing are situated in the directorate for 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.

3.10 PLANNING

3.10.1 Introduction

In June 2017, 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 5 year plan will enable Witzenberg to manage new growth and change in its area, to ensure sustainability and equitability. The objectives of the WSDF are to:

-  Give spatial effect to the provisions of the Witzenberg IDP and guide implementation of its anchor projects.
-  Provide guidance to public and private infrastructure investment in the municipality, taking cognisance of the growth and development potential of the various settlements in the municipality.
-  Spatially co-ordinate and direct the activities and resources of the municipality.
-  Describing the existing and desired future spatial patterns that provide for integrated, efficient and sustainable settlements in the municipality.
-  Guiding the investment of public resources (capital) through the following:
-  Providing a credible context for public investments
-  Promoting equitable development of areas that have lagged behind.
-  Providing certainty to all stakeholders regarding spatial and socio-economic implications of future development in the municipality.
-  Providing a basis for coordinated decision-making and policy-formulation regarding future land-use.

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

3.10.2 Highlights

Highlights	Description
Adoption of the SDF as	In terms of the Systems Act SDF is a core component of the IDP and adheres to the

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Highlights	Description
core component of the IDP	<p>same planning cycle as the IDP.</p> <p>Municipality adopted its '4th generation' IDP's that will span the 5 year period beginning on 1 July 2017 and ending on 30 June 2022.</p> <p>SDF adopted as part of the IDP drafting, adoption and amendment process.</p> <p>SDF submitted as part of the IDP to the Department of Local Government.</p>

3.10.3 Challenges

Challenges	Description
Spatial Shortcomings	<ul style="list-style-type: none"> Slow pace of development especially related to provision of serviced erven to the open market. The municipality is largely dependent on private sector initiative for the provision of serviced erven. Many areas especially Ceres has virtually no more open market erven left. There is also an acute shortage of industrial sites especially for smaller agri-support businesses. No monitoring or 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. For example speciality fields i.e. biodiversity. Development is done on ad hoc-basis and there's no coordination i.t.o roads and services SDF, in general, not used by other functional departments within the municipality. Not user friendly.
Land Use Control	<ul style="list-style-type: none"> 74 (58%) of House Shops in Witzenberg operate without approval Overriding reason is the shop owner is not property owner (immigrants) Serving of notices are not properly done (law enforcement). Slow speed of the process. Council does not have a demolition team, equipment & suitable vehicles especially to remove structures/containers.

3.10.4 Service delivery statistics

Type of service	2015/16	2016/17	2017/18
Town Planning and Building Control			
Building plan applications processed	282	574	279
Total surface (m ²)	55 624m ²	74 386m ²	42 818m ²
Approximate value	R193 590 378	R 188 058 508	R 182 232 666
New residential dwellings	21	318 (Due to subsidized housing project)	50
Residential extensions	94	96	77
New Business buildings	3	2	3
Business extensions	6	9	10
Rural applications	47	56	45
Land use applications processed	27	33	34

3.10.5 Employees: Town planning and building control

Employees: Town Planning & Building Control		
Job Level	2016/17	2017/18

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	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	3	3	2
13 - 15	1	1	0
16 - 18	1	1	0
Total	6	6	2
<i>Employees and Posts numbers are as at 30 June.</i>			

3.11 LOCAL ECONOMIC DEVELOPMENT

The table below gives a brief description of all the achievements within Local Economic Development (LED) during the 2017/18 financial year:

Achievement/Highlight	Description
Six local smme`s were approved for seed fund	Seedfund is funded by Cape Winelands District Municipality and include Mentorship programme
SARS workshop took place on 6 July 2017 and eighteen people attended the workshop.	The following aspects were discussed: Different business registrations, Employees tax incentives, Small Business Corporation Incentive and Tax Clearance.
Linked 10 SMME`s with SEDA	Facilitated meetings with SMME`s in Witzenberg for business consultations
Support to 6 smme`s to register on municipal supplier database	Enable smme`s to participate in municipal procurement processes
Linked SMME`s with new procurement opportunities within Municipality, as well as other Government Departments	Included new procurement opportunities at events, workshops and for day-to-day operations
Six smme`s were linked with the Exchange Mentorship program that took place from 9-13 October 2017.	The Exchange programme is a non- profit organisation where business experts voluntary use their skills to stimulate and support entrepreneurs in developing economies. Individual sessions were held with all the participants to determine their operation method, achievements, milestones and gaps. Two workshops were done that focused on the business model and business plan.
A successful SMME Indaba were held in partnership with PA Hamlet Arts& Culture Festival on 20-21 October 2017. Twenty three smme`s participated in the SMME Indaba.	More than five hundred people visited the Indaba. The Indaba created an opportunity for smme`s to benefit from the procurement process of the local municipality, as well as to showcase their products and services to the public.
Assisted SMME`s in applying online for	Arranged with local E-centre for SMME`s to apply for funding via

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Achievement/Highlight	Description
funding applications	electronic platform. Included assistance given with the online application.
Successful application of Witzenberg Honey bee co-operative initiative	Assisted Honey Bee farmers group to apply for lease agreement for extraction facility in Op die Berg. Entailed submission of reports and support for application process.
Linked 21 construction contractors to ASLA for contracting opportunities	Linked 21 construction contractors to ASLA to apply for sub-contracting opportunities at Vredebes Housing Development
Facilitated registration of 5 smme`s on the Central Supplier Database	An information session were held and the smme`s were linked with the e-centre to assist them with the registration
The Witzenberg Kersmark took place on 8-9 December 2017 and seventy stalls were booked.	The kersmark is an initiative of the local municipality and creates a platform for local entrepreneurs to generate an income.
Facilitated registration of 5 co-operatives.	The purpose of the co-op registration is to enable the co-ops to apply for for funding from various government departments (included women & agricultural workshops)
Conducted an informal settlement Tourism survey	Survey covered 7 informal areas in Witzenberg in order to obtain information on entrepreneurs that can benefit from tourism route
Linked an SMME successfully with SAB funding.	The business was the only one that has been approved for funding in the Western Cape. The business will be assisted financially and receive mentorship support for two years.
Successful completion of Trioplus 12 month learnership and fourteen smme`s completed.	The businesses received accredited training and was well capacitated on different components and aspects regarding business management. Aftercare support
Trained 5 EPWP workers in Labour Intensive Asphalt	Trained workers in mixing and applying labour intensive asphalt in road maintenance project
Finalisation of Socio-Economic Development Strategy	CWDM funded strategy that focused on LED, Social Development & Tourism
Development of Building plans for first Witzenberg SMME Hub in Prince Alfred's Hamlet	Entail development of 7 rental light industry business units
Establishment of a Monitoring& Evaluation SMME database	Database of SMME's detailing progress, needs, training and status

The table below gives a brief description of all the challenges within LED during the 2017/18 financial year:

Description	Actions to address
Insufficient office resources and unstable office location	Provision of a stable office environment and sufficient resources
Lack of sufficient funding for led projects	To make provision for sufficient funding to ensure sustainability of projects
Internal departments working in silos	Address the issue of effective communication

The LED Strategy along with the LED process plan is in the process of being implemented. Witzenberg Municipality has an established LED Forum comprising of a diverse membership from various sectors of society. The LED Strategy is built upon commitment to develop a climate in which economic development and economic growth can prosper. The LED Strategy for the next financial year (2018/19) has been reviewed and is ready to be implemented.

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

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

3.11.1 Economic activity

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





Sector	2015/16	2016/17	2017/18
Agric, forestry and fishing	20.05%	20.3%	17.3%
Mining and quarrying	0.02%	0.02%	0%
Manufacturing	16.13%	16.01%	14.2%
Wholesale and retail trade	22.13%	22.04%	16.9%%
Finance, property, etc.	18.19%	18.32%	15.4%%
Community and social services	16.93%	16.67%	6.9%%
Construction	6.55%	6.64%	8.5%

(Municipal Economic Review and Outlook 2017, www.municipalbarometer.co.za)





3.11.2 LED Initiatives

During 2017/18, 500 work opportunities were created via the Community Works Programme (CWP).





There are 4 different sectors that comprise the CWP projects in Witzenberg:

-  social
-  education
-  local government
-  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)

The CWP provide beneficiaries with nutrition and facilitate the training and the experience necessary for market entry, which includes:

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

3.11.3 LED Statistics

Additional statistics on Local Economic Development:

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Type of service	2015/16	2016/17	2017/18
Small businesses assisted	110	150	210
SMME's trained	150	170	175
Community members trained for tourism	0	39	18
Local artisans and crafters assisted	1	3	1

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
2016/17	32	398
2017/18	37	403

3.11.4 Service Delivery Indicators: LED

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2016/17	Overall Performance 2017/18		
					Target	Actual	R
Com Led4	Create an enabling environment to attract investment & support local economy	Compile & Implementation of LED Strategy	Phased implementation/strategy	1/1	Review of plan	Review of plan	

3.12 TOURISM

3.12.1 Aim and function of the tourism sector

Witzenberg Municipality has a service level agreement with one local tourism entity operating in all five towns, which 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, road-shows, 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 and development

Tourism runs educational packages with schools, front of house staff and local stores to promote clientele service. Tourism also sources training courses in areas such as first aid, communication, administration and hospitality to help local businesses improve output and skill levels. Tourism will also provide support with route development so that areas of alternative and lifestyle tourism can be expanded, to include rural, agricultural and township locations.

3.12.3 Destination marketing

Tourism has produced tear off maps which are distributed to points of sale with high traffic thoroughfare, providing location and contact details of local tourist attractions. They have also produced a joint brochure called the Witzenberg Meander, covering activities across the municipality. Tourism bureaus for Wolseley, Ceres and Tulbagh have also created their own brochures with niche marketing of their towns 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 taking place in the Witzenberg municipal region:

Annual Event	Date
Wolseley MTB Challenge	12 August 2017
Tulbagh Spring Arts Festival	8-10 September 2017
Michell's Pass Half Marathon	21 September 2017
Tulbagh Show	27-30 September 2017
Hamlet Arts & Culture Festival	20-21 October 2017
Eselfontein Outdoor Festival	13-15 October 2017
Gydo Christmas Light Festival	24-25 November 2017
Witzenville Faire Tulbagh	1 December 2017
Witzenberg Christmas Market	8-10 December 2017
Tulbagh Vintage & Vine Faire	26 May 2018
Christmas in Winter	22-24 June 2018

3.12.5 Challenges to tourism

Witzenberg Municipality and Tourism does not have the autonomy, budget or infrastructure to roll-out Wi-Fi across the entire municipal area. Whilst some visitors seek out areas of limited coverage, most visitors have the expectation that Wi-Fi 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, cell phone 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. The financial support provided to Tourism contributes largely to the salaries of staffing and is thus is not fully focused on the areas of tourism development, promotion and destination marketing.

3.12.6 Opportunities for tourism

A key action towards tourism growth and integration will be route development; aimed at job creation, social inclusion and strategic partnerships with tourism industry partners. This will formalize tourism corridors for travellers to experience a holistic tour of the region, ensuring a balance of revenue spend, exposure to rural and urban settings, demographic engagement and diversification of tourism involvement. This will further aid the municipality in realizing its aims towards social cohesion and

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poverty eradication. The themes projected for these routes will be heritage/culture/nature and agriculture/fruit/nature.

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.13 LIBRARIES AND COMMUNITY FACILITIES

Libraries and community facilities are managed by the section, Facilities and Environment, located in the directorate of 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	2015/16	2016/17	2017/18
Libraries			
Number of Libraries	9 and 2 mini libraries	9 and 2 mini libraries	9 and 2 mini libraries
Library members	23 282	25 440	26 764
Books circulated	230 825	208 476	213 167
Exhibitions held	249	231	252
Internet access points	34	34	34
New library service points or Wheelie Wagons	0	0	1
Children programmes	105	110	120
Visits by school groups	779	768	870
Community Facilities			
Number of Community Facilities – Community- and Town Halls	12	12	12

3.13.2 Employees: Libraries and community facilities

Employees: Libraries and Community facilities			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	0	1	0
0 – 3	5	6	2
4 – 6	0	0	0
7 – 9	12	11	0
10 – 12	10	12	0
13 – 15	1	0	0
Total	28	30	2
<i>Employees and Posts numbers are as at 30 June.</i>			

3.14 CEMETERIES

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

3.14.1 Service statistics – Cemeteries







Type of service	2015/16	2016/17	2017/18
Number of Cemeteries	4 open 2 closed	4 open 2 closed	4 open 2 closed
Number of private burials			520
Number of poor burials	37	48	27
Number of indigent burials	55	74	41
#Stats are for all towns			

3.14.2 Employees: Cemeteries

Employees: Cemeteries			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	0	0	0
0 - 3	14	14	0
4 - 6	3	3	0
7 - 9	0	0	0
10 - 12	0	0	0
13 - 15	0	0	0
Total	17	17	0
Employees and Posts numbers are as at 30 June.			

3.15 CHILD CARE, AGED CARE AND SOCIAL PROGRAMMES

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.

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3.15.1 Service statistics: Child care, aged care and social programmes

Type of service	2016/17	2017/18
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 awareness on child abuse	<ul style="list-style-type: none"> 22 June 2017- Child Protection programme at Wouter Kabouter Crèche- Poppekas about road safety 22 June 2017-Child Protection Program at Vrolike Vinkies Crèche- Aim was to create awareness regarding road safety. 28 June 2017-Child Protection Program with primary School Children. Group discussions and participation was encouraged during these sessions. 23 June 2017-Tulbagh Awareness Program- Different types of Violence against women and children 26 June 2017- Wolseley Awareness Program – creating awareness regarding the different types of violence against women and children 24 April 2017- Child safety program: Human trafficking/ child abduction and drug abuse (more than 50 children attended this session 13 February 2017-Activity with children: Wolseley Play Park: Ball Games and Talk about the Rights and responsibilities of Children 30 January 2017- Activity with children: Face painting and talk about basic hygiene at Aviat Crèche 	<ul style="list-style-type: none"> 5 x Awareness and Prevention Programmes focusing on Child abuse; Child neglect and Child abduction. 3 x Holiday Programmes with activities and information about life skills relevant to these target group 2x skills programmes with children 2 x Holiday Programmes with children 4x Puppet theatres and face-painting activities with relevant life -skills presented at crèches in the area
Youngsters educated and empowered	<ul style="list-style-type: none"> Leadership training x2 Holiday Program Life skills program (morals and values) Life skills program (communication) Leadership camp Entrepreneurship training x2 Life skills: Role of a father x2 Exit program x2 Life skills: Safety Life skills: Relationships x3 Life skills: Your identity x2 Life skills: Anger Management x4 Conflict management training Job preparation training x2 Substance Abuse Awareness x2 	<ul style="list-style-type: none"> Provided +-1044 youth with youth related opportunity information across Witzenberg via the Youth Focal Points +2389 youth was exposed to youth programmes across Witzenberg Municipal areas Train the Trainer Training, Entrepreneurship Training for youth x 3 Life skills Program: Sex Education x 6, domestic valance Substance abuse awareness x6 16 days of activism campaign World Aids Day x4 door-to-door programmes 5 Holiday Programmes

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	<ul style="list-style-type: none"> 🍎 Matriculant Top Achievers Event 🍎 Substance Abuse Program x9 🍎 Motivational Programmes x15 🍎 Awareness: HIV&AIDS x4 🍎 Charity Event (hand-out of old clothes) 🍎 Back to School Project 🍎 Career guidance (grade 10) 🍎 First Aid Training 🍎 Safety Programme 🍎 Distribution of job opportunities information at youth in neighbourhoods 🍎 Awareness: Healthy life style x5 🍎 Valentine's day youth event 🍎 Assisted with Indigent Campaigns 🍎 Life skills: Goals, self-esteem, anger management. 🍎 Awareness: Water Crisis x2 🍎 Arts and craft Programmes x11 🍎 HIV/Aids Awareness 🍎 After school Program: Life Skills 🍎 Life Skills: Self Development 🍎 Arts and Craft program 🍎 Talent Show auditions 🍎 Road Safety Awareness 🍎 Career Guidance Programme 🍎 Life Skills: Sport Skills development at schools 🍎 Conflict Management 🍎 Assisted with Green Fingers Program 🍎 Humans' Rights Program 🍎 After school Program 🍎 Awareness: Crime prevention x5 🍎 Support Group: Caretakers of people with Disabilities (with APD) 🍎 Afterschool Program x3 🍎 Drug Abuse awareness at neighbourhoods 🍎 Sport Program 🍎 Life skills programme: Starting your own garden 🍎 Life Skills programme: Peer Pressure, religion, chasing dreams, communicating skills, celebrating freedom day, my identity. 🍎 Nation Building Training for youth focal point programme 🍎 Soft skills: Giving back (Social responsibility) and values 🍎 Attitude Guidance (mobile Style) 🍎 Support Group: Emotional & physical activities with APD 🍎 After school program x2 🍎 Mobile style – Road Safety 🍎 Application Forms& Post Programme at - centre 🍎 Life skills: Peer pressure/ Bullying 🍎 Job preparation for Grade 12 learners
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		<ul style="list-style-type: none"> 🍎 Agriculture training x3 🍎 Soft skills: Mothersday program 🍎 Soft skills: Reading program 🍎 Soft skills: Sportsday program 🍎 Soft skills: Health and Wellness x15 🍎 Educational Fieldtrip 🍎 Youth Focal Point celebration event 🍎 Youth day programme (dance competition) 🍎 Anti-Crime (giving information to the community) 🍎 APD – Disabled Support Group 🍎 Informal Rugby session (Health and Fitness week)
Initiatives to increase awareness on disability	<ul style="list-style-type: none"> 🍎 4 x skills programmes with People with disabilities. The focus was be on hand skills; life skills and social skills. 🍎 Showcase of the finished products made by people with disabilities arts& craft group in N'Duli. 🍎 Awareness programme with parents and caregivers of children with disabilities(all wards) 🍎 SALGA/CWDM programme for people with disabilities in Paarl (Social Dialogue with sport activities for all people with disabilities from the local municipalities) 🍎 Prevention and awareness program in N'Duli- Women empowerment. 🍎 Protection of women and children Campaign- Prince Alfred Hamlet- Phase 4 en 5 🍎 3 December 2017- International Day for People with Disabilities/ 🍎 19 November 2017-Attending Down syndrome Yearly Programme for children and families with Down syndrome. 	<ul style="list-style-type: none"> 🍎 3 x skills programmes with People with disabilities. The focus was be on hand skills; life skills and social skills. 🍎 3x Programmes aimed at supporting parents who have children with disabilities 🍎 2x programme creating awareness regarding mental disabilities affecting the whole community
Initiatives to increase awareness on women	<ul style="list-style-type: none"> 🍎 1X awareness program on role of a mother and tools for healthy family life 🍎 26 June 2017-Wolseley Awareness Programme – creating awareness regarding the different types of violence against women and children. 🍎 23 June 2017-Tulbagh Awareness Programme- Different types of Violence against women and children 🍎 29 May 2017-Programme with the community of the Warm Bokkeveld (Matjiesfontein Farm and surrounding farms). The aim of the meeting is to enhance and promote efficient and effective service delivery 🍎 22 April 2017: Programme in N'Duli Sports field with stakeholders and youth creating awareness regarding sexual offences 🍎 2 x Programmes with women and children addressing Human Trafficking and Drug Abuse in our communities 🍎 6 February 2017- Breerivier session with 	<ul style="list-style-type: none"> 🍎 1x Woman's day programme for Women with Disabilities 🍎 7 x Awareness and Prevention Programmes – creating awareness regarding the different types of violence against women and children as well as Human Trafficking 🍎 Official Launch of the 16 days of Violence against women and children as well as programmes and door to door activities in the different towns 🍎 4 x Women's day Celebration Programmes supported and facilitated.

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	<p>women and men: Breerivier Clinic: Aim of the session- Creating awareness regarding the negative impact of violence against women on families.</p> <p>🍎 15 December 2017- Gender Programme with Community of Die Bossie, also known as Delniet Landgoed.</p> <p>🍎 28 September 2016- Women from Ceres Rooikamp area and N'Duli had leadership training</p> <p>🍎 11 August 2016- Women's Day Celebration with role-players – Tulbagh</p> <p>🍎 30 August 2016- Women in leadership training</p>	
Initiatives to increase awareness on HIV/AIDS	<p>🍎 7x Awareness and prevention program in Witzenberg (Tulbagh, Wolseley, Bo-Swaarmoed, Vredebes, Mendoza, Night shelter)</p>	<p>🍎 9 x HIV awareness programs in Witzenberg</p>
Initiatives to increase awareness on Early Childhood Development	<p>🍎 4 x Facilitating ECD Quarterly forum meetings</p> <p>🍎 1 x Workshop on ECD</p> <p>🍎 1 x Training for cooks of ECD centres in food preparation and hygiene</p> <p>🍎 1 x training for ECD practitioners in stimulation of babies and first 1000 days of a child</p> <p>🍎 1 x ECD regional meeting</p> <p>🍎 1 x ECD recognition ceremony for ECD practitioners in Witzenberg</p> <p>🍎 4 x ECD management meetings</p> <p>🍎 Site visits to ECD centres in municipal buildings</p>	<p>🍎 4 x Facilitating ECD quarterly forum meeting</p> <p>🍎 1 x Workshop on importance of reading</p> <p>🍎 1 x Training workshop for cooks of ECD centres in food preparation and hygiene</p> <p>🍎 Site visits to ECD centres in municipal building</p> <p>🍎 1 x Educational trip for ECD learners to Kleinplasie</p> <p>🍎 1 x Workshop for ECD managers on by-laws of CWDM</p> <p>🍎 1 x Acknowledgement ceremony for ECD practitioners</p>
Initiatives to increase awareness on substance abuse and high drug and alcohol related crimes	<p>🍎 4 Awareness programs on Fetal Alcohol syndrome</p> <p>🍎 1x workshop on substance abuse specifically on Fetal Alcohol Syndrome</p> <p>🍎 1 LDAC meeting</p> <p>🍎 2 Awareness programs on substance abuse</p>	<p>🍎 3 x Awareness programs on Fetal Alcohol syndrome</p> <p>🍎 9 x Awareness program on substance abuse</p> <p>🍎 1 x Workshop on establishing and functioning of drug support group</p>
Special events hosted	<p>🍎 4 & 5 March 2017- Witzenberg Municipality partake and support the CANSA RELAY FOR LIFE WITZENBERG initiative,</p> <p>🍎 7 November 2016: Stakeholder Programme with Dept. Home Affairs</p> <p>🍎 Youth event in Youth Month</p>	<p>🍎 Elderly lunch on 6 December</p>

3.15.2 Service Delivery Indicators: Child care, aged care and social programmes

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2016/17	Overall Performance 2017/18		
					Target	Actual	R
ComSoc41	Support the poor & vulnerable through programmes & policy	Number of account holders subsidised through the municipality's indigent Policy	Number of account holders	2750/2521	3000	2373	
ComLed8		The number of jobs	Number of jobs	390/398	390	403	

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Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2016/17	Overall Performance 2017/18		
					Target	Actual	R
		created through municipality's local economic development initiatives including capital projects	created				
ComSoc 42-48		Number of social development programmes implemented	Number of programmes	22/22	20	36	

3.15.3 Employees: Socio-Economic

Employees: Socio-Economic			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	1	0	0
0 – 3	0	0	0
4 – 6	5	5	0
7 – 9	1	1	0
10 – 12	4	4	0
13 – 15	0	0	1
Total	11	10	1
<i>Employees and Posts numbers are as at 30 June.</i>			

3.16 COMMUNITY SERVICES: OTHER

3.16.1 Capital expenditure – Community Services: Other

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Eiland Swimming pool upgrade	620 000	436 232	436 231	0	436 231
Upgrade Montana Hall, Wolseley	200 000	250 000	252 468	1%	252 468
Stage curtains, Bella Vista Hall	100 000	103 700	103 645	0	103 645
Upgrading of Community Hall Prince Alfred's Hamlet	80 000	72 226	72 225	0	72 225

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Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Equipment for halls	50 000	99 719	90 735	(9%)	90 735
Total all	1 050 000	961 877	955 304	(0.7%)	955 304
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). Only major projects included above.</i>					

COMPONENT E: ENVIRONMENTAL PROTECTION

The section Facilities and Environment manages environmental protection which 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 upon pollution, illegal dumping and the protection of fauna and flora. The municipality is part of the Regional Air Quality Forum and has an official appointed as an Air Quality Officer. The municipality places emphasis on education and training of the youth and school learners. The section strives to ensure environmental conservation as well as compliance to legislation.

3.17.1 Service Statistics – Pollution Control

Type of service	2015/16	2016/17	2017/18
Pollution Control			
Number of environmental education initiatives held	5	7	10
Number of baboon damage incidents	0	0	0

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 this section. The function also includes river maintenance and conservation of municipal nature areas. The municipality has more than 50 hectares of official parks and many more open spaces and areas that requires maintenance. Parks scheduled for cutting every 3 weeks. Rivers are maintained to prevent pollution and regular clearings of alien vegetation takes place.

3.18.1 Employees: Parks, Public open spaces and river management.

Employees: Parks, public open spaces & river management			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)

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	No.	No.	No.
Contractual	2	10	0
0 - 3	34	37	0
4 - 6	21	12	4
7 - 9	0	3	2
10 - 12	0	1	0
13 - 15	1	0	0
Total	58	64	6
<i>Employees and Posts numbers are as at 30 June.</i>			

3.18.2 Capital expenditure – Parks

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Resurfacing of netball courts	300 000	197 647	197 646	0	197 646
Floodlights at Pine Valley sports ground, Wolseley	130 000	184 201	184 200	0	184 200
Plant & equipment	50 000	114 656	107 782	(6%)	107 782
Total all	480 000	496 504	489 628	(1.4%)	489 628
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). Only major projects included above.</i>					

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 AND 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 is to improve service delivery at the Traffic Centre. This will be achieved through service excellence and through identification of shortcomings and addressing these through training initiatives.

3.19.1 Service Statistics – Traffic Services

Type of service	2015/16	2016/17	2017/18
Number of road traffic accidents during the year	875	807	618
Number of by-law infringements attended	96	311	293
Number of Traffic officers in the field on	8	9	6

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an average day			
Number of Traffic officers on duty on an average day	11	15	11
Animals impounded	0	0	0
Motor vehicle licenses processed	24 885	26 116	27 458
Learner driver licenses processed	2 794	2 449	2 445
Driver licenses processed	2 561	2 401	1 865
Driver licenses issued	906	684	686
Fines issued for traffic offenses	12 670	41 813	56 816
R-value of fines collected	2 365 320	3 268 504	4 634 211
Operational call-outs/Complaints	471	409	528
Roadblocks held	29	10	13
Special Functions – Escorts	36	72	78
Awareness initiatives on public safety	6	18	21

3.19.2 Employees – Traffic- and Law Enforcement Services

Employees: Traffic and Law Enforcement Services			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	2	5	0
0 – 3	0	0	0
4 – 6	6	8	4
7 – 9	28	32	5
10 – 12	2	4	0
13 – 15	1	1	0
Total	39	50	9
<i>Employees and Posts numbers are as at 30 June.</i>			

3.19.3 Capital expenditure – Traffic Services

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Firearms	150 000	100 000	83 745	(16%)	83 745
Traffic test centre		2 267 749	2 234 079	(1.5%)	2 500 000

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Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Total all	150 000	2 367 749	2 317 824	(2%)	2 583 745
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). Only major projects included above.</i>					

3.20 FIRE SERVICES

The Fire Services function is provided in conjunction with the Cape Winelands District Municipality. An agreement was reached where support from the District Municipality would be enlisted as and when required by Witzenberg Municipality. Witzenberg Municipality mainly attends to urban fires in built areas and the District Municipality attends 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 to address this issue.

3.20.1 Service Statistics – Fire Services

Type of service	2015/16	2016/17	2017/18
Total fires attended in the year	374	616	669
Average turnout time - urban areas	10 min	10min	10min
Average turnout time - rural areas	20 min	20min	20min
Fire fighters in post at year end	8	8	10
Total fire appliances at year end	3	5	7
Total Operational call-outs	456	536	681
Reservists and volunteers not trained	0	0	0
Awareness Initiatives on Fire Safety	90	100	98
Working of Fire	10	12	0

3.20.2 Employees – Fire and Disaster Services

Employees: Fire and Disaster Services			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	0	0	0
0 - 3	0	0	0
4 - 6	2	3	3
7 - 9	3	6	0

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Employees: Fire and Disaster Services			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
10 - 12	2	2	0
13 - 15	1	1	0
Total	8	12	3
<i>Employees and Posts numbers are as at 30 June.</i>			

3.20.3 Capital expenditure – Fire Services

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Vehicle replacement programme	500 000	500 000	500 000	0	500 000
Vehicle replacement programme		50 000	48 830	(2%)	48 830
Total all	500 000	550 000	548 830	0	548 830
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					

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

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 which Council has approved for implementation. 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 of the situation, but includes temporary housing in community facilities and food parcels being distributed to support the displaced families.

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 in neighbouring towns which do manage pounds. At this stage, as a control measure, the municipality has appointed 10 animal monitors in the different areas. Monitors function on the basis of the EPWP programme. The function of these monitors is to ensure that the animals are not a problem to residents or a danger to road traffic. The biggest challenge is roaming cattle and horses. Several accidents were reported where cows and goats was involved in collisions with motor vehicles. The municipality is, however, looking at possible service level agreements with other institutions, as mentioned in Section 76(b) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000). Animals have been already impounded in terms of Section 6(1)(e) of the Witzenberg Municipality, By-law Relating to Pounds, No 7404 of 19 June 2015, where a land owner on whose property the animals were trespassing, is

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authorised to impound these animals. Another challenge is the monitoring of animals during weekends and after hours during week days. Animal complaints average 4 per week and may vary depending on the situation. At this stage, meetings are being held with roaming animal owners and in some instances, compliance notices are served. The municipality is continuously looking at alternatives in combatting these challenges.

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

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

The municipality manages one resort, the Pine Forest Resort. This resort offers the following facilities for visitors and the local community:

- 🍷 97 accommodation units that can house 557 people with day braais.
- 🍷 21 normal camping sites and 280 sites for long-term rentals
- 🍷 1 recreation hall
- 🍷 2 conference halls with seating of 30 and 80
- 🍷 1 Olympic size and 2 smaller for kids, swimming pools
- 🍷 The recreation area includes a play park for kids, putt-putt, trampolines, table tennis, badminton and squash courts

The number of visitors for 2017/18 applicable to accommodation units and normal camping sites, amounted to R 9 530 607 (141 399 bed nights).

Besides the swimming pools in Pine Forest Resort, 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 2 143 adults and 50 842 kids visited the outside pools during 2017/18. (Revenue of R123 114 for the period November 2017 to April 2018).

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

3.22 SPORT AND RECREATION

3.22.1 Service Delivery indicators – Sport and recreation

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2016/17	Overall Performance 2017/18		
					Target	Actual	R
ComAm34	Provide & maintain facilities that make citizens feel at home	Customer satisfaction survey (Score 1-5) - community facilities	Survey	2.5/2.2	1	1	—
Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on							

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Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2016/17	Overall Performance 2017/18		
					Target	Actual	R
28/02/2018.							
Motivation: The indicator’s scope include survey’s to be done in all towns on the public’s perception on various communal facilities ranging from access to libraries & town halls to maintenance of sports fields. It is the experience that the result is not “SMART” and impractical to influence change immediately. Some communities might have a very negative image of the municipality although all facilities are available while for other the facilities are not such a priority. The continuation of the survey are however necessary & especially the thorough analysis of results to influence the IDP & budgetary processes. Scoring is therefore replaced as a target with the implementation of 1 survey annually.							

3.22.2 Employees – Sport and recreation

Employees: Sport and recreation			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	0	8	0
0 - 3	15	16	4
4 - 6	20	10	0
7 - 9	1	1	0
10 - 12	0	0	0
13 - 15	0	1	0
Total	36	36	4
<i>Employees and Posts numbers are as at 30 June.</i>			

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 for capital expenditure. 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.

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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.

3.23.1 Service statistics – Financial Services

Debt Recovery						
Details of the types of account raised and recovered	2016/17			2017/18		
	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	59,649	59,160	99.2%	64,648	63,618	98,4%
Electricity	243,784	246,247	101.0%	215,396	215,628	100,1%
Water	41,777	32,632	78.1%	53,832	40,039	74,4%
Sanitation	26,511	21,348	80.5%	30,817	26,208	85,0%
Refuse	27,297	21,737	79.6%	28,035	21,112	75.3%
Other	4,525	4,165	92.1%	4,309	4,727	109.7%
Total	403,542	385,289	95.48%	397,036	371,332	93.5%
<i>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</i>						

3.23.2 Service Delivery indicators – Financial services

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2016/17	Overall Performance 2017/18		
					Target	Actual	R
TecDir1	Sustainable provision & maintenance of basic infrastructure	% Expenditure on Maintenance Budget by Technical Directorate	Percentage of budget spent	98%/99%	99%	99.8%	
TecDir3	Sustainable provision & maintenance of basic infrastructure	% Expenditure on Capital Budget by Technical Directorate	Percentage of budget spent	95%/98%	96%	98.2%	
FinInc17	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	<1%/0%	<1%	0%	
FinInc18	Sustainable provision &	Number of outstanding valid	Percentage of outstanding	<1%/0%	<1%	0%	

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Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2016/17	Overall Performance 2017/18		
					Target	Actual	R
	maintenance of basic infrastructure	applications for sewerage services expressed as a % of total number of billings for the service	applications				
FinInc19	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	<1%/0.05%	<1%	0%	
FinInc20	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	<1%/0%	<1%	0%	
CorpHR13	Support institutional transformation & development	Percentage budget spent on implementation of Workplace Skills Plan	Percentage of budget spent	95%/98%	96%	99%	
FinFAdm10	Ensure financial viability	Financial viability expressed as Debt-Coverage ratio	Ratio	16/39.7	90	90.2	
<p>Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 28/02/2018.</p> <p>Motivation: This indicator measures debt coverage as (total operating revenue – operating grants received) / debt service payments due within the year. It therefore measures the municipality's ability to cover its debt service payments from operating revenue (excluding grants) a number of times. Due to the redemption of a number of loans over the past year, this number of times can be increased from 30 to 90 times.</p>							
FinFAdm9	Ensure financial viability	Financial viability expressed as Cost-Coverage ratio	Ratio	1.6/2.4	2.8	2.97	
FinFAdm11	Ensure financial viability	Financial viability expressed outstanding service debtors	Ratio	44%/54%	44%	49.1%	
<p>Reason for under-performance:</p> <p>The majority of outstanding debt is in respect of prescribed debt and debt of indigent households.</p>							
<p>Corrective measures:</p> <p>Council has established a Task team to investigate a strategy to address outstanding debt as well as to consider the writing off of prescribed debt and debt of indigents.</p>							
FinDir3	Ensure financial viability	Opinion of the Auditor-General on annual financial statements of the previous year	Opinion of AG	1/1	1	1	
FinInc15	Ensure financial viability	Increased revenue collection	Percentage revenue collected	95%/95%	95%	94.2%	
<p>Reason for under-performance:</p> <p>The drought has negatively affected employment opportunities resulting that households could not afford to pay their municipal accounts.</p>							
<p>Corrective measures:</p> <p>Council established a task team to investigate measures to improve debt collection as well as the installation of water management devices.</p>							
MM1	Ensure financial viability	Percentage of budget spent on overall maintenance.	Percentage of budget spent	98%/99%	99%	99.7%	
MM2	Ensure financial	Percentage spent of	Percentage of	95%/97%	96%	96.4%	

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Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2016/17	Overall Performance 2017/18		
					Target	Actual	R
	viability	overall capital budget.	budget spent				
ComDir1	Provide & maintain facilities that make citizens feel at home	% Expenditure on Maintenance Budget by Community Directorate	Percentage of budget spent	98%/99%	99%	99.7%	
ComDir2	Provide & maintain facilities that make citizens feel at home	% Expenditure on Capital Budget by Community Directorate	Percentage of budget spent	95%/96%	96%	97.1%	

3.23.3 Employees – Financial Services

Employees: Financial Services			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	11	16	0
0 - 3	0	0	0
4 - 6	27	26	2
7 - 9	3	5	0
10 - 12	7	2	1
13 - 15	2	2	0
16 - 18	1	1	0
Total	51	56	3
<i>Employees and Posts numbers are as at 30 June.</i>			

3.24 HUMAN RESOURCE SERVICES

The section for Human Resources within Witzenberg Municipality incorporates the following disciplines:

-  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	2015/16	2016/17	2017/18
Number of HR policies reviewed	0	0	1
Number of total permanent employees	495	519	516

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Details	2015/16	2016/17	2017/18
Number of total temporary employees	43	74	72
Number of total injuries (injury on duty cases)	52	70	62
Number of total approved annual leave days taken	11 203.75	10 243.5	11 575.25
Number of family responsibility leave days taken	525.5	462.75	470.25
Number of total Health and Safety Representatives	19	18	20
Number of total First Aiders	20	38	39
Number of sick days leave taken	4 064.5	4 147.75	4 118
Number of termination	31	39	1
Number of new employees appointed	29	74	47
Number of total employees trained	271	328	195
Number of total female employees trained	71	131	56
Number of total male employees trained	200	197	139
Number of total learner ships enrolled	4	7	10
Number of total training courses rolled out	17	45	26
Total percentage budget spend on training	100%	98%	98.8%

3.24.2 Service Delivery indicators – Human Resources

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2016/17	Overall Performance 2017/18		
					Target	Actual	R
CorpHR12	Support institutional transformation & development	Percentage of people from employment equity target groups employed in the three highest levels of management in	Nr of reports	75%/75%	4	4	
CorpHR13		Percentage budget spent on implementation of Workplace Skills Plan	Percentage of budget spent	95%/98%	96%	99%	

3.24.3 Employees – Human Resources






Employees: Human Resources			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	1	2	0
0 - 3	0	0	0
4 - 6	1	1	0
7 - 9	1	2	0

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Employees: Human Resources			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
10 – 12	3	4	1
13 – 15	0	1	0
16 – 18	1	1	0
Total	7	11	1
<i>Employees and Posts numbers are as at 30 June.</i>			

3.25 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The department's functions include:

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

3.25.1 Service statistics –ICT Services

Details	2015/16	2016/17	2017/18
Desktop support	271	304	415
Network support	265	289	589
Network downtime experienced	4 hours	5 hours	8 hours
Server downtime experienced (total for 15 servers)	30 hours	27 hours	62 hours
File restores requested	33	51	94

3.25.2 Employees – ICT

Employees: ICT			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	0	0	0
0 – 3	0	0	0
4 – 6	0	0	0
7 – 9	0	0	0
10 – 12	1	1	1
13 – 15	0	0	0

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Employees: ICT			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
16 - 18	0	0	0
Total	1	1	1
<i>Employees and Posts numbers are as at 30 June.</i>			

3.26 INTERNAL AUDIT & RISK MANAGEMENT

Witzenberg Municipality does not have a Risk Management sub-directorate. The responsibility for Risk Management and the duties of a Chief Risk Officer has been delegated to the Chief Financial Officer and Internal Audit. Internal Audit is assisting the Chief Risk Officer with the development of the risk management policy, strategy and implementation plan, facilitating identification and assessment of risks, and disseminating risk reports. Portfolio directors and risk owners are responsible to maintain controls, 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 3 year audit strategy and the annual Risk Based Audit Plan.

Internal Audit is an independent 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.

3.26.1 Service statistics –Internal Audit

Details	2015/16	2016/17	2017/18
Compilation of the Risk Based Audit and 3 year strategic plans	1	1	1
Internal Audits	19	17	18

3.26.2 Employees – Internal Audit

Employees: Internal Audit			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	0	0	0
0 - 3	0	0	0
4 - 6	0	0	0





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Employees: Internal Audit			
Job Level	2016/17	2017/18	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
7 - 9	0	0	0
10 - 12	1	1	0
13 - 15	1	1	0
16 - 18	1	1	0
Total	3	3	0
<i>Employees and Posts numbers are as at 30 June.</i>			


3.27 LEGAL SERVICES

Legal Services manage 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 focused 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, agreements, legislation, bylaws and authorities; and
-  Attend to on-going litigant matters within the legislative timeframes.

The highlights for the year under review were as follows:

-  No big civil matters / claims against the municipality

The challenges for the year under review were as follows:

-  Increase in illegal invasion of land, lengthy and expensive legal procedures;
-  Proper funding and budget control to ensure that the department operate on both an optimum and efficient level;
-  Increase in illegal house shops, lengthy and expensive legal procedures.

3.28 STRATEGIC SUPPORT: OTHER

3.28.1 Capital Expenditure – Strategic Support: Other

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					

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Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Office Furniture – Witzenberg	150 000	200 000	169 081	(15%)	169 081
Access Control: Furniture & Equipment	200 000	409 000	381 808	(6.6%)	381 808
Total all	350 000	609 000	550 889	(14%)	550 889
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 INTRODUCTION TO THE MUNICIPAL WORKFORCE

Witzenberg Municipality currently employs 586 officials, (permanent + temporary employees), 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".

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
38%	26%	59%	50%	69%	138%	1%	0%	1%	16%	6%	23%

2017/18 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
48.93%	64.63%	114.6%	51.07%	45.23%	96.35%	0	0	0

2017/18 EE targets/actual by gender classification

Employment Equity vs. Population

Description	African	Coloured	Indian	White	Total
Population numbers (WC Province)	1 912 547	2 840 404	60 761	915 053	5 728 765
% Population	33.4%	49.6%	1.1%	15.9%	100%
Number for positions filled	140	347	4	25	516
% for Positions filled	27%	67%	1%	5%	100%
<i>Note: The total population numbers is based on projection done by Global Insight</i>					

EE population 2017/18

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Occupational Categories – Race

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

Posts filled									
Occupational	Male				Female				Total
Categories	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers	3	23	0	9	5	5	1	2	47
Professionals	0	9	0	0	3	13	0	2	27
Technicians and associate professionals	1	20	0	2	1	6	0	0	30
Clerks	4	18	1	0	11	40	0	8	82
Service and sales workers	9	20	0	2	8	18	0	0	57
Craft and related trades workers	5	21	1	2	0	0	0	0	29
Plant and machine operators and assemblers	8	32	0	0	1	0	0	0	41
Elementary occupations	63	112	0	1	24	25	0	0	226
Total permanent	93	255	2	16	53	107	1	12	539
Non-permanent employees	9	21	0	0	4	13	1	1	49
Grand total	102	276	2	16	57	120	2	13	588

Occupational Categories

Occupational Levels - Race

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

Occupational	Male				Female				Total
Levels	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	13	0	6	3	14	1	3	40
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	4	11	1	4	1	5	0	0	26
Semi-skilled and discretionary decision making	28	76	0	2	22	66	0	8	202
Unskilled and defined decision making	59	126	0	1	27	30	0	0	243
Total permanent	92	227	1	15	53	116	1	11	516
Non- permanent employees	9	21	0	0	4	13	1	1	49

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Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Grand total	101	248	1	15	57	129	2	12	565

Occupational Levels

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	3	0	2	1	4	0	1	11
Corporate Services	17	30	0	1	3	27	1	1	81
Financial Services	1	19	1	1	7	24	0	5	58
Community Services	28	68	0	3	25	41	0	2	167
Technical Services	55	116	0	6	8	13	0	1	199
Total permanent	102	250	1	13	47	120	1	10	516

4.1.2 Vacancy Rate

The approved organogram for the municipality has 865 posts for the 2017/18 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. Budgeted vacant posts were 58 vacant at the end of 2017/18, resulting in a vacancy rate of 6.7%.

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	21	2
Professionals	30	8
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	75	25
Semi-skilled and discretionary decision making	214	9
Unskilled and defined decision making	171	14
Total	516	58
PER FUNCTIONAL LEVEL		
Functional area	Filled	Vacant Budgeted Positions
Office of the Municipal Manager	11	0
Corporate Services	81	15
Financial Services	58	4

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PER POST LEVEL		
Post level	Filled	Vacant Budgeted Positions
Community Services	167	16
Technical Services	199	23
Total	516	58

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

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 a decrease from 7% in 2016/17 to 4.8% in 2017/18.

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%
2016/17	543	74	39	7%
2017/18	516	47	25	4.8%

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 2017/18 financial year of 62 employees compared to 70 employees in the 2016/17 financial year.

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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	2015/16	2016/17	2017/18
Office of the Municipal Manager	0	0	0
Corporate Services	3	3	5
Financial Services	3	1	3
Community Services	12	28	23
Technical Services	34	38	31
Total	52	70	62

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 2017/18 financial year shows a slight decrease when compared with the 2016/17 financial year.

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

Department	2015/16	2016/17	2017/18
Office of the Municipal Manager	54	52.5	43.5
Corporate Services	530	428.75	560.5
Financial Services	347	356	305
Community Services	1 473.5	1 406	1545
Technical Services	1 660	1 904.5	1664
Total	4 064.5	4 147.75	4118

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

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Approved policies	
Name of policy	Date approved
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
Proposed Scares Skills Policy	31 May 2012
Employee Assistance Policy	31 May 2012
Employment Policy	29 February 2012
Remuneration Policy	To be developed
Training and Development Policy	To be developed
Personnel Protective Equipment Policy	To be developed
Time and Attendance Policy	Developed

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	0	0
	Male	1	0
Legislators, senior officials and managers	Female	5	3
	Male	9	3
Professionals	Female	10	11
	Male	7	3
Associate professionals and Technicians	Female	7	1
	Male	23	11
Clerks	Female	46	19
	Male	21	10
Service and sales	Female	23	10

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Management level	Gender	Number of employees identified for training at start of the year	Number of Employees that received training
workers	Male	35	33
Craft and related trade workers	Female	0	0
	Male	26	8
Plant and machine operators and assemblers	Female	1	1
	Male	36	20
Elementary occupations	Female	33	11
	Male	129	51
Sub total	Female	125	56
	Male	287	139
Total		412	195
<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>			

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						
			Learner ships		Skills programmes & other short courses		Total		
			Actual	Target	Actual	Target	Actual	Target	% achieved
MM and S57	Female	1	0	0	0	0	0	0	100
	Male	4	0	0	0	0	0	0	100
Legislators, senior officials and managers	Female	11	0	0	3	5	3	5	60
	Male	30	0	0	3	7	3	7	42.86
Professionals	Female	19	1	1	10	9	11	10	110
	Male	9	1	2	2	6	3	8	37.5
Technicians and associate professionals	Female	7	0	1	1	6	1	7	14.29
	Male	25	4	5	7	18	11	23	47.83
Clerks	Female	62	8	7	11	39	19	46	41
	Male	25	4	4	5	17	9	21	42.86
Service and sales workers	Female	30	5	1	5	17	10	18	55.56
	Male	39	9	8	24	32	33	40	82.5
Craft and	Female	0	0	0	0	0	0	0	100

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Occupational categories	Gender	Number of employees as at the beginning of the financial year	Training provided within the reporting period						
			Learner ships		Skills programmes & other short courses		Total		
			Actual	Target	Actual	Target	Actual	Target	% achieved
related trade workers	Male	30	2	6	6	20	8	26	30.77
Plant and machine operators and assemblers	Female	1	0	0	0	1	0	1	0
	Male	41	5	5	15	31	20	36	55.56
Elementary occupations	Female	59	3	6	10	31	13	37	35.4
	Male	193	32	30	19	97	51	127	40.16
Sub total	Female	190	17	16	40	108	57	124	45.97
	Male	396	57	60	81	228	138	288	44.44
Total		586	74	76	121	336	198	412	47.3

Skills Development

4.3.3 Skills Development – Budget Allocation

The table below indicates that a total amount of R 565 883 were allocated to the workplace skills plan and that 98.8% of the total amount was spent in the 2017/18 financial year:

Total workplace skills plan budget	Total Allocated	Total Spend	% Spend
R 1 225 000	R 565 883	R 565 9125.53	98.8%

4.3.4 Employee Performance Rewards

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

- 🍎 The annual report for the financial year under review has been tabled and adopted by the municipal council;
- 🍎 an evaluation of performance in accordance with the provisions of regulation 23; and
- 🍎 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 2017/18 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%

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Race	Gender	Number of beneficiaries	Total number of employees received performance rewards	% Employees received performance rewards
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%

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.

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	%
2015/16	120 121	451 210	26.6
2016/17	132 456	455 063	29.1
2017/18	157 403	563 945	27.9

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

Financial year	2016/17	2017/18		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000	R'000	R'000	R'000
Councillors (Political Office Bearers plus Other)				
Allowance	8,595	7 196	7 196	7 006
Pension Contributions	1	1 003	1 003	1 018
Medical Aid Contributions	98	201	201	137
Motor vehicle allowance	0	651	651	0
Cell phone allowance	85	556	556	934
Housing allowance	0	425	425	73

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Financial year	2016/17	2017/18		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000	R'000	R'000	R'000
Other benefits or allowances	0	50	50	1
In-kind benefits	0			
Sub Total - Councillors	8 780	10 083	10 083	9 170
% increase/ (decrease)	1.4			3.3%
<u>Senior Managers of the Municipality</u>				
Salary	3 899	4 260	4 184	4 112
Pension Contributions	705	683	683	534
Medical Aid Contributions	98	131	131	104
Motor vehicle allowance	902	0	0	0
Cell phone allowance	26	64	64	26
Housing allowance	53	138	138	0
Performance Bonus	730	805	805	642
Other benefits or allowances	149	1 124	1 066	1 576
In-kind benefits				
Sub Total - Senior Managers of Municipality	6 562	7 205	7 071	6 993
% increase/ (decrease)	6.57%			6.6%
<u>Other Municipal Staff</u>				
Basic Salaries and Wages	79 483	100 678	97 385	91 894
Pension Contributions	12 445	14 443	14 424	13 253
Medical Aid Contributions	5 855	6 806	6 806	6 648
Motor vehicle allowance	4 368	0	0	0
Cell phone allowance		378	395	497
Housing allowance	1 314	1 490	1 629	1 446
Overtime	8 642	7 667	8 565	10 227
Other benefits or allowances	14 232	19 922	19 092	21 503
Sub Total - Other Municipal Staff	126 494	151 385	153 849	150 411
% increase/ (decrease)	10.12%			18.9%
Total Municipality	133 056	163 628	160 920	157 404
% increase/ (decrease)	9.93%			18.3%

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

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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	3	3	3	3
Any other financial officials	3	3	3	3
Supply Chain Management Officials				
Heads of supply chain management units	1	1	1	1
Total	9	9	9	9

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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 2017/18 financial year:

Financial Summary						
R' 000						
Description	2016/17	2017/18			2017/18 Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	AA	AH	AG	AF		
Financial Performance						
Property rates	59 649	64 943	64 943	63 835	(1,71)	(1,71)
Service charges	286 621	302 714	308 414	306 170	1,14	(0,73)
Investment revenue	8 512	4 565	4 565	8 122	77,90	77,90
Transfers recognised - operational	102 518	97 846	99 019	93 967	(3,96)	(5,10)
Other own revenue	100 598	42 703	48 693	65 573	53,55	34,67
Total Revenue (excluding capital transfers and contributions)	557 898	512 772	525 634	537 667	4,85	2,29
Employee costs	140 550	158 054	153 063	152 398	(3,58)	(0,43)
Remuneration of councillors	8 780	10 083	10 083	9 170	(9,05)	(9,05)
Depreciation & asset impairment	26 143	46 045	45 345	28 699	(37,67)	(36,71)
Finance charges	17 573	10 708	15 464	15 676	46,40	1,37
Materials and bulk purchases	181 325	183 215	182 906	179 705	(1,92)	(1,75)
Transfers and grants	25 615	15 763	17 209	13 920	(11,69)	(19,11)
Other expenditure	113 446	124 161	193 562	124 388	0,18	(35,74)
Total Expenditure	513 432	548 029	617 632	523 956	(4,39)	(15,17)
Surplus/(Deficit)	44 466	(35 257)	(91 998)	13 711	(138,89)	(114,90)
Transfers recognised - capital	38 768	63 230	35 284	34 481	(45,47)	(2,27)
Contributions recognised - capital & contributed assets	–	–	–	–	–	–
	83 234	27 973	(56 714)	48 192		
Surplus/(Deficit) after capital transfers & contributions					72,28	(184,97)
Share of surplus/ (deficit) of associate					–	–
Surplus/(Deficit) for the year	83 234	27 973	(56 714)	48 192	72,28	(184,97)
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	36 225	46 818	31 066	38 094	(18,63)	22,62
Public contributions & donations					–	–
Borrowing		2 500	–	–	(100,00)	–
Internally generated funds	22 558	33 929	35 151	25 706	(24,24)	(26,87)
Total sources of capital funds	58 783	83 247	66 217	63 800	(23,36)	(3,65)

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Financial Summary						
R' 000						
Description	2016/17	2017/18			2017/18 Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	AA	AH	AG	AF		
Financial position						
Total current assets	152 161	128 678	131 864	181 020	40,68	37,28
Total non current assets	875 033	868 750	868 062	905 212	4,20	4,28
Total current liabilities	75 064	55 551	58 049	80 895	45,62	39,36
Total non current liabilities	152 902	159 348	159 348	157 917	(0,90)	(0,90)
Community wealth/Equity	799 229	782 529	782 529	847 421	8,29	8,29
Cash flows						
Net cash from (used) operating	47 539	69 050	68 362	83 978	21,62	22,84
Net cash from (used) investing	(58 742)	(69 728)	(69 040)	(60 010)	(13,94)	(13,08)
Net cash from (used) financing	(9 504)	(9 736)	(9 736)	(2 795)	(71,29)	(71,29)
Cash/cash equivalents at the year end	76 333	52 699	52 699	97 506	85,02	85,02
Cash backing/surplus reconciliation						
Cash and investments available	76 333	52 699	55 885	97 506	85,02	74,48
Application of cash and investments	165 683	(12 003)	(12 878)	178 170	(1 584,38)	(1 483,51)
Balance - surplus (shortfall)	(89 350)	64 702	68 763	(80 664)	(224,67)	(217,31)
Asset management						
Asset register summary (WDV)	808 011	845 212	828 883	843 242	(0,23)	1,73
Depreciation & asset impairment	26 143	46 045	45 345	28 699	(37,67)	(36,71)
Renewal of Existing Assets	4 011	5 073	7 753	7 132	40,61	(8,00)
Repairs and Maintenance	23 001	20 241	19 988	18 886	(6,69)	(5,51)
Free services						
Cost of Free Basic Services provided	20 324	22 762	23 902	17 035	(25,16)	(28,73)
Revenue cost of free services provided	22 122	28 227	22 527	20 598	(27,03)	(8,56)
Households below minimum service level						
Water:	Nil	Nil	Nil	Nil	Nil	Nil
Sanitation/sewerage:	Nil	Nil	Nil	Nil	Nil	Nil
Energy:	Nil	Nil	Nil	Nil	Nil	Nil
Refuse:	Nil	Nil	Nil	Nil	Nil	Nil
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1						

T5.1.1

The table below shows a summary of performance against budgets:

Financial	Revenue excluding capital transfers				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	(R'000)				(R'000)			
2016/17	499 785	557 898	58 113	11,63	525 012	513 432	11 580	2,21
2017/18	525 634	537 667	12 032	2,29	617 632	523 956	93 676	15,17

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5.1.1 Revenue collection by vote

The table below indicates the Revenue collection performance by vote:

Vote Description	2016/17	2017/18		2017/18 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	(R'000)			(%)		
Vote1 - Executive and Council	263	780	780	543	(30,43)	(30,43)
Vote2 - Budget and Treasury Office	80 324	74 640	81 334	83 282	11,58	2,40
Vote3 - Corporate Services	15 120	577	577	2 766	379,26	379,26
Vote4 - Planning and Development	1 309	2 052	1 522	1 300	(36,66)	(14,60)
Vote5 - Public Safety	18 910	19 231	18 230	26 641	38,53	46,14
Vote6 - Health	–	–	–	–	–	–
Vote7 - Community and Social Services	71 561	81 848	81 273	80 812	(1,27)	(0,57)
Vote8 - Sports and Recreation	22 976	8 638	9 038	7 600	(12,03)	(15,92)
Vote9 - Housing	24 611	18 008	19 253	13 006	(27,77)	(32,45)
Vote10 - Waste Management	22 144	23 076	30 276	31 150	34,99	2,89
Vote11 - Road Transport	60 771	10 693	4 188	4 189	(60,82)	0,04
Vote12 - Waste Water Management	30 417	42 102	36 376	42 108	0,02	15,76
Vote13 - Water	40 582	74 964	61 379	67 546	(9,90)	10,05
Vote14 - Electricity	221 653	219 380	221 380	211 203	(3,73)	(4,60)
Vote15 - Environmental Management	367	11	11	2	(84,29)	(84,29)
Total Revenue by Vote	611 009	576 001	565 617	572 148	(0,67)	1,15
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						

5.1.2 Revenue collection by Source

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

Vote Description	2016/17	2017/18		2017/18 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	(R'000)			(%)		
Property rates	59 649	64 943	64 943	63 835	(1,71)	(1,71)
Property rates - penalties & collection cha	1 452	1 512	1 512	671	(55,61)	(55,61)
Service Charges - electricity revenue	215 351	219 007	221 007	210 359	(3,95)	(4,82)
Service Charges - water revenue	33 438	41 086	41 486	45 429	10,57	9,50
Service Charges - sanitation revenue	18 008	20 933	21 733	26 997	28,97	24,22
Service Charges - refuse revenue	19 824	21 689	24 189	23 384	7,82	(3,32)
Service Charges - other	–	–	–	–	–	–
Rentals of facilities and equipment	8 177	9 650	9 650	5 990	(37,93)	(37,93)
Interest earned - external investments	8 512	4 565	4 565	8 122	77,90	77,90
Interest earned - outstanding debtors	7 816	8 565	8 565	10 373	21,10	21,10
Dividends received	–	–	–	–	–	–
Fines	18 923	13 941	13 941	21 993	57,75	57,75
Licences and permits	142	150	149	1 164	675,27	683,09
Agency services	4 352	4 618	4 618	3 586	(22,34)	(22,34)
Transfers recognised - operational	102 518	97 846	99 019	93 967	(3,96)	(5,10)
Other revenue	59 735	4 266	10 257	21 796	410,87	112,49
Gains on disposal of PPE	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	557 898	512 772	525 634	537 667	4,85	2,29
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						

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5.1.3 Operational Services Performance

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

Financial Performance of Operational Services						
R '000						
Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	AA	AH	AG	AF		
Operating Cost						
Water	20 399	26 880	58 735	28 024	(4,25)	52,29
Waste Water (Sanitation)	25 189	23 755	34 871	24 501	(3,14)	29,74
Electricity	201 062	205 576	205 321	199 376	3,02	2,90
Waste Management	39 799	36 775	64 383	40 507	(10,15)	37,08
Housing	27 456	18 003	19 465	16 465	8,54	15,41
Component A: sub-total	313 905	310 989	382 775	308 873	0,68	19,31
Waste Water (Stormwater Drainage)	4 625	5 319	6 261	6 049	(13,72)	3,38
Roads	17 098	22 126	23 043	21 410	3,24	7,09
Transport					–	–
Component B: sub-total	21 724	27 445	29 303	27 459	(0,05)	6,29
Planning					–	–
Local Economic Development					–	–
Component B: sub-total					–	–
Planning	1 035	3 440	2 890	2 605	24,27	9,86
Local Economic Development	1 826	4 267	4 409	3 681	13,72	16,51
Component B: sub-total	2 861	7 707	7 299	6 286	18,43	13,88
Planning (Strategic & Regulatory)	15 833	17 989	18 563	16 703	7,15	10,02
Environmental Protection	1 675	1 657	1 706	1 314	20,69	22,97
Health	–	–	–	–	–	–
Security and Safety	29 466	28 892	38 938	37 204	(28,77)	4,45
Sport and Recreation	18 212	25 546	26 005	23 549	7,82	9,45
Corporate Policy Offices and Other	109 757	127 803	113 042	102 568	19,75	9,27
Component D: sub-total	174 943	201 887	198 255	181 337	10,18	8,53
Total Expenditure for the year	513 432	548 029	617 632	523 956	4,39	15,17
In this table operational income (but not levies or tariffs) is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T5.1.2

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

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5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

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

5.2.1 Executive and council

Vote Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	(R'000)			(%)		
Executive and Council						
Total Operational Revenue	202	780	780	543	0	0
Expenditure:						
Employees	(10 121)	(6 969)	(6 961)	(7 659)	(9,90)	(10,02)
Repairs and Maintenance	(44)	(15)	(9)	(0)	98,86	98,13
Other	(15 320)	(18 376)	(18 356)	(14 407)	21,60	21,51
Total Operational Expenditure	(25 485)	(25 360)	(25 327)	(22 066)	12,99	12,87
Net Operational (Service) Expenditure	(25 283)	(24 580)	(24 546)	(21 523)	12,44	12,32

5.2.2 Budget and Treasury Office

Vote Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	(R'000)			(%)		
Budget and Treasury Office						
Total Operational Revenue	80 324	74 640	81 334	83 282	(11,58)	(2,40)
Expenditure:						
Employees	(12 679)	(23 986)	(18 095)	(15 106)	37,02	16,52
Repairs and Maintenance	(89)	(42)	(57)	(26)	39,27	55,16
Other	(17 454)	(24 408)	(20 442)	(12 157)	50,19	40,53
Total Operational Expenditure	(30 222)	(48 436)	(38 595)	(27 288)	43,66	29,30
Net Operational (Service) Expenditure	50 102	26 203	42 739	55 994	(113,69)	(31,01)

5.2.3 Corporate Services

Vote Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	(R'000)			(%)		
Corporate Services						
Total Operational Revenue	839	577	577	2 766	(379,26)	(379,26)
Expenditure:						
Employees	(18 389)	(14 924)	(14 931)	(17 479)	(17,12)	(17,06)
Repairs and Maintenance	(1 155)	(950)	(429)	(362)	61,90	15,61
Other	(17 054)	(19 173)	(20 700)	(19 005)	0,88	8,19
Total Operational Expenditure	(36 598)	(35 046)	(36 059)	(36 845)	(5,13)	(2,18)
Net Operational (Service) Expenditure	(35 760)	(34 469)	(35 482)	(34 079)	1,13	3,95

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5.2.4 Community and Social Services

Vote Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	(R'000)			(%)		
Community and Social Services						
Total Operational Revenue	71 561	81 848	81 273	80 812	1,27	0,57
Expenditure:						
Employees	(14 976)	(22 039)	(22 104)	(21 329)	3,22	3,50
Repairs and Maintenance	(1 017)	(508)	(550)	(494)	2,86	10,19
Other	(5 182)	(6 672)	(6 455)	(4 022)	39,72	37,70
Total Operational Expenditure	(21 176)	(29 220)	(29 109)	(25 845)	11,55	11,21
Net Operational (Service) Expenditure	50 386	52 628	52 164	54 967	(4,44)	(5,37)

5.2.5 Sport and Recreation

Vote Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	(R'000)			(%)		
Sport and Recreation						
Total Operational Revenue	22 976	8 638	9 038	7 600	12,03	15,92
Expenditure:						
Employees	(13 395)	(16 102)	(15 471)	(14 447)	10,27	6,62
Repairs and Maintenance	(1 377)	(540)	(719)	(571)	(5,78)	20,51
Other	(5 749)	(8 904)	(9 815)	(8 536)	4,14	13,04
Total Operational Expenditure	(20 521)	(25 546)	(26 005)	(23 555)	7,80	9,42
Net Operational (Service) Expenditure	2 455	(16 907)	(16 967)	(15 955)	5,63	5,96

5.2.6 Public Safety

Vote Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	(R'000)			(%)		
Public Safety						
Total Operational Revenue	18 910	19 231	18 230	26 641	(38,53)	(46,14)
Expenditure:						
Employees	(10 286)	(14 510)	(16 257)	(16 733)	(15,32)	(2,93)
Repairs and Maintenance	(498)	(584)	(891)	(637)	(9,17)	28,51
Other	(18 682)	(17 431)	(25 454)	(23 384)	(34,15)	8,13
Total Operational Expenditure	(29 466)	(32 525)	(42 601)	(40 754)	(25,30)	4,34
Net Operational (Service) Expenditure	(10 556)	(13 293)	(24 372)	(14 114)	(6,17)	42,09

5.2.7 Housing

Vote Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	(R'000)			(%)		
Housing						
Total Operational Revenue	24 611	18 008	19 253	13 006	27,77	32,45
Expenditure:						
Employees	(2 315)	(2 970)	(2 707)	(2 882)	2,98	(6,46)
Repairs and Maintenance	(185)	(338)	(348)	(258)	23,46	25,66
Other	(24 956)	(14 695)	(16 410)	(13 325)	9,32	18,80
Total Operational Expenditure	(27 456)	(18 003)	(19 465)	(16 465)	8,54	15,41
Net Operational (Service) Expenditure	(2 845)	5	(212)	(3 459)	67 376,14	(1 532,53)

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5.2.8 Planning and Development

Vote Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	(R'000)			(%)		
Planning and Development						
Total Operational Revenue	1 309	2 052	1 522	1 300	36,66	14,60
Expenditure:						
Employees	(7 454)	(7 809)	(7 220)	(6 912)	11,49	4,26
Repairs and Maintenance	(4)	–	–	–	–	–
Other	(2 083)	(1 091)	(1 171)	(1 406)	(28,88)	(20,08)
Total Operational Expenditure	(9 541)	(8 900)	(8 391)	(8 318)	6,54	0,86
Net Operational (Service) Expenditure	(8 232)	(6 848)	(6 869)	(7 018)	(2,49)	(2,18)

5.2.9 Road Transport

Vote Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	(R'000)			(%)		
Road Transport						
Total Operational Revenue	60 771	10 693	4 188	4 189	60,82	(0,04)
Expenditure:						
Employees	(6 706)	(5 029)	(5 029)	(4 735)	5,86	5,86
Repairs and Maintenance	(7 206)	(7 452)	(7 198)	(7 105)	4,66	1,29
Other	(6 252)	(9 645)	(10 816)	(9 571)	0,77	11,51
Total Operational Expenditure	(20 164)	(22 126)	(23 043)	(21 410)	3,24	7,09
Net Operational (Service) Expenditure	40 608	(11 433)	(18 855)	(17 221)	(50,62)	8,67

5.2.10 Environmental Protection

Vote Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	(R'000)			(%)		
Environmental Protection						
Total Operational Revenue	367	11	11	2	84,29	84,29
Expenditure:						
Employees	(845)	(1 248)	(1 248)	(1 084)	13,19	13,19
Repairs and Maintenance	–	–	–	–	–	–
Other	(830)	(409)	(458)	(230)	43,60	49,64
Total Operational Expenditure	(1 675)	(1 657)	(1 706)	(1 314)	20,69	22,97
Net Operational (Service) Expenditure	(1 308)	(1 646)	(1 695)	(1 313)	20,26	22,56

5.2.11 Electricity

Vote Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	(R'000)			(%)		
Electricity						
Total Operational Revenue	221 653	219 380	221 380	211 203	3,73	4,60
Expenditure:						
Employees	(8 900)	(11 087)	(11 019)	(11 696)	(5,50)	(6,15)
Repairs and Maintenance	(4 094)	(2 918)	(1 641)	(1 577)	45,97	3,90
Other	(188 069)	(194 475)	(195 222)	(187 728)	3,47	3,84
Total Operational Expenditure	(201 062)	(208 480)	(207 881)	(201 001)	3,59	3,31
Net Operational (Service) Expenditure	20 591	10 900	13 499	10 202	6,41	24,43

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5.2.12 Water

Vote Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	(R'000)			(%)		
Water						
Total Operational Revenue	40 582	74 964	61 379	67 546	9,90	(10,05)
Expenditure:						
Employees	(6 076)	(6 810)	(6 810)	(6 430)	5,59	5,59
Repairs and Maintenance	(2 229)	(2 470)	(2 955)	(2 877)	(16,48)	2,62
Other	(12 148)	(17 600)	(48 969)	(18 716)	(6,34)	61,78
Total Operational Expenditure	(20 453)	(26 880)	(58 735)	(28 024)	(4,25)	52,29
Net Operational (Service) Expenditure	20 129	48 083	2 644	39 522	17,80	(1 394,75)

5.2.13 Waste Water Management

Vote Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	(R'000)			(%)		
Waste Water Management						
Total Operational Revenue	30 417	42 102	36 376	42 108	(0,02)	(15,76)
Expenditure:						
Employees	(10 471)	(11 221)	(11 861)	(12 363)	(10,18)	(4,24)
Repairs and Maintenance	(4 771)	(4 045)	(4 609)	(4 523)	(11,82)	1,87
Other	(14 573)	(13 808)	(24 662)	(13 664)	1,04	44,60
Total Operational Expenditure	(29 814)	(29 074)	(41 132)	(30 550)	(5,08)	25,73
Net Operational (Service) Expenditure	603	13 028	(4 756)	11 558	11,28	343,01

5.2.14 Waste Management

Vote Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	(R'000)			(%)		
Waste Management						
Total Operational Revenue	22 144	23 076	30 276	31 150	(34,99)	(2,89)
Expenditure:						
Employees	(11 976)	(13 348)	(13 350)	(13 960)	(4,59)	(4,57)
Repairs and Maintenance	(333)	(379)	(584)	(456)	(20,28)	21,82
Other	(27 490)	(23 048)	(50 449)	(26 103)	(13,25)	48,26
Total Operational Expenditure	(39 799)	(36 775)	(64 383)	(40 520)	(10,18)	37,06
Net Operational (Service) Expenditure	(17 655)	(13 699)	(34 107)	(9 369)	31,61	72,53

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5.3 GRANTS

5.3.1 Grant Performance

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

Grant Performance							
R' 000							
Description	2015/16	2016/17	2017/18			2017/18 Variance	
	Actual	Actual	Original Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
National Government:	80 443	89 476	109 558	93 481	93 066	15,05	0,44
Equitable share	54 850	59 734	70 412	70 412	70 412	–	–
Municipal Systems Improvement	860	–	–	–	–	–	–
Department of Water Affairs	–	–	–	–	–	–	–
Regional Bulk Infrastructure Grant	–	–	–	–	–	–	–
Other transfers/grants [insert description]	–	–	–	–	–	–	–
Finance Management Grant	1 240	1 609	1 550	1 638	1 150	25,81	29,78
Transformation Funds	–	–	–	–	–	–	–
Municipal Infrastructure Grant	19 116	21 879	8 670	6 686	6 686	22,88	0,00
Housing	–	–	27 441	13 261	13 325	51,44	(0,48)
INEP	3 362	4 917	–	–	1	–	–
Rural Development	74	–	–	–	–	–	–
Expanded Public Works	941	1 336	1 485	1 485	1 493	–	–
Neighbourhood Development Plan	–	–	–	–	–	–	–
Provincial Government:	43 114	45 124	51 518	40 421	35 382	31,32	12,47
Health subsidy	–	–	–	–	–	–	–
Housing	27 008	31 960	41 960	30 361	26 813	36,10	11,69
Regional Social Economic Project	–	–	1 000	–	1	99,93	–
Sports and Recreation	–	–	–	–	–	–	–
Municipal Infrastructure Support	–	–	–	462	288	–	37,61
Library Services	7 862	9 301	8 050	8 474	8 050	0,00	5,01
CDW	66	66	148	148	110	25,57	25,57
Mainroads	3 772	120	120	120	120	–	–
Draught Relief	4 043	2 405	–	–	–	–	–
Municipal Infrastructure Support Grant	151	1 187	–	–	–	–	–
Finance Management Support Grant	–	85	240	856	–	100,00	100,00
Multipurpose Centre	211	–	–	–	–	–	–
District Municipality:	–	–	–	400	–	–	100,00
Water & Sanitation Informal Area	–	–	–	–	–	–	–
Housing Consumer Education Training	–	–	–	–	–	–	–
Sport and Recreation	–	–	–	400	–	–	100,00
Solid Waste	–	–	–	–	–	–	–
Other grant providers:	5 060	6 427	7	2 809	3 963	(53 209,17)	(41,11)
Belgium & China	1 729	831	–	–	–	–	–
VAT on Grants	3 331	5 597	7	2 809	3 963	(53 209,17)	(41,11)
Total Operating Transfers and Grants	128 616	141 027	161 083	137 111	132 412	17,80	3,43

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

T5.3.1

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The table below indicates the projects implemented under MIG funding for the past 3 years:

Project Name	Budget (VAT excl) '000			Comments
	2015/16	2016/17	2017/18	
Vredebes bulk water supply	4 756	6 997	6 796	Provision of bulk and external services for the Vredebes subsidised housing project.
Vredebes bulk sanitation	4 671	2 018	6 674	
Vredebes Access Collector		3 252	2 272	
Vredebes Bulk Storm water		270		
Vredebes Bus Routes		77		
Wolseley bulk water supply	2 662			Project Completed
Bella Vista bulk water supply		5 168	4 191	Provision of bulk and external services for the Bella Vista subsidised housing project.
Bella Vista bulk sanitation	3 463	1 378		
Bella Vista bulk storm water	3 389	1 547		
Streetlights for housing projects	88	909		Project Completed
Project Management Unit	75	216	11	

The table below indicates the projects implemented under Human Settlements funding for the past 3 years:

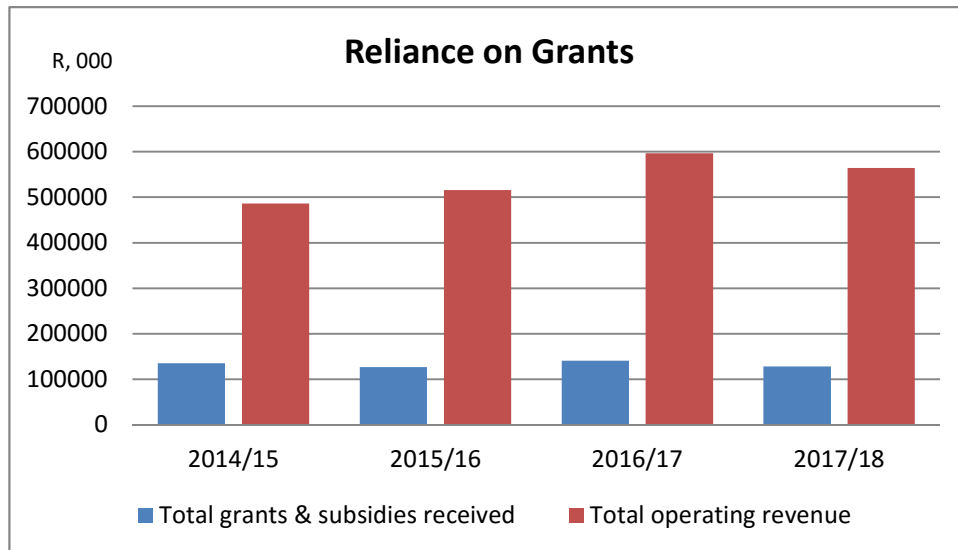
Project Name	Budget (VAT excl) '000			Comments
	2015/16	2016/17	2017/18	
Vredebes (605 serviced sites)	22 811			Completed
Vredebes (635 serviced sites)			7 155	In progress
Vredebes Bulk Sanitation	3 149	5 606	2 708	Completed
Vredebes Bulk Water			4 305	Completed
Nduli Planning		260		In progress
Bella Vista (services)	1 049	2 089		Completed
Bella Vista (308 units)		23 813	12 464	In progress
Op-Die-Berg (Transfers)		129	118	Completed
Tulbagh EHP Erf 2885		62		Completed

5.3.2 Level of Reliance on Grants & Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	(R'000)		(%)
2016/17	141 286	596 666	23,68%
2017/18	128 449	572 148	22,45%

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

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

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	A - Vredebes Housing	
Description		
Asset Type	Infrastructure	
Key Staff Involved	Relevant Line manager, Project Management, Budget Office & Supply Chain Management	
Staff Responsibilities	<p>Line Manager identify the need for the project and sets out the specifications required for SCM.</p> <p>Project Manager manage the implementation of the project, sets the Cash flow for the project and reports on a monthly basis on the stage of completion/performance of the project.</p> <p>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 Docurement and see to it that the procuremt procedures and regulations are complied with in obtaining the necessary goods and services.</p>	
Asset Value	2016/17	2017/18
Capital Implications	R 32 244 819	
Future Purpose of Asset	New Housing Development in Vredebes	
Describe Key Issues		
Policies in Place to Manage Asset	Delegations & Asset Management Policy	

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Asset 2		
Name	B -Rehabilitation - Streets Tulbagh	
Description		
Asset Type	Infrastructure	
Key Staff Involved	Relevant Line manager, Project Management, Budget Office & Supply Chain Management	
Staff Responsibilities	<p>Line Manager identify the need for the project and sets out the specifications required for SCM.</p> <p>Project Manager manage the implementation of the project, sets the Cash flow 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 Docurement and see to it that the procuremt procedures and regulations are complied with in obtaining the necessary goods and services.</p>	
Asset Value	2016/17	2017/18
Capital Implications	R 4 050 953	
Future Purpose of Asset	New Housing Development in Bella Vista	
Describe Key Issues		
Policies in Place to Manage Asset	Delegations & Asset Management Policy	

Asset 3		
Name	C - Bella Vista Bulk Water	
Description		
Asset Type	Infrastructure	
Key Staff Involved	Relevant Line manager, Project Management, Budget Office & Supply Chain Management	
Staff Responsibilities	<p>Line Manager identify the need for the project and sets out the specifications required for SCM.</p> <p>Project Manager manage the implementation of the project, sets the Cash flow 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 Docurement and see to it that the procuremt procedures and regulations are complied with in obtaining the necessary goods and services.</p>	
Asset Value	2016/17	2017/18
Capital Implications	R 4 191 042	
Future Purpose of Asset	Improved Electrical Infrastructure	
Describe Key Issues		
Policies in Place to Manage Asset	Delegations & Asset Management Policy	

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5.4.2 Repairs and Maintenance

Repair and Maintenance Expenditure: 2017/18				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	20 241	19 988	18 886	6,69
T5.3.4				

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.

5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

5.5.1 Liquidity Ratio

Description	Basis of calculation	2015/2016	2016/2017	2017/2018
		Audited outcome	Audited outcome	Pre-audit outcome
Current Ratio	Current Assets/Current Liabilities	1,72	2,03	2,24
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1,56	1,97	2,18
Liquidity Ratio	Monetary Assets/Current Liabilities	1,01	1,02	1,21

Current Ratio:

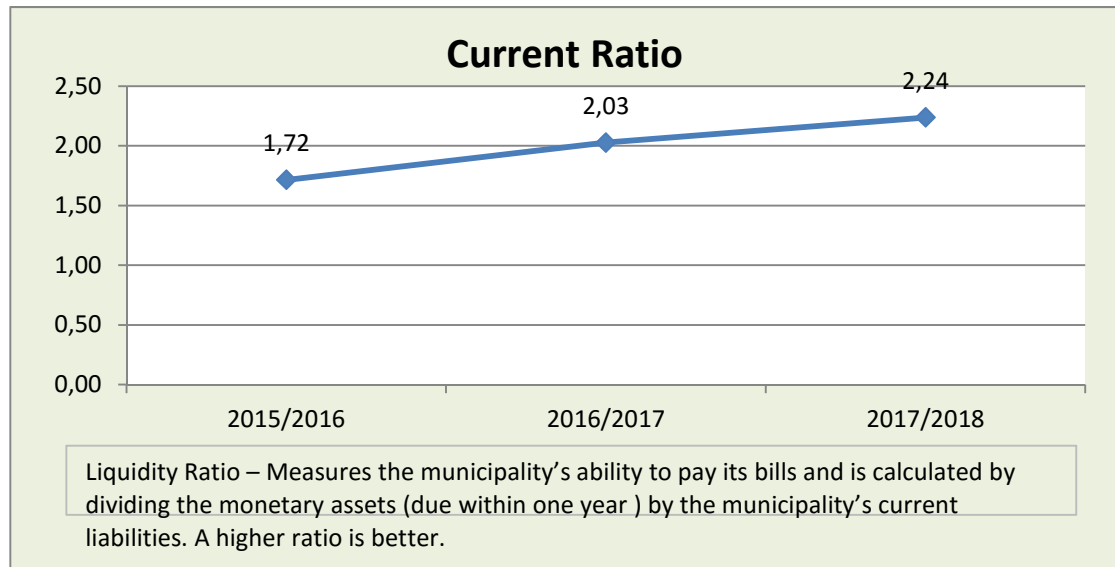
Financial year	Net current assets	Net current liabilities	Ratio
	(R)		
2015/2016	165 366	96 384	1,72
2016/2017	152 161	75 064	2,03
2017/2018	181 020	80 895	2,24

Current Ratio adjusted for aged debtors:

Financial year	Net current assets	Net current liabilities	Ratio
	(R)		
2015/2016	150 312	96 384	1,56
2016/2017	147 872	75 064	1,97
2017/2018	176 731	80 895	2,18

Liquidity Ratio:

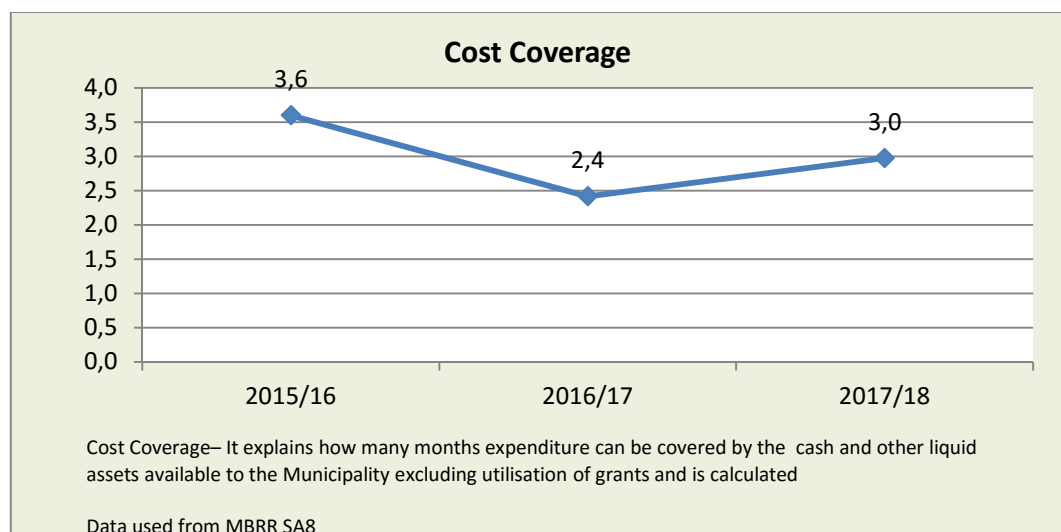
Financial year	Monetary Assets	Net current liabilities	Ratio
	(R)		
2015/2016	97 040	96 384	1,01
2016/2017	76 333	75 064	1,02
2017/2018	97 506	80 895	1,21



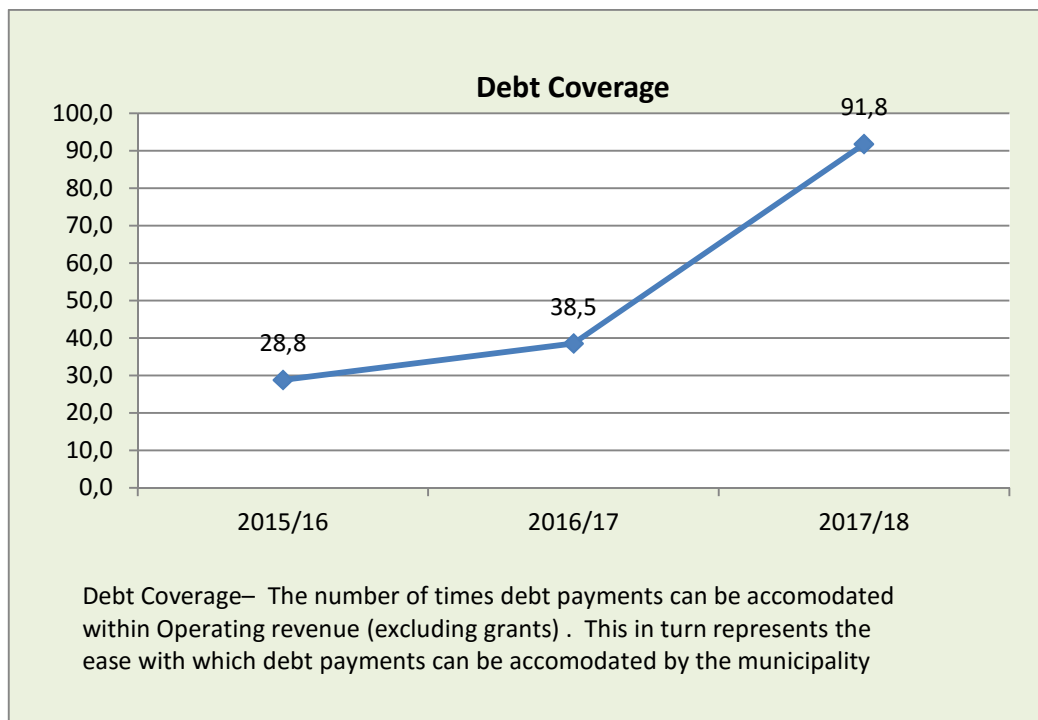
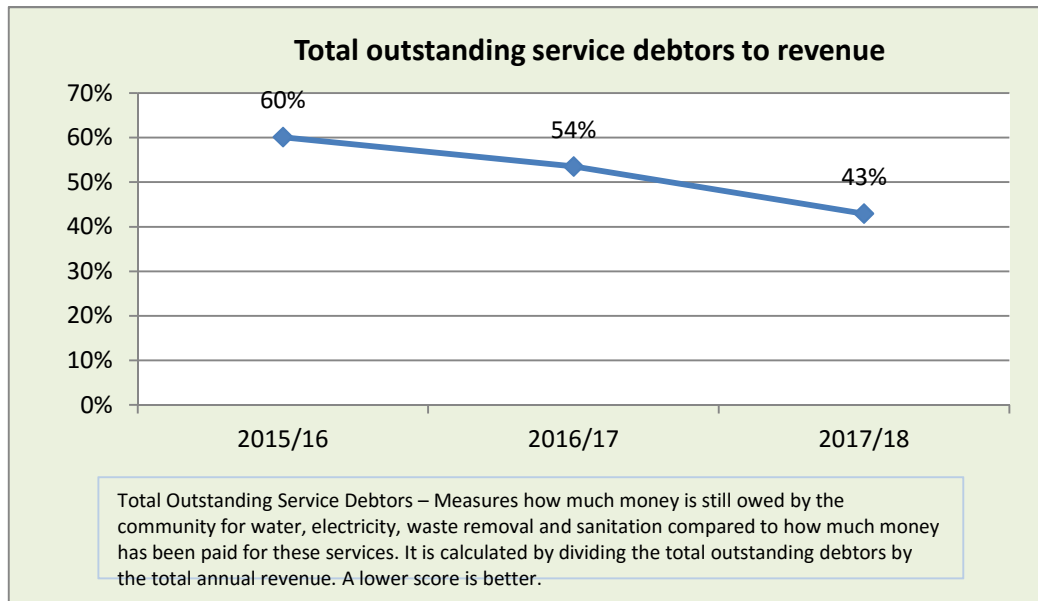
The current ratio and the current ratio adjusted for aged debt are the same as the debtors per the statement of financial performance and have already been impaired (reduced with the doubtful debt).

5.5.2 IDP Regulation Financial Viability Indicators

Description	Basis of calculation	2015/16	2016/17	2017/18
		Audited outcome	Audited outcome	Pre-audit outcome
Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3,6	2,4	3,0
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	28,8	38,5	91,8
O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	60%	54%	43%



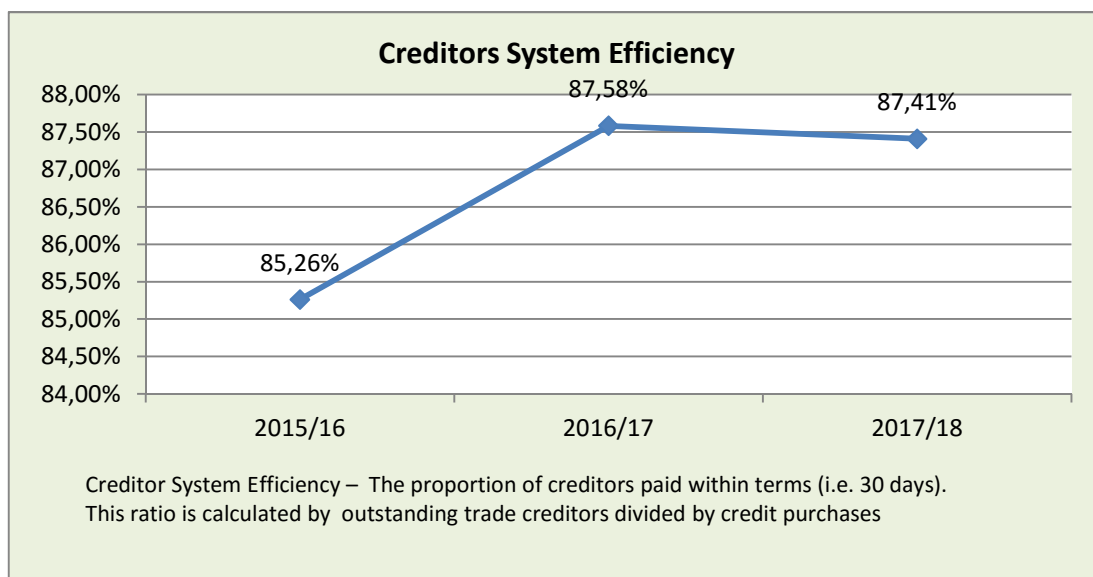
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5.5.3 Creditors Management

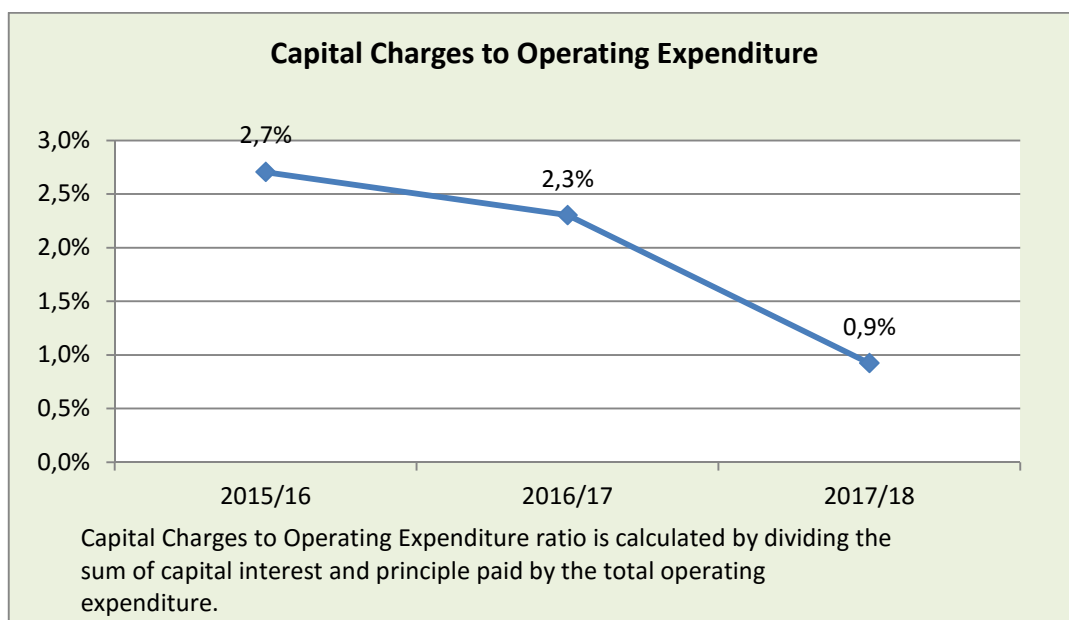
Description	Basis of calculation	2015/16	2016/17	2017/18
		Audited outcome	Audited outcome	Pre-audit outcome
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	85,26%	87,58%	87,41%

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



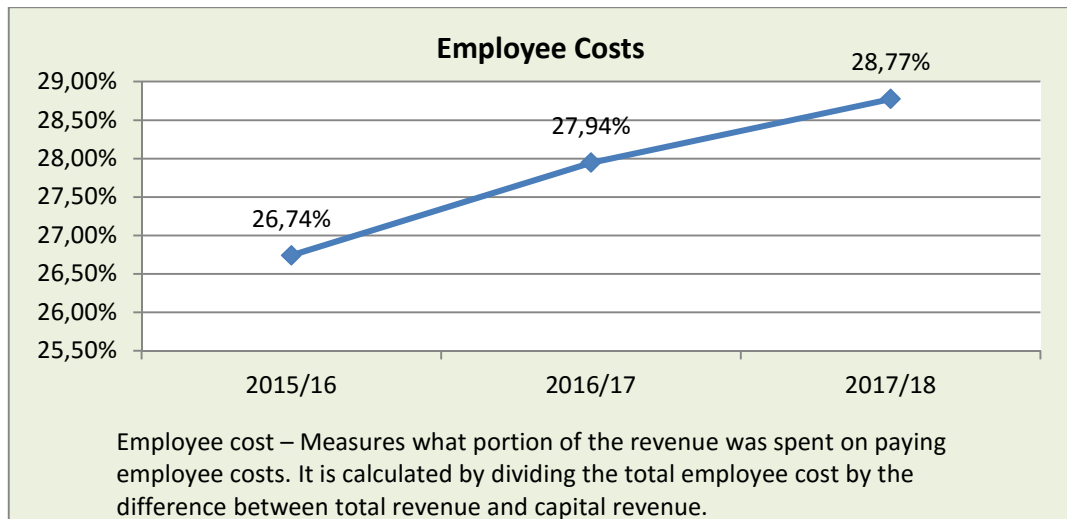
5.5.4 Borrowing Management

Description	Basis of calculation	2015/16	2016/17	2017/18
		Audited outcome	Audited outcome	Pre-audit outcome
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	2,7%	2,3%	0,9%



5.5.5 Employee costs

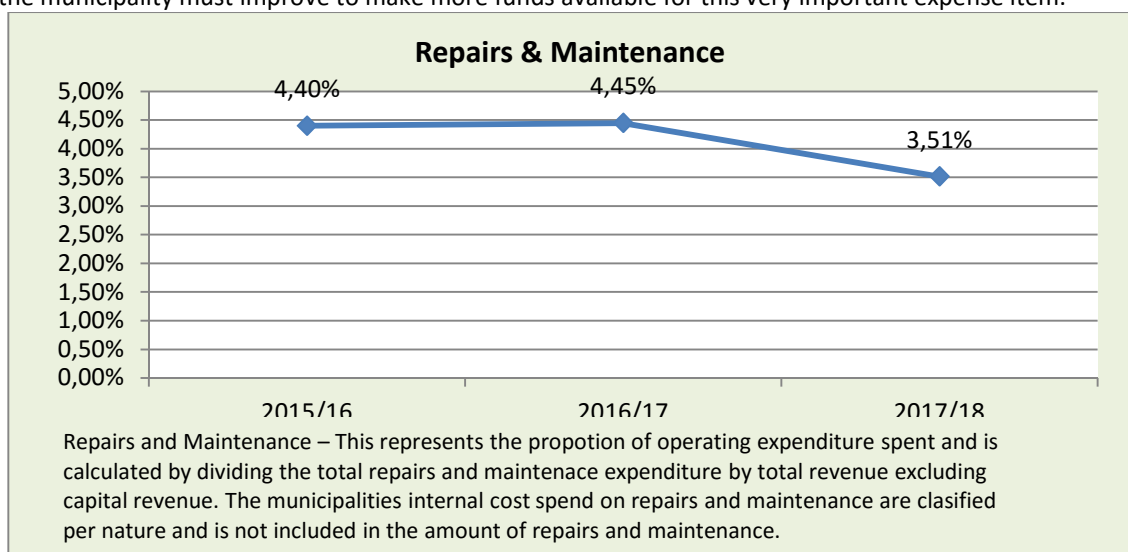
Description	Basis of calculation	2015/16	2016/17	2017/18
		Audited outcome	Audited outcome	Pre-audit outcome
Employee costs	Employee costs/(Total Revenue - capital revenue)	26,74%	27,94%	28,77%



5.5.6 Repairs & Maintenance

Description	Basis of calculation	2015/16	2016/17	2017/18
		Audited outcome	Audited outcome	Pre-audit outcome
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4,40%	4,45%	3,51%

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.



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COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.6 CAPITAL EXPENDITURE

R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	83 247	66 217	63 800	23,4%	3,7%
Operating Expenditure	548 029	617 632	523 956	4,4%	15,2%
Total expenditure	631 276	683 849	587 756	6,9%	14,1%

5.7 SOURCES OF FINANCE

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

Capital Expenditure - Funding Sources to 2017/18						
						R' 000
Details	Actual 2016/17	2017/18				
		Original Budget (OB)	Adjustment Budget (AB)	Actual	OB to AB Variance (%)	Actual to OB Variance (%)
Source of finance						
External loans	–	2 500	–	–	100,00	–
Public contributions and donations	–	–	–	–	–	–
Grants and subsidies	36 225	46 818	31 066	38 094	18,63	(22,62)
Other	22 558	33 929	35 151	25 706	24,24	26,87
Total	58 783	83 247	66 217	63 800	23,36%	3,65%
Percentage of finance						
External loans	0,0%	3,0%	0,0%	0,0%	100,0%	
Public contributions and donations	0,0%	0,0%	0,0%	0,0%		
Grants and subsidies	61,6%	56,2%	46,9%	59,7%	-6,2%	-27,3%
Other	38,4%	40,8%	53,1%	40,3%	1,1%	24,1%
Capital expenditure						
Water and sanitation	40 958	47 526	37 751	37 300	21,52%	1,19%
Electricity	6 847	2 350	4 742	7 162	-204,77%	-51,03%
Housing	–	200	359	359	-79,50%	0,00%
Roads and storm water	7 297	20 880	11 109	11 000	47,32%	0,98%
Other	3 681	12 291	12 256	7 979	35,08%	34,90%
Total	58 783	83 247	66 217	63 800	23,36%	3,65%
Percentage of expenditure						
Water and sanitation	69,7%	57,1%	57,0%	58,5%		
Electricity	11,6%	2,8%	7,2%	11,2%		
Housing	0,0%	0,2%	0,5%	0,6%		
Roads and storm water	12,4%	25,1%	16,8%	17,2%		
Other	6,3%	14,8%	18,5%	12,5%		

T5.6.1

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5.8 CAPITAL SPENDING ON FIVE TARGETS PROJECTS

Projects with the highest capital expenditure in 2017/18:

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current Year: 2017/18			Variance Current Year: 2017/18	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Vredebes Housing	44 783	32 453	32 245	28%	28%
B -Rehabilitation - Streets Tulbagh	4 200	4 156	4 051	4%	1%
C - Bella Vista Bulk Water	2 442	4 191	4 191	-72%	-72%
D- Vehicle Replacement Programme	2 600	2 626	2 626	-1%	-1%
E - Replacement outdated switchgear and R	1 000	2 428	2 428	-143%	-143%
* Projects with the highest capital expenditure in Year 1					

Name of Project - A	A - Vredebes Housing
Objective of Project	The Provision of Basic Services
Delays	
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

Name of Project - B	B -Rehabilitation - Streets Tulbagh
Objective of Project	The Provision of Basic Services
Delays	
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

Name of Project - C	C - Bella Vista Bulk Water
Objective of Project	The Provision of Basic Road Services
Delays	
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

Name of Project - D	D- Vehicle Replacement Programme
Objective of Project	Replacement of Old Vehicles
Delays	
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

Name of Project - E	E - Replacement outdated switchgear and RMU's
Objective of Project	The Provision of Basic Electric Services
Delays	
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

5.9 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS OVERVIEW

All the residents in the urban areas have access to minimum basic services. Some areas still need to be upgraded to waterborne sewerage systems. Housing delivery is still a challenge, although it is a function

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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

Service Backlogs as at 30 June 2018				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	12553	100%	0	0%
Sanitation	12603	100%	0	0%
Electricity	13508	100%	0	0%
Waste management	12140	100%	0	0%
Housing	14322	88%	1945	12%

% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.

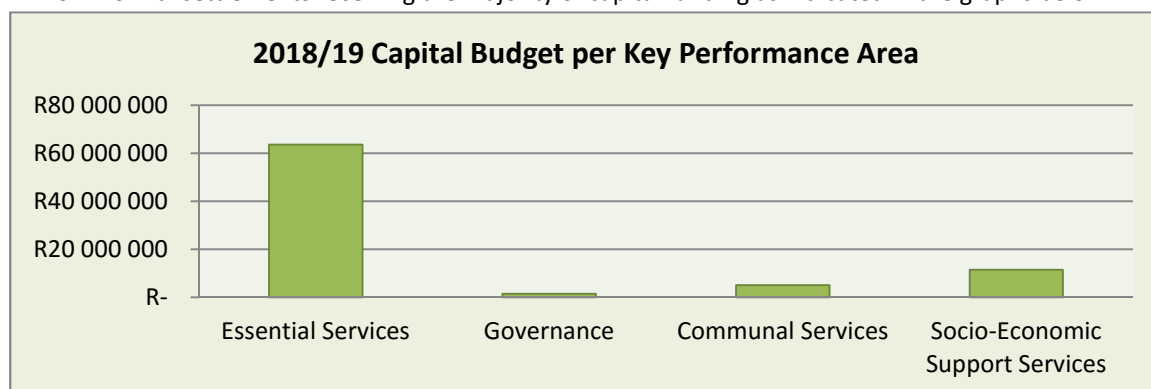
T5.8.2

CAPITAL INVESTMENT FRAMEWORK

The Capital Budget for the 2018/19, 2019/20 and 2020/21 financial years are dominated by projects linked to the implementation of social housing projects. Major projects mainly include the upgrade of bulk infrastructure to support these developments, internal network infrastructure of the developments as well as other network upgrading such as the upgrading of certain roads in Tulbagh that have been in a state of severe deterioration for the past couple of years.

Witzenberg will further continue with the upgrading of existing infrastructure and facilities and will also start with the implementation of a Material Recovery Facility as part of a new waste strategy in the second year.

In terms of the Witzenberg Strategic Map, the bulk of the funding is allocated to the key performance area of Essential Services with the strategic objectives related to the provision of services and upgrading of informal settlements receiving the majority of capital funding as indicated in the graphs below:



Strategic Objectives		2018/19 Capital Budget
1.1	Sustainable provision & maintenance of basic infrastructure	R 23 191 181
1.2	Provide for the needs of informal settlements through improved services	R 40 375 539
2.1	Support Institutional Transformation & Development	R 720 000
2.2	Ensure financial viability	R 150 000
2.3	Maintain & strengthen relations	R 540 000
3.1	Provide & maintain facilities & environment that make citizens feel at home	R 4 990 000
4.1	Support the poor & vulnerable through programmes & policy	R -
4.2	Create an enabling environment to support local economy	R 11 354 609

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Detailed three-year Capital Budget

The following tables show the individual budgeted projects as allocated per ward:

(NOTE: Extract from the 2018/19 IDP Revision. Budget below only includes capital projects related to infrastructure upgrades to address backlogs.)

Key Performance Area: 1. ESSENTIAL SERVICES

Strategic Objective: 1.1 SUSTAINABLE PROVISION & MAINTENANCE OF BASIC INFRASTRUCTURE

Programme	Department	Section	Project	Region	Ward	Funding Source	2018/19 Budget	2019/20 Budget	2020/21 Budget	
1.1a	Upgrading of bulk resources & infrastructure	Electrical	Electrical	MV Substation equipment	Witzenber	All	CRR	1 500 000	1 500 000	1 500 000
		Sanitation	WWTW	Aerator replacement programme	Witzenber	All	CRR	750 000	500 000	500 000
		Sanitation	WWTW	Refurbishment of WWTW	Witzenber	All	CRR	600 000	600 000	600 000
		Sanitation	Sanitation	Security upgrades at pumpstations & WWTW	Witzenber	All	CRR	450 000	250 000	450 000
		Waste	Waste	New material recovery facility/drop-off.	Witzenber	All	Belgium	621 180	295 800	
		Waste	Waste		Witzenber	All	MIG		6 701 813	5 472 100
		Waste	Waste		Witzenber	All	CRR			
		Water	WTW	Op-Die-Berg Reservoir	Op-Die-Ber	8	MIG			
		Water	WTW	Tulbagh reservoir	Tulbagh	9	MIG			
		Water	WTW	Security upgrades at pumpstations & WTW	Witzenber	All	CRR	450 000	350 000	1 200 000
1.1b	Upgrade & maintenance of network infrastructure	Water	Storage	Construction of Tulbagh storage dam	Tulbagh	11	RBIG	8 260 870	16 931 304	
		Water	Water	Upgrade Tierhokskloof bulk water pipeline, V	Wolseley	7	MIG			
		Electrical	Electrical	Electrical network refurbishment	Witzenber	All	CRR		1 200 000	1 272 000
		Electrical	Electrical	Upgrade of MV cables	Wolseley	7	CRR	1 400 000		800 000
		Electrical	Electrical	MV Network equipment	Witzenber	All	CRR	1 000 000	1 000 000	1 000 000
		Electrical	Electrical	Upgrade of LV network cables	Tulbagh	11	CRR	1 400 000	1 000 000	1 000 000
		Electrical	Electrical	Tools & Equipment	Witzenber	All	CRR	120 000	160 000	
		Electrical	Streetlight	Upgrade of streetlights	Witzenber	All	CRR	350 000	350 000	350 000
		Sanitation	Sanitation	Sewer network replacement programme	Witzenber	All	CRR	1 000 000	1 000 000	2 000 000
		Sanitation	Sanitation	Sewer pumps replacement programme	Witzenber	All	CRR	200 000	200 000	200 000
1.1c	Transport management & road maintenance	Sanitation	Sanitation	Tools & Equipment	Witzenber	All	CRR	100 000	200 000	100 000
		Waste	Waste	Vehicle replacement programme	Witzenber	All	CRR	550 000	3 000 000	
		Water	Water	Infrastructure management system	Witzenber	All	CRR	300 000	200 000	200 000
		Water	Water	Tools & Equipment	Witzenber	All	CRR	100 000	100 000	100 000
		Water	Water	Water pipes & valves replacement programme	Witzenber	All	CRR	1 000 000	1 000 000	2 000 000
		Roads &sw	Roads	Upgrade of roads network	Witzenber	All	CRR	-	2 000 000	2 500 000
		Roads &sw	Roads	Upgrade of Tulbagh roads	Tulbagh	11	CRR		3 000 000	4 500 000
		Roads &sw	Walkways	Pedestrian route along Nduli/R46 (RSEP)	Nduli	12	RSEP	434 783	434 783	
		Roads &sw	Walkways	Upgrade pavement Vosstr: Retiefstr to edge of town (RSEP)	Ceres	5	RSEP	1 304 348	1 304 348	
		Roads &sw	Walkways		Ceres	6	CRR		1 400 000	
Roads &sw	Transport	Taxi facility for Ceres CBD (Bella Vista taxi's)	Ceres	5	MIG		5 869 563	1 130 436		
Roads &sw	Transport		Ceres	5	CRR		1 391 304			
Roads &sw	Roads	New Digger Loader	Witzenber	All	CRR	1 000 000				
Roads &sw	Storm water	Storm water infrastructure upgrading	Witzenber	All	CRR	300 000	450 000	450 000		

Strategic Objective: 1.2 PROVIDE FOR THE NEEDS OF INFORMAL SETTLEMENTS THROUGH IMPROVED SERVICES

Programme		Department	Section	Project	Region	Ward	Funding Source	2018/19 Budget	2019/20 Budget	2020/21 Budget
1.2a	Implementation of human settlement plan (serviced sites)	Electrical	Electrical	Vredebes internal electrical network	Vredebes	5	INEP	4 347 826	3 895 652	5 565 217
		Electrical	Streetlight	Vredebes Phase 1 streetlights	Vredebes	5	MIG	1 536 522		
		Roads &sw	Roads	Vredebes Phase F2 Internal Roads	Vredebes	5	IHSDG	5 406 079		
		Sanitation	Sanitation	Vredebes Phase F2 Internal Sanitation	Vredebes	5	IHSDG	4 635 515		
		Roads &sw	Storm water	Vredebes Phase F2 Internal Storm water	Vredebes	5	IHSDG	2 648 866		
		Water	Water	Vredebes Phase F2 Internal Water	Vredebes	5	IHSDG	4 635 515		
		Roads &sw	Roads	Nduli infill Internal Roads	Nduli	12	IHSDG		1 739 130	1 739 130
		Sanitation	Sanitation	Nduli infill Internal Sanitation	Nduli	12	IHSDG		1 739 130	1 739 130
		Roads &sw	Storm water	Nduli infill Internal Storm water	Nduli	12	IHSDG		1 739 130	1 739 130
		Water	Water	Nduli infill Internal Water	Nduli	12	IHSDG		1 739 130	1 739 130
		Roads &sw	Roads	Vredebes/Nduli intersection	Vredebes	5	MIG			9 533 117
		Roads &sw	Roads	Vredebes/DuToit intersection	Vredebes	5	MIG			
		Roads &sw	Roads	Vredebes Access Collector (Phase 2)	Vredebes	5	MIG	9 130 434		
		Roads &sw	Roads	Vredebes Access Collector	Vredebes	5	CRR			
		Roads &sw	Storm water	Vredebes external storm water	Vredebes	5	MIG	8 034 782	3 391 441	

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5.9.2 Municipal Infrastructure Grant (MIG)

Municipal Infrastructure Grant (MIG)* Expenditure 2017/18 on Service backlogs					
R' 000					
Details	Budget	Adjust- ments Budget	Actual	Variance	
				Budget	Adjust- ments Budget
Infrastructure - Road transport	3 130	2 273	2 273	-37,69%	-0,02%
<i>Roads, Pavements & Bridges</i>	3 130	2 273	2 273	-37,69%	-0,02%
<i>Storm water</i>	–	–	–		
Infrastructure - Electricity	877	–	–		
<i>Generation</i>	–	–	–		
<i>Transmission & Reticulation</i>	–	–	–		
<i>Street Lighting</i>	877	–	–		
Infrastructure - Water	9 212	10 987	10 983	16,12%	-0,04%
<i>Dams & Reservoirs</i>	–	–	–		
<i>Water purification</i>	–	–	–		
<i>Reticulation</i>	9 212	10 987	10 983	16,12%	-0,04%
Infrastructure - Sanitation	6 253	6 674	6 674	6,32%	0,00%
<i>Reticulation</i>	6 253	6 674	6 674	6,32%	0,00%
<i>Sewerage purification</i>	–	–	–		
Infrastructure - Other	–	–	–		
<i>Waste Management</i>	–	–	–		
<i>Transportation</i>	–	–	–		
<i>Gas</i>	–	–	–		
Other Specify:	25	11	11	-120,28%	0,00%
<i>Sport Facilities Wolseley</i>	–	–	–		
<i>Pine Valle Hall</i>	–	–	–		
<i>Project Management Equipment</i>	25	11	11	-120,28%	0,00%
<i>Operating Expenditure</i>	–	–	–		
Total	19 496	19 946	19 941	2,23%	-0,03%

* 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 is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

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COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENTS

Cash flow budgeting and management is of the utmost importance to ensure sufficient cash to meet obligations.

5.10 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2016/17	Current Year: 2017/18		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	341 592	370 536	376 527	372 207
Government - operating	102 518	97 846	98 719	93 967
Government - capital	29 295	63 230	34 821	38 699
Interest	17 780	13 112	13 112	19 166
Payments				
Suppliers and employees	(426 689)	(369 994)	(406 473)	(424 386)
Finance charges	(16 957)	(938)	(938)	(15 676)
Transfers and Grants	–	(587)	(587)	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	47 539	173 205	115 182	83 978
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	3 094	–	–	3 790
Decrease (Increase) in non-current debtors	7	–	–	–
Payments				
Capital assets	(61 843)	(83 247)	(66 217)	(63 800)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(58 742)	(83 247)	(66 217)	(60 010)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	–			–
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits	449	–	–	1 023
Payments				
Repayment of borrowing	(9 952)	(3 500)	(3 500)	(3 818)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(9 504)	(3 500)	(3 500)	(2 795)
NET INCREASE/ (DECREASE) IN CASH HELD	(20 707)	86 458	45 465	21 173
Cash/cash equivalents at the year begin:	97 040	76 333	76 333	76 333
Cash/cash equivalents at the year end:	76 333	162 792	121 798	97 506
Source: MBRR SA7				T5.9.1

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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)					
2016/17	23 714	108 878	64 128	1 483	5 164	203 367
2017/18	23 957	92 869	54 825	1 199	3 720	176 570
Difference	243	(16 009)	(9 303)	(285)	(1 444)	(26 797)
% growth year on year	1%	-15%	-15%	-19%	-28%	-13%

Note: Figures excludes provision for bad debt

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	R'000	R'000	R'000	R'000
2016/17	51 227	4 301	2 986	144 854	203 367
2017/18	47 169	5 090	3 806	120 505	176 570
Difference	(4 058)	789	821	(24 349)	(26 797)
% growth year on year	-8%	18%	27%	-17%	-13%

Note: Figures excludes provision for bad debt

The Auditor-General of South Africa has, in its report on the 2017/2018 financial statements of the Municipal Council, has emphasised the material impairment of R 101 million of receivables from exchange transactions and R 118 million of receivables from non-exchange transactions.

The gross outstanding service debtors in total decreased with 13% in relation to the 2016/2017 financial year. The main contributing factor for the decrease is the writing off of bad debt.

The leading contributors to the outstanding debt are water at 32% and sanitation and refuse at 31%.

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 Agricultural 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.

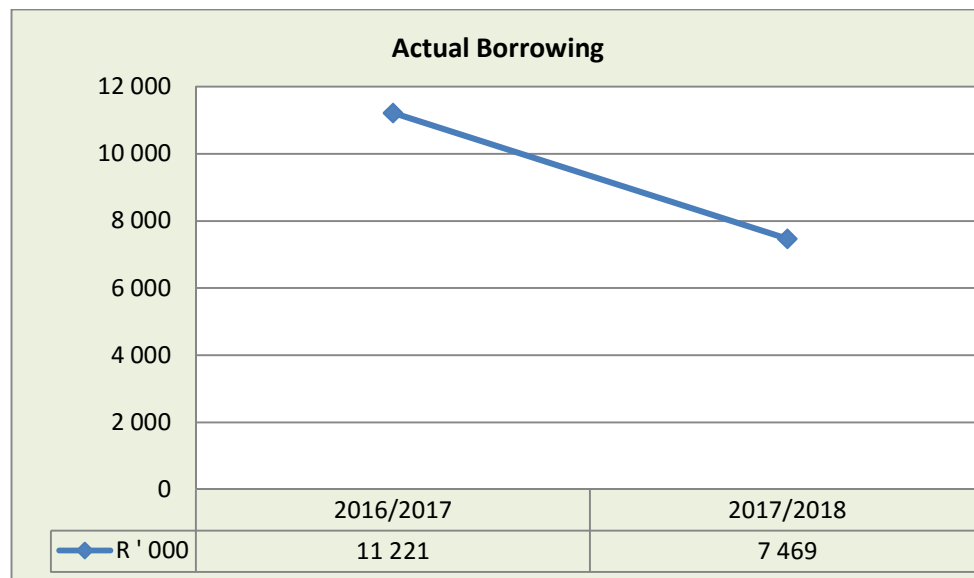
Concerted efforts are being made, inter alia through our service provider to recover debts older than 90 days which constitutes 78% of total outstanding debt.

5.13 BORROWINGS AND INVESTMENT

5.13.1 Actual Borrowings

Instrument	2016/2017	2017/2018
	R'000	
Long(Term Loans (annuity/reducing balance)	11 221	7 469
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	11 221	7 469

The following graph shows the municipal actual borrowings for the past two years:

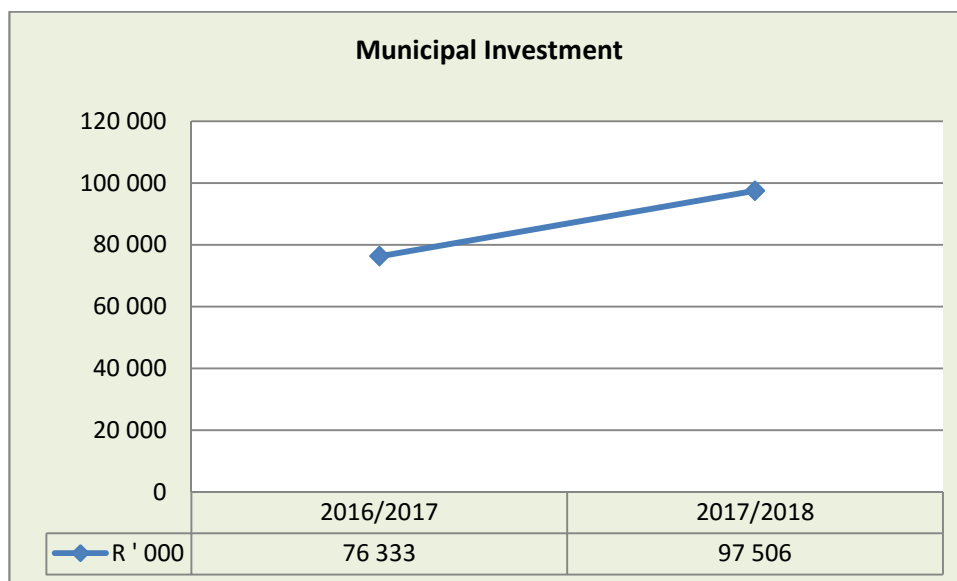


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5.13.2 Municipal Investments

Investment type	2016/2017	2017/2018
	R'000	R'000
Securities (National Government	-	-
Listed Corporate Bonds	-	-
Deposits (Bank	76 333	97 506
Deposits (Public Investment Commissioners	-	-
Deposits (Corporation for Public Deposits	-	-
Bankers Acceptance Certificates	-	-
Negotiable Certificates of Deposit (Banks	-	-
Guaranteed Endowment Policies (sinking)	-	-
Repurchase Agreements (Banks	-	-
Municipal Bonds	-	-
Other	-	-
Municipality Total	76 333	97 506

Witzenberg Municipality needs to increase the available investments in order to be financially more viable. This can only be achieved if the payment for rates and taxes improve.



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.

CHAPTER 6 – AUDITOR-GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION 2017/18

6.1 AUDITOR-GENERAL REPORTS 2016/17

Auditor-General Report on Financial Performance 2016/17	
Status of the audit report:	Unqualified
Issue raised	Corrective step implemented
<u>Emphasis of matter:</u>	
<u>Material impairments</u>	
As disclosed in notes 3 to the financial statements, the municipality has provided for the impairment of receivables from exchange transactions amounting to R129,4 million (2015-16: R106,3 million)	A report will be submitted to Council to consider the write off of irrecoverable debt.
As disclosed in note 4 to the financial statements, the municipality has provided for impairment of receivables from non-exchange transactions amounting to R54,4 million (2015-16: R38,9 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 2016 have been restated as a result of errors discovered during 2016-17 in the financial statements of the municipality for the year ended 30 June 2016.	None

6.2 AUDITOR-GENERAL REPORTS 2017/18

Auditor-General Report on Financial Performance 2017/18	
Status of the audit report:	Unqualified
Issue raised	Corrective step implemented
<u>Emphasis of matter:</u>	
<u>Material impairments</u>	
As disclosed in notes 3 to the financial statements, the municipality has provided for an impairment of R101,4 million (2016-17: R129,4 million) on receivables from exchange transactions.	Water management devices were procured and will be installed to help consumers to manage their water consumption.
As disclosed in note 4 to the financial statements, the municipality has provided for impairment of receivables from non-exchange transactions amounting to R68 million (2016-17: R53,5 million).	The bulk of the outstanding receivables from non-exchange transactions are in respect of traffic fines. A report must be submitted to Council to consider the write off of irrecoverable fines.
<u>Restatement of corresponding figures</u>	
As disclosed in note 37 to the financial statements, the corresponding figures for 30 June 2017 have been restated as a result of the municipal standard charts of account (mSCOA) implementation and errors discovered during 2017-18 in the financial statements of the municipality for the year ended 30 June 2018.	None

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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	MRF	Material Recovery Facilities
DPLG	Department of Provincial and Local Government	MSA	Municipal Systems Act No. 32 of 2000
DWA	Department of Water Affairs	MTECH	Medium Term Expenditure Committee
EE	Employment Equity	NGO	Non-governmental organisation
GAMAP	Generally Accepted Municipal Accounting Practice	NT	National Treasury
GRAP	Generally Recognised Accounting Practice	OPEX	Operating expenditure
HR	Human Resources	PMS	Performance Management System
IDP	Integrated Development Plan	PPP	Public Private Partnership
IFRS	International Financial Reporting Standards	PT	Provincial Treasury
IMFO	Institute for Municipal Finance Officers	SALGA	South African Local Government Organisation
KPA	Key Performance Area	SAMDI	South African Management Development Institute
KPI	Key Performance Indicator	SCM	Supply Chain Management
LED	Local Economic Development	SDBIP	Service Delivery and Budget Implementation Plan
MAYCO	Executive Mayoral Committee	SDF	Spatial Development Framework
MFMA	Municipal Finance Management Act (Act No. 56 of 2003)		

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APPENDICES:

- A Councillors; Committee Allocation and Council Attendance
- B Committee and Committee Purpose
- C Third Tier Administrative structure
- D Functions of Municipality/Entity
- E Ward Reporting
- F Ward Information
- G Recommendations of the Municipal Audit Committee
- H Long term Contracts and Public Private Partnership
- I Municipal Entity/Service Provider Performance Schedule
- J Disclosure of Financial Interest
- K Revenue Collection Performance
- L Conditional Grants Received: Excluding MIG
- M Capital Expenditure – New & Upgrade/ Renewal Programmes: Including MIG
- N Capital Programme by Project current year
- O Capital Programme by project by Ward current year
- P Service Connection Backlogs at Schools and Clinics
- Q Service Backlogs Experienced by the Community where another Sphere of Government is Responsible for Service Provision
- R Declaration of Loans and Grants Made by the Municipality
- S Declaration of Returns not Made in due Time under MFMA s71
- T National and Provincial Outcome for local government

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A Councillors; Committee Allocation and Council Attendance

See also Chapter 2.1.1 of Annual Report

Name of Councillor / Alderman	Capacity	Committee	Political Party	Ward representing or proportional
TE Abrahams	Mayco Member	Local Economic Development, Tourism and Marketing	DA	Proportional
K Adams	Deputy Executive Mayor	Community Development	DA	Ward 6
P Daniels	Councillor	Community Development	DA	Ward 7
TT Godden	Speaker		Cope	Proportional
P Heradien	Councillor	Local Economic Development, Tourism and Marketing	ICOSA	Proportional
SJ Hugo	Councillor	Corporate and Financial Services	ANC	Ward 9
DM Jacobs	Councillor	Technical Services	EFF	Proportional
D Kinnear	Councillor	Corporate and Financial Services	DA	Proportional
BC Klaasen	Executive Mayor		DA	Proportional
GG Laban	Councillor	Community Development	Witzenberg Aksie	Proportional
C Lottering	Councillor	Local Economic Development, Tourism and Marketing	DA	Ward 2
M Mdala	Councillor	Technical Services	ANC	Ward 12
TP Mgoboza	Councillor	Corporate and Financial Services	ANC	Ward 10
ZS Mzauziwa	Councillor	Housing Matters	DA	Proportional
N Phatsoane	Councillor	Community Development	ANC	Ward 1
JT Phungula	Councillor	Housing Matters	ANC	Proportional
JW Schuurman	Alderman	Corporate and Financial Services	ANC	Proportional
EM Sidego	Mayco Member	Housing Matters	DA	Ward 11
RJ Simpson	Councillor	Technical Services	ANC	Proportional
HJ Smit	Mayco Member	Corporate and Financial Services	DA	Ward 5
D Swart	Councillor	Technical Services	DA	Ward 3
HF Visagie	Councillor	Local Economic Development, Tourism and Marketing	ANC	Ward 8
JJ Visagie	Mayco Member	Technical Services	DA	Ward 4

Council Meeting dates	Number of items submitted	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
26 July 2017	31	96%	4%
21 August 2017	8	87%	13%
27 September 2017	31	92%	8%
25 October 2017	30	83%	17%
5 December 2017	35	87%	13%
21 December 2017	5	70%	30%
24 January 2018	15	92%	8%
28 February 2018	27	83%	17%
28 March 2018	30	96%	4%
29 May 2018	23	74%	26%
29 June 2018	11	83%	17%

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Councillors attendance				
Council Members	Full Time / Part Time	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT		%	%
TE Abrahams	FT	Proportional: DA	100%	0%
K Adams	FT	Ward 6: DA	100%	0%
P Daniels	PT	Ward 7: DA	100%	0%
TT Godden	FT	Proportional: COPE	100%	0%
P Heradien	PT	Proportional: ICOSA	55%	27%
SJ Hugo	PT	Ward 9: ANC	9%	0%
DM Jacobs	PT	Proportional: EFF	100%	0%
D Kinnear	PT	Proportional: DA	100%	0%
BC Klaasen	FT	Proportional: DA	91%	9%
GG Laban	PT	Proportional: ANC	82%	18%
C Lottering	PT	Ward 2: DA	100%	0%
M Mdala	PT	Ward 12: ANC	64%	27%
TP Mgoboza	PT	Ward 10: ANC	91%	9%
ZS Mzauziwa	PT	Proportional: DA	91%	9%
N Phatsoane	PT	Proportional: ANC	91%	9%
JT Phungula	PT	Proportional: ANC	73%	27%
JW Schuurman	PT	Proportional: ANC	82%	18%
EM Sidego	FT	Ward 11: DA	100%	0%
RJ Simpson	PT	Proportional ANC	100%	0%
HJ Smit	FT	Ward 5: DA	100%	0%
D Swart	PT	Ward 3: DA	82%	18%
HF Visagie	PT	Ward 8: ANC	64%	18%
JJ Visagie	FT	Ward 4: DA	91%	9%

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B Committee and Committee Purpose

See also Chapter 2.1.2 of Annual Report

Executive Mayoral Committee

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

Name of member	Capacity
Mayco Member Alderman H Smit 17/08/2016-	Chairperson: Committee for Corporate and Financial Services
Mayco Member Councillor JJ Visagie 17/08/2016-	Chairperson: Committee for Technical Services
Mayco Member Councillor TE Abrahams 17/08/2016-	Chairperson: Committee for Local Economic Development, Tourism and Marketing
Mayco Member Deputy Executive Mayor Councillor K Adams 17/08/2016 -	Chairperson: Committee for Community Development
Mayco Member E Sidego 17/08/2016 -	Chairperson: Committee for Housing Matters

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 2017/18 Mayoral term and their Chairpersons are as follows:

Committee	Chairperson	Section 79 or 80 Committee	Number of minutes submitted to Council	Meeting Date
Committee for Housing Matters	Councillor E Sidego 03/08/2016-	Section 80	11	10 August 2017 14 September 2017 12 October 2017 9 November 2017 13 December 2017 8 February 2018 1 March 2018 8 March 2018 12 April 2018 10 May 2018 7 June 2018
Committee for Community Development	Councillor K Adams 03/08/2016-	Section 80	6	21 September 2017 19 October 2017 15 February 2018

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Committee	Chairperson	Section 79 or 80 Committee	Number of minutes submitted to Council	Meeting Date
				15 March 2018 19 April 2018 24 May 2018
Committee for Corporate and Financial Services	Alderman H Smit 03/08/2016-	Section 80	6	17 August 2017 21 September 2017 16 November 2017 15 March 2018 19 April 2018 24 May 2018
Committee for Technical Services	Councillor J Visagie 03/08/2016-	Section 80	8	16 August 2017 20 September 2017 18 October 2017 15 November 2017 14 March 2018 18 April 2018 23 May 2018 13 June 2018
Committee for Local Economic Development, Tourism and Marketing	Councillor T Abrahams 03/08/2016-	Section 80	7	16 August 2017 20 September 2017 18 October 2017 15 November 2018 14 March 2018 18 April 2018 13 June 2018

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C Third Tier Administrative structure

See also Chapter 2.2 of Annual Report

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 directorship, which constitutes the management team 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

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D Functions of Municipality/Entity

See also Chapter 3.1.11 of Annual Report

Municipal Function	Municipal Function: Yes / No
Constitution Schedule 4, Part B functions:	
Air pollution	Yes
Building regulations	Yes
Child care facilities	No (support)
Electricity and gas reticulation	Yes
Fire fighting 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

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Municipal Function	Municipal Function: Yes / 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
Street lighting	Yes
Traffic and parking	Yes

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E Ward Reporting

See also Chapter 2.4.2 of Annual Report

Functionality of ward committees:

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	6	9	Yes
2	Yes	6	10	Yes
3	Yes	8	9	Yes
4	Yes	4	9	Yes
5	Yes	3	6	Yes
6	Yes	6	8	Yes
7	Yes	5	9	Yes
8	Yes	8	12	Yes
9	Yes	3	5	Yes
10	Yes	6	10	Yes
11	Yes	5	10	Yes
12	Yes	4	8	Yes

Ward Committees establishment:

Ward 1: N'Duli (Polo Cross Hall)

Name of representative	Capacity representing	Number meetings held during the year
Sipho Mdange	Sport & Culture	9
Cynthia Davids	Health & Social	
Raymond Stuurman	Safety	
Andile Gili	Youth	
Mandisa Hinana	Education	
Kenneth Mbangula	Business Community	
Noxolo Mbali	Women	
Thubalakhe Mhlakwapalwa	Churches	
Johannes Busakwe	Civics & Taxes	
Lungisile Kondlo	Disabled& Elderly	

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Ward 2: Wolseley (Montana Library)

Name of representative	Capacity representing	Number meetings held during the year
	Safety	10
Audrey Longman	Education	
Lucille Classen	Health & Social	
Elizabeth Van Rooyen	Disability & Eldery	
Annemien Bezuidenhout	Civics & Taxes	
Elizabeth Wynand	Women	
Katrina Van Rensburg	Business Community	
Cornelia Moses	Youth	
Adan Maarman	Sport & Culture	
Brian Albertus	Churches	

Ward 3: Ceres (Rietvallei Library)

Name of representative	Capacity representing	Number meetings held during the year
Adriaan Williams	Business Community	9
Mark Mentoer	Health & Social	
Marinda Mankapan	Women	
Hendrik Titus	Churches	
Lorencia Jacobs	Safety	
Mariaan Van Rooi	Youth	
Elizabeth Velensky	Disabled & Elderly	
Saartjie Franse	Sport & Culture	
Amanda Whitebooi	Education	
Ronald Ross	Civics & Taxes	

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

Name of representative	Capacity representing	Number meetings held during the year
Alma Goosen	Business Community	9
David Mentoer	Civics & Taxes	
Johan Jacobs	Youth	
Jane Haas	Women	
	Safety	
Anneline Smit	Churches	
Jerome Barends	Sport & Culture	
Moses Davids	Health & Social	

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Name of representative	Capacity representing	Number meetings held during the year
Jacobus de Wee	Disabled & Elderly	
Le-Marco Smit	Education	

Ward 5: Ceres (John Steyn Library)

Name of representative	Capacity representing	Number meetings held during the year
Hyno Baartman	Health & Social	6
Amelia Abrahams	Disabled & Elderly	
Angeline Wildschut	Youth	
Marius Koopman	Civics & Taxes	
Rudolf Nel	Sport & Culture	
Fiona Hardneck	Churches	
Sylvia Cupido	Women	
Jonathan Nel	Safety	
Ronnie Philander	Education	
Alistair Nasson	Business & Community	

Ward 6: Bella Vista (Bella Vista Library)

Name of representative	Capacity representing	Number meetings held during the year
Frederika Koopman	Youth	8
Joey Jantjies	Churches	
Melanie Bé	Disabled & Elderly	
Sara Krotz	Sport & Culture	
Chantel Pietersen	Health & Social	
Johannes Crotz	Safety	
Oelsen Seroot	Business & Community	
Sylvia Minnaar	Women	
Letichia Crotz	Education	
Alwyn Fransman	Civics & Taxes	

Ward 7: Wolseley (Montana Library)

Name of representative	Capacity representing	Number meetings held during the year
Deborah Hlongwana	Churches	9
Magdalena Julius	Business Community	
Jacquelina Fortuin	Youth	

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Name of representative	Capacity representing	Number meetings held during the year
Edward Nchephe	Safety	
Kenneth Carelse	Sport & Culture	
Paulina Basson	Health & Social	
Anne Swarts	Women	
Lambertus Johnson	Civics & Taxes	
Piet Klink	Disable & Elderly	

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

Name of representative	Capacity representing	Number meetings held during the year
Brendon Maqhina	Disable & Elderly	12
Lena Pieters	Sport & Culture	
Ayanda Teni	Business Community	
Magrieta Baardman	Women	
Elzaan Ruiters	Youth	
Lagina Baleni	Churches	
Albertus Nel	Safety	
Chriszelda Mars	Health & Social	
Gert Jantjies	Education	
Johannes Fransman	Civic & taxis	

Ward 9: Op-die-Berg

Name of representative	Capacity representing	Number meetings held during the year
Francic Mackenzie	Churches	5
Carlo Galant	Health & Social	
Ndelelo Shweni	Disabled & Elderly	
Annie Jansen	Women	
Tom Persens	Education	
Jika Bongiswa	Civics & Taxes	
Mzwandile Phuphuma	Safety	
Aneline Arries	Youth	
Chrisjan Fortuin	Sport & Culture	

Ward 10: PA Hamlet (Council Chambers)

Name of representative	Capacity representing	Number meetings held during the year
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Name of representative	Capacity representing	Number meetings held during the year
Sophia De Bruin	Health & Social	
Juliana Appollis	Civics & Taxes	
Clive Young	Education	
Berend Skippers	Sport & Culture	
Bruce Salvester	Business Community	
Jacob Faro	Churches	
Leonard Baardman	Safety	
Clara Swarts	Disable & Elderly	

Ward 11: Tulbagh (Council Chamber)

Name of representative	Capacity representing	Number meetings held during the year
Sittimio Louw	Education	10
Jonathan Fransman	Sport & Culture	
Gerald Davids	Sport & Culture	
Rosina Jooste	Churches	
Raymond Malapo	Women	
Ann Myburgh	Disabled & Elderly	
Daniel Thomas	Civics & Taxes	
Nceba Nyosana	Youth	
Theo Lombaard	Business Community	
Sittimio Louw	Safety	

Ward 12: N'Duli (Community Hall)

Name of representative	Capacity representing	Number meetings held during the year
Zingiswa Senoamali	Education	8
Mncedisi Gili	Disabled & Elderly	
Jevon Lukas	Churches	
Thembakazi Ncaphayi	Health & Social	
Kholekile Mrwetyana	Business Community	
Humphry Ndwanya	Safety	
Namhla Mdala	Sport & Culture	
N Ruth Yisa	Women	
Siyabonga Gaba	Civics & Taxes	
Bulelwa Mzwakali	Youth	

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F Ward Information

See also Chapter 3.1.9 of Annual Report

Overview of performance per ward:

Ward 1 & 12: N'Duli

Capital Projects				
No.	Project Name and detail	Start Date	End Date	Total Value R
1	New N'Duli reservoir	Nov 2016	March 2018	R 13m
<i>The above analysis include only the largest capital project of the ward</i>				

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal households	1 119	1 123	1 711	1 116	
Informal households	564	564		564	
Total Households*	1 683	1 687	1 711	1 680	
Houses completed in year					0
Shortfall in Housing units					1 662
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>					

Top Four Service Delivery Priorities for Ward	
Priority Name and Detail	Progress During 2017/18
Sewer network	Periodic maintenance
Street/flood lights and electrical failure due to illegal connections	Illegal connections remain high priority to be addressed
Ablution facilities for informal areas	Periodic maintenance
Housing need	635 Serviced sites in process of development in Vredebes

Ward 3 & 5: Ceres

Capital Projects				
No.	Project Name and detail	Start Date	End Date	Total Value R
1	Traffic Test Centre	Nov 2017	March 2018	R 2,2m
2	Bulk sanitation for Vredebes	June 2017	May 2018	R 9,3m
3	Vredebes Access Collector Ph1	March 2017	Dec 2017	R 5,7m
4	Upgrade Die Eiland swimming pool	March 2017	Sept 2017	R 0,6m
5	Vredebes Phase F1 Internal Services	March 2018	Dec 2018	R 33m
<i>The above analysis include only the largest capital project of the ward</i>				

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Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal households	2 435	2 268	3 015	2 276	
Informal households					
Total Households*	2 435	2 268	3 015	2 276	
Houses completed in year					
Shortfall in Housing units (include Ceres & Bella Vista)					2 212
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>					
Top Four Service Delivery Priorities for Ward					
No.	Priority Name and Detail		Progress During 2017/18		
1	Playgrounds		Borehole for park irrigation		
2	Closing off of Bassonsloot		Completed		
3	Rotational skip removal		New Waste Management Policy		
4	Housing need		635 Serviced sites being developed at Vredebes		

Ward 4 & 6: Bella Vista

Capital Projects				
No.	Project Name and detail	Start Date	End Date	Total Value R
1	Bella Vista bulk water supply	Aug 2017	May 2018	R 6m
<i>The above analysis include only the largest capital project of the ward</i>				

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal households	2 558	2 571	2 554	2 517	
Informal households					
Total Households*	2 558	2 571	2 554	2 517	
Houses completed in year					107
Shortfall in Housing units (included under Ceres)					
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>					

Top Four Service Delivery Priorities for Ward		
No.	Priority Name and Detail	Progress During 2017/18
1	Business hub/mini CBD for Bella Vista	Discussions with Rural Development for funding
2	Clamp down on illegal dumping of refuse.	New Waste Management Policy
3	Off-ramp lanes at Bella Vista entrances	Traffic study underway.
4	Housing need	Development at Vredebes

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Ward 4 & 10: Prince Alfred's Hamlet

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal households	1 224	1 201	Eskom	1 201	
Informal households					
Total Households*	1 224	1 201	Eskom	1 201	
Houses completed in year					
Shortfall in Housing units					1 479
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>					

Top Four Service Delivery Priorities for Ward		
No.	Priority Name and Detail	Progress During 2017/18
1	Not all dwellings connected to main sewer line	Rest of Kliprug to be connected in 18/19, investigation for rest.
2	Effective placement of skips	New Waste Management Policy
3	Better controlled refuse removal in Phases areas	New Waste Management Policy
4	Housing need	Development at Vredebes

Ward 9: Op-Die-Berg

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal households	542	530	Eskom	577	
Informal households					
Total Households*	542	530	Eskom	577	
Houses completed in year					
Shortfall in Housing units					891
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>					

Top Four Service Delivery Priorities for Ward		
No.	Priority Name and Detail	Progress During 2017/18
1	The location public ablutions facilities in the CBD area	Budgeted for in 2018/19
2	Illegal house shops, need to be regulated	Continued law enforcement & inspections
3	Illegal shebeens need to be closed	Continued law enforcement & inspections
4	Speed calming still a problem	Increased law enforcement

Ward 7 & 11: Tulbagh

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Capital Projects				
No.	Project Name and detail	Start Date	End Date	Total Value R
1	Roads rehabilitation – Piet Retiefstr	March 2018	May 2019	R 13,7m
<i>The above analysis include only the largest capital projects of the ward</i>				

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal households	1 822	1 915	2 221	2 145	
Informal households	812	812		812	
Total Households*	2 634	0 727	2 221	2 957	
Houses completed in year					
Shortfall in Housing units					1 508
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>					
Top Four Service Delivery Priorities for Ward					
No.	Priority Name and Detail	Progress During 2017/18			
1	Illegal house shops, need to be regulated	Continued law enforcement & inspections			
2	Illegal shebeens need to be closed	Continued law enforcement & inspections			
3	Informal households utilising storm water as a means to dump their grey water & waste water, which contaminates river. Storm water network in Tulbagh needs to be maintained regularly	Formal housing to be included in housing pipeline to alleviate problem.			
4	Sewerage network in Chris Hani area needs to be maintained regularly	Periodic maintenance			

Ward 2 & 7: Wolseley

Capital Projects				
No.	Project Name and detail	Start Date	End Date	Total Value R
1	Upgrading of Montana Hall	October 2017	May 2018	250 000
<i>The above analysis include only the largest capital projects of the ward</i>				

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal households	2 546	2 653	2 749	2 435	
Informal households	338	338		338	
Total Households*	2 884	2 991	2 749	2 773	
Houses completed in year					
Shortfall in Housing units					1 816
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>					

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Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During 2017/18
1	Replacement and maintenance of roads	Periodic maintenance
2	Small-scale farmers need land for their animals	Rural Development and Department of Agriculture in process to investigate suitable land availability.
3	Secure fencing at the graveyard	Budgeted for in 2018/19
4	Illegal shebeens need to be closed	Continued law enforcement and inspections

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G Recommendations of the Municipal Audit Committee

See also Chapter 2.7.3 of Annual Report

Date of the PRAC meetings	Committee recommendations during 2017/18	Recommendations adopted
08-Sep-17	To recommend to the Executive Mayoral Committee and Council: that the Quarterly Budget Statement [Section 52(d)] Report for 1 April 2017 to 30 June 2017 be noted and accepted.	Yes
08-Sep-17	That the PRAC finalise the Second Bi-Annual Report on Performance Management for 2016/2017 and submit the same to the Department Administration for tabling to Council.	Yes
08-Sep-17	To recommend to the Mayco and Council that the Section 71 monthly report of the Department Finance for June 2017 be noted and accepted.	Yes
08-Sep-17	That the PRAC recommends to the Mayco and Council that the Internal Audit Charter from 1 July 2017 to 30 June 2018 be approved.	Yes
08-Sep-17	(b) that the Risk Based Audit Plan for 2017/2018 be finalised and tabled to Council for approval.	Yes
22-Nov-17	That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that notice be taken of the Section 71 monthly reports of the Department Finance for July, August and September 2017 and the same be accepted.	Yes
15-Jan-18	To recommend to Council: that the Quarterly Budget Statement [Section 52(d) Report] for the period 1 July 2017 until 30 September 2017 be noted and accepted.	Yes
15-Jan-18	<i>That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that notice be taken of the Section 71 monthly reports of the Department Finance for October and November 2017 and the same be accepted.</i>	Yes
15-Jan-18	<i>That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that the Audit Report and Financial Statements for 2016/2017 be noted and the same be accepted.</i>	Yes
15-Jan-18	That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that it be concluded that the Witzenberg Internal Audit Activity is allowed to fulfil its responsibilities and that the Internal Audit Activity is independent.	Yes
15-Jan-18	That the Performance, Risk and Audit Committee recommends to Council that notice be taken of the Performance, Risk and Audit Committee report as at 30 June 2017 as an annexure to the Annual Report 2016/2017 and the same be accepted.	Yes
02-Mar-18	that the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council:	Yes

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Date of the PRAC meetings	Committee recommendations during 2017/18	Recommendations adopted
	that notice be taken of the Internal Audit Report in respect of the Performance Management System for the second quarter of 2017/2018 and the same be approved and accepted.	
02-Mar-18	<p>That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council:</p> <p>that notice be taken of the Mid-year Budget Statement and Performance Assessment (Section 72 Report) for the period 1 July to 31 December 2017 and the same be approved and accepted.</p>	Yes
02-Mar-18	that Committee members send their inputs by 9 March 2018 after which the report will be updated by the Chairperson and the Head of Internal Audit for submission to Council.	Yes
02-Mar-18	<p>That the Performance, Risk and Audit Committee recommends to Council:</p> <p>that notice be taken of the Internal Audit Report on the Performance Management System for the first quarter of 2017/2018 and the same be approved and accepted.</p>	Yes
02-Mar-18	<p>That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council:</p> <p>that notice be taken of the Section 71 monthly reports of the Department Finance for December 2017 and January 2018 and the same be approved and accepted.</p>	Yes
02-Mar-18	<p>That the Performance, Risk and Audit Committee recommends to Council:</p> <p>(i) that notice be taken of the report with regard to the writing off of interest and arrear monies for household debt and other irrecoverable outstanding amounts and the same be approved and accepted.</p>	Yes
02-Mar-18	ii) That the irrecoverable arrears to the value of R51 486 498-58 be written off.	Yes
02-Mar-18	<p>That the Performance, Risk and Audit Committee recommends to Council:</p> <p>that notice be taken of the Quarterly Budget Statement Report [Section 52(d)] for the period 1 October 2017 to 31 December 2017 and the same be approved and accepted</p>	Yes
04-May-18	To recommend to the Executive Mayoral Committee and Council: that Council, in terms of MFMA Circular 65, considers that the Internal Audit Plan and the Internal Audit Charter have been approved by the Performance, Risk and Audit Committee and that Council takes notice and accepts same.	To be tabled to Mayco & Council in October 2018.
04-May-18	To recommend to the Executive Mayoral Committee and Council: that notice be taken of the Section 71 monthly reports of the Department Finance for February and March 2018 and same be accepted.	Yes
04-May-18	To recommend to the Executive Mayoral Committee and Council: that notice be taken of the Status report on the implementation of internal audit	Report to be tabled to

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Date of the PRAC meetings	Committee recommendations during 2017/18	Recommendations adopted
	findings for the first quarter of 2017/2018, dated September 2017, and same be accepted.	Mayco & Council in October 2018.
04-May-18	To recommend to the Executive Mayoral Committee and Council: that notice be taken of the Status report on the implementation of internal audit findings for the second quarter of 2017/2018 and same be accepted.	Report to be tabled to Mayco & Council in October 2018.

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H Long term Contracts and Public Private Partnership




Only one long term contract for the provision of banking services as awarded to First National Bank under Bid nr. 08/2/15/23. No Public Private Partnership was entered to by end of June 2017/18.

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I Municipal Entity/Service Provider Performance Schedule

See also Chapter 3.1.10 of Annual Report.

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 thus, this report contains no information in this regard. 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:

-  Each project manager shall monitor the supplier's compliance and performance to the set of specifications.
-  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.

The above information will be kept and made available for future evaluation purposes, contract negotiations and regular feedback to vendors.

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J Disclosure of Financial Interest

See also Chapter 2.13 of Annual Report

Disclosures of Financial Interests		
2017/18		
Name	Description of Financial interests*	
Executive Mayor		
Cllr BC Klaasen	Shares and securities in any	NASPERS and SASOL
	Directorships	Klaasen Incorporated
	Employment and Remuneration	Witzenberg Municipality; Klaasen Incorporated
	Property	21 Albert Crescent, Ceres
	Pension	Consolidated Retirement Fund
Member of Mayoral Committee / Executive Committee		
Cllr K Adams	Employment and Remuneration	Witzenberg Municipality
	Property	853 Vrede Street, Bella Vista
	Pension	Consolidated Retirement Fund
Cllr T Godden	Share and Security in any company	Klein Begin Viswinkel
	Directorship	Klein Begin Viswinkel; Rimary Co-operative Limited
	Employment and Remuneration	Witzenberg Municipality
	Interest in Property	214 Hoop Street , Koue Bokkeveld
	Pension	Consolidated Retirement Fund
Cllr TE Abrahams	Shares and securities in any	MTN; SASOL; Peninsula Hotel Time shares
	Close Corporation	Trevor Farming CC
	Interest in any trust	Abrahams Family Trust
	Directorships	Breede Gouritz Catchment Management Agency
	Employment and Remuneration	Witzenberg Municipality & BGCMA
	Property	7 Fortuin Street, Ceres, 1 Cloete Street, Ceres
	Pension	Consolidated Retirement Fund
Ald HJ Smit	Employment and Remuneration	Witzenberg Municipality
	Property	28 Tall Timber Avenue, Ceres

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Disclosures of Financial Interests		
2017/18		
Name	Description of Financial interests*	
	Pension	Consolidated Retirement Fund
Ald JJ Visagie	Employment and Remuneration	Witzenberg Municipality
	Property	Skuinsbaai, Prince Alfred's Hamlet
	Pension	Consolidated Retirement Fund
Cllr EM Sidego	Employment and Remuneration	Witzenberg Municipality
	Property	9 Michael Street, Tulbagh
	Pension	Consolidated Retirement Fund
Councillor		
Cllr M Mdala	Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Cllr P Daniels	Membership of any Close Corporation	Avaxa514- Dormant
	Employment and Remuneration	Witzenberg Municipality
	Property	7th Avenue Wolseley
	Pension	Consolidated Retirement Fund
Cllr S Hugo	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Ald J Schuurman	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Cllr GG Laban	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Cllr Z Mzauziwa	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Cllr TP Mgoboza	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Cllr Kinnear	Employment and Remuneration	Witzenberg Municipality
	Pension	CRF & Telkom
	Property	3 Kort Street, Wolseley

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Disclosures of Financial Interests		
2017/18		
Name	Description of Financial interests*	
Cllr DM Jacobs	Close Corporation	Khayaletu; Abafazi; Eagle
	Directorships	Khayaletu; Abafazi; Eagle
	Employment and Remuneration	Witzenberg Municipality
	Property	Residential
	Pension	Consolidated Retirement Fund
Cllr C Lottering	Employment and Remuneration	Witzenberg Municipality
	Property	23 Belvrede Single, Wolseley
	Pension	Consolidated Retirement Fund
Cllr P Heradien	Shares and Securities in any company	Colbalt
	Employment and Remuneration	Witzenberg Municipality
	Property	44 Lyell Street Ceres; 42 Lylle Street Ceres
	Pension	Consolidated Retirement Fund; ABSA Pension Fund
Cllr N Phatsoane	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Cllr H Visagie	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Cllr JT Phungula	Employment and Remuneration	Councillor at Witzenberg Municipality
	Property	8 Buckingham Street, Ceres
	Pension	Consolidated Retirement Fund
Cllr RJ Simpson	Employment and Remuneration	Witzenberg Municipality
	Pension	Municipal Councillors Pension Fund
Cllr D Swart	Shares and securities in any company	Crispy Farming
	Employment and Remuneration	Councillor at Witzenberg Municipality
	Property	2 St James Street, Ceres
	Pension	Consolidated Retirement Fund
Chief Accounting Officer		
Mr D Nasson	Shares and securities in any company	Old Mutual

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Disclosures of Financial Interests		
2017/18		
Name	Description of Financial interests*	
	Property	Residential
Chief Financial Officer		
Mr HJ Kritzinger	Property	Residential
Directors		
Mr JF Barnard	Property	Residential (Small Holding); Farm
Mrs JS Krieger	Directorship and Partnerships	NAWA & Fikelelela Dikoporasi
Mr M Mpeluza	Property	Residential
<i>* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A</i>		

K Revenue Collection Performance

Revenue collection by Vote:

Revenue collection by Source:[illegible]

Grant Performance							
	R' 000						
Description	2015/16	2016/17	2017/18			2017/18 Variance	
	Actual	Actual	Original Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
National Government:	80 443	89 476	109 558	93 481	93 066	15,05	0,44
Equitable share	54 850	59 734	70 412	70 412	70 412	-	-
Municipal Systems Improvement	860	-	-	-	-	-	-
Department of Water Affairs	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	-	-	-	-	-	-	-
Other transfers/grants [insert description]	-	-	-	-	-	-	-
Finance Management Grant	1 240	1 609	1 550	1 638	1 150	25,81	29,78
Transformation Funds	-	-	-	-	-	-	-
Municipal Infrastructure Grant	19 116	21 879	8 670	6 686	6 686	22,88	0,00
Housing	-	-	27 441	13 261	13 325	51,44	(0,48)
INEP	3 362	4 917	-	-	1	-	-
Rural Development	74	-	-	-	-	-	-
Expanded Public Works	941	1 336	1 485	1 485	1 493		
Neighbourhood Development Plan	-	-	-	-	-	-	-
Provincial Government:	43 114	45 124	51 518	40 421	35 382	31,32	12,47
Health subsidy	-	-	-	-	-	-	-
Housing	27 008	31 960	41 960	30 361	26 813	36,10	11,69
Regional Social Economic Project	-	-	1 000	-	1	99,93	-
Sports and Recreation	-	-	-	-	-	-	-
Municipal Infrastructure Support	-	-	-	462	288	-	37,61
Library Services	7 862	9 301	8 050	8 474	8 050	0,00	5,01
CDW	66	66	148	148	110	25,57	25,57
Mainroads	3 772	120	120	120	120	-	-
Draught Relief	4 043	2 405	-	-	-	-	-
Municipal Infrastructure Support Grant	151	1 187	-	-	-	-	-
Finance Management Support Grant	-	85	240	856	-	100,00	100,00
Multipurpose Centre	211	-	-	-	-	-	-
District Municipality:	-	-	-	400	-	-	100,00
<i>Water & Sanitation Informal Area</i>	-	-	-	-	-	-	-
<i>Housing Consumer Education Training</i>	-	-	-	-	-	-	-
<i>Sport and Recreation</i>	-	-	-	400	-	-	100,00
<i>Solid Waste</i>	-	-	-	-	-	-	-
Other grant providers:	5 060	6 427	7	2 809	3 963	(53 209,17)	(41,11)
<i>Belgium & China</i>	1 729	831	-	-	-	-	-
<i>VAT on Grants</i>	3 331	5 597	7	2 809	3 963	(53 209,17)	(41,11)
Total Operating Transfers and Grants	128 616	141 027	161 083	137 111	132 412	17,80	3,43
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.							

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M Capital Expenditure – New & Upgrade/ Renewal Programmes: Including MIG

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year -1	Year 2017/18			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	97 959	62 308	41 268	40 917	50 342	40 962	23 323
Infrastructure: Road transport - Total	35 398	16 280	6 553	6 553	25 805	11 237	10 814
Roads, Pavements & Bridges	35 398	10 280	4 764	4 764	15 121	7 846	10 814
Storm water	–	6 000	1 789	1 789	10 684	3 391	–
Infrastructure: Electricity - Total	32 779	1 827	1 479	1 404	5 884	5 096	6 837
Generation	–	–	–	–	–	–	–
Transmission & Reticulation	32 779	500	470	470	5 884	5 096	6 837
Street Lighting	–	1 327	1 009	934	–	–	–
Infrastructure: Water - Total	34 439	30 247	21 363	21 159	12 896	16 931	–
Dams & Reservoirs	–	11 730	371	371	–	–	–
Water purification	–	–	–	–	–	–	–
Reticulation	34 439	18 518	20 992	20 788	12 896	16 931	–
Infrastructure: Sanitation - Total	(4 657)	13 249	11 195	11 172	5 136	700	200
Reticulation	(4 657)	13 249	11 195	11 172	5 136	700	200
Sewerage purification	–	–	–	–	–	–	–
Infrastructure: Other - Total	–	705	678	629	621	6 998	5 472
Waste Management	–	705	678	629	621	6 998	5 472
Transportation	–	–	–	–	–	–	–
Gas	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–
Community - Total	1 185	1 000	3 379	3 327	990	2 570	500
Parks & gardens	–	–	–	–	–	–	–
Sportsfields & stadia	–	–	–	–	–	–	–
Swimming pools	–	–	–	–	–	–	–
Community halls	–	–	38	38	990	2 570	500
Libraries	–	–	–	–	–	–	–
Recreational facilities	1 185	920	867	849	–	–	–
Fire, safety & emergency	–	–	–	–	–	–	–
Security and policing	–	–	–	–	–	–	–
Buses	–	–	–	–	–	–	–
Clinics	–	–	–	–	–	–	–
Museums & Art Galleries	–	–	–	–	–	–	–
Cemeteries	–	60	186	186	–	–	–
Social rental housing	–	–	–	–	–	–	–
Other	–	20	2 288	2 254	–	–	–

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Capital Expenditure - New Assets Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
<u>Heritage assets - Total</u>	–	–		–	–	–	–
Buildings							
Other							
<u>Investment properties - Total</u>	–	–		–	–	–	–
Housing development							
Other							
<u>Other assets</u>	11 318	6 379	7 502	7 059	5 400	7 627	3 520
General vehicles	7 474	3 100	3 176	3 181	1 050	3 350	–
Specialised vehicles		–	–	–			
Plant & equipment	1 845	2 779	2 810	2 578	1 940	1 425	682
Computers - hardware/equipment	–	400	632	452	450	550	600
Furniture and other office equipment	777	100	202	170	360	382	190
Abattoirs		–	–	–			
Markets		–	–	–			
Civic Land and Buildings		–	–	–			
Other Buildings	136	–	–	–	–	–	–
Other Land		–	–	–			
Surplus Assets - (Investment or Inventory)		–	–	–			
Other	1 086	–	680	680	1 600	1 920	2 048
<u>Agricultural assets</u>	–	–		–	–	–	–
List sub-class							
<u>Biological assets</u>	–	–		–	–	–	–
List sub-class							
<u>Intangibles</u>	–	250	279	188	300	200	212
Computers - software & programming	–	250	279	188	300	200	212
Other (list sub-class)							
Total Capital Expenditure on new assets	110 462	69 937	52 427	51 491	57 032	51 359	27 555
<u>Specialised vehicles</u>	–	–		–	–	–	–
Refuse							
Fire							
Conservancy							
Ambulances							

* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

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Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	4 402	10 820	11 339	10 839	14 850	17 557	18 957
Infrastructure: Road transport -Total	4 402	6 420	4 376	4 051	9 000	8 478	10 478
Roads, Pavements & Bridges	4 402	6 200	4 156	4 051	9 000	6 739	8 739
Storm water	–	220	220	–	–	1 739	1 739
Infrastructure: Electricity - Total	–	1 000	2 430	2 428	2 500	2 500	1 000
Generation	–	–	–	–	–	–	–
Transmission & Reticulation	–	1 000	2 430	2 428	2 500	2 500	1 000
Street Lighting	–	–	–	–	–	–	–
Infrastructure: Water - Total	–	1 000	822	822	1 000	2 739	3 739
Dams & Reservoirs	–	–	462	462	–	–	–
Water purification	–	–	–	–	1 000	2 739	3 739
Reticulation	–	1 000	360	360	–	–	–
Infrastructure: Sanitation - Total	–	2 400	3 711	3 539	2 350	3 839	3 739
Reticulation	–	2 400	3 711	3 539	2 350	3 839	3 739
Sewerage purification	–	–	–	–	–	–	–
Infrastructure: Other - Total	–	–	–	–	–	–	–
Waste Management							
Transportation							
Gas							
Other							
Community	503	965	1 068	1 067	400	500	5 457
Parks & gardens	–	–	–	–	–	–	–
Sportsfields & stadia	–	–	–	–	–	–	–
Swimming pools	–	–	–	–	–	–	–
Community halls	291	405	452	451	400	500	5 457
Libraries	–	–	–	–	–	–	–
Recreational facilities	213	360	258	257	–	–	–
Fire, safety & emergency	–	–	–	–	–	–	–
Security and policing	–	–	–	–	–	–	–
Buses	–	–	–	–	–	–	–
Clinics	–	–	–	–	–	–	–
Museums & Art Galleries	–	–	–	–	–	–	–
Cemeteries	–	–	–	–	–	–	–
Social rental housing	–	200	359	359	–	–	–
Other	–	–	–	–	–	–	–
Heritage assets	–	–	–	–	–	–	–
Buildings							
Other							

Table continued next page

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Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
<u>Investment properties</u>	-	-		-	-	-	-
Housing development							
Other							
<u>Other assets</u>	19	1 525	1 384	404	842	550	616
General vehicles		-	-	-			
Specialised vehicles		-	-	-			
Plant & equipment	-	525	498	291	200	400	400
Computers - hardware/equipment		-	-	-			
Furniture and other office equipment	19	-	-	-	242	50	216
Abattoirs		-	-	-			
Markets		-	-	-			
Civic Land and Buildings		-	-	-			
Other Buildings	-	1 000	886	113	400	100	-
Other Land		-	-	-			
Surplus Assets - (Investment or Inventory)		-	-	-			
Other	-	-	-	-	-	-	-
<u>Agricultural assets</u>	-	-	-	-	-	-	-
List sub-class							
<u>Biological assets</u>	-	-	-	-	-	-	-
List sub-class							
<u>Intangibles</u>	-	-	-	-	-	-	-
Computers - software & programming		-	-	-			
Other (list sub-class)							
Total Capital Expenditure on renewal of existing assets	4 924	13 310	13 790	12 310	16 092	18 607	25 029
<u>Specialised vehicles</u>	-	-	-	-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

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N Capital Programme by Project current year

Capital Programme by Project: Year 0					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					
Infrastructure Management Syst	250 000	278 531	187 741	-48%	-33%
Telemetric Systems	150 000	184 441	184 441	0%	19%
Network- Water Pipes & Valve Replacement	1 000 000	359 707	359 707	0%	-178%
Ceres: Bella Vista New Bulk Water	500 000	1 741 846	1 741 846	0%	71%
Ceres: Bella Vista Bulk Water	2 442 476	4 191 042	4 191 042	0%	42%
Ceres: Vredebes New Bulk Water	1 000 000	1 983 473	1 784 252	-11%	44%
Vredebes Bulk Water Supply	6 769 475	6 796 321	6 791 589	0%	0%
Ceres: Vredebes New Bulk Water	1 655 551	4 305 807	4 305 807	0%	62%
Tulbagh Dam	11 729 824	-	60 896	100%	-19162%
Boreholes Morisdale Park	-	310 000	310 000	0%	100%
Drought Relief - Tulbagh Boreholes	-	462 350	462 350	0%	100%
Vredebes Housing Water	6 000 000	1 788 868	1 788 868	0%	-235%
Sanitation/Sewerage					
Sewer Pumps-replacement	200 000	200 000	200 000	0%	0%
Sewer Network Replacement	1 000 000	1 920 637	1 748 508	-10%	43%
Security Upgrades	550 000	940 000	940 000	0%	41%
Aerator Replacement Programme	850 000	850 000	850 000	0%	0%
Vredebes Housing Sanitation	6 000 000	1 788 868	1 788 868	0%	-235%
Ceres Vredebes New Bulk Sanita	976 028	2 711 736	2 708 341	0%	64%
Vredebes Bulk Sanitation	6 252 753	6 674 412	6 674 412	0%	6%
Electricity					
11 Kv Ring Supply Stanlet/rand	500 000	470 000	469 924	0%	-6%
Replace Outdated Switchgear And Rmu's	1 000 000	2 422 941	2 427 742	0%	59%
Streetlights	350 000	648 000	645 914	0%	46%
Streetlights	-	286 000	288 480	1%	100%
Housing					
Fencing Maple Park	200 000	358 620	358 620	0%	44%
Refuse removal					
Vehicle Replacement Programme	2 600 000	2 626 408	2 631 671	0%	1%
Transfer Stations And Related Infrastructure An	438 596	438 596	438 440	0%	0%
Transfer Stations And Related Infrastructure An	266 220	239 812	190 920	-26%	-39%

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Capital Programme by Project: Year 0					
					R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Roads & Stormwater					
Vredebes Housing Stormwater	6 000 000	1 788 868	1 788 868	0%	-235%
Vehicle Replacement Programme	400 000	400 000	396 486	-1%	-1%
Traffic Calming	150 000	150 000	150 000	0%	0%
Rehabilitation - Streets, Tulbagh	4 200 000	4 155 820	4 050 953	-3%	-4%
Vredebes Housing Roads	6 000 000	1 788 868	1 788 831	0%	-235%
Vredebes Acces Collector	3 129 594	2 273 367	2 272 984	0%	-38%
Vredebes Acces Collector	-	552 000	551 999	0%	100%
Economic development					
Skoonvlei Economic Hub	20 000	20 000	19 917	0%	0%
Sports, Arts & Culture					
Plant & Equipment	50 000	114 656	107 782	-6%	54%
Kruispuite	85 000	84 683	72 683	-17%	-17%
Brushcutters	100 000	86 991	86 991	0%	-15%
Chainsaws	50 000	57 370	57 369	0%	13%
Blower Mower	55 000	52 378	52 378	0%	-5%
Sokkernette	30 000	25 200	25 200	0%	-19%
Besproeiingstoerusting(pype En" Drag" Lines)	30 000	29 489	29 489	0%	-2%
Besproeiingstoerusting	50 000	43 320	43 320	0%	-15%
Speelapparate Parke	20 000	17 223	17 574	2%	-14%
Slasher X2	80 000	80 022	69 946	-14%	-14%
Mobile Toilets	50 000	52 413	51 983	-1%	4%
Spreiligte Pine Valley	130 000	184 201	184 200	0%	29%
Krag Op Die Berg Sportgronde	100 000	94 092	94 091	0%	-6%
Resurface Netball Courts Ceres/bv En Wolseley	300 000	197 647	197 646	0%	-52%
Morisdale Park Equipment	-	90 000	74 214	-21%	100%
Safety and Security					
Fire Vehicle Replacement Programme	-	500 000	500 000	0%	100%
Fire Vehicle Replacement Programme	-	50 000	48 830	-2%	100%
Fire Arms	150 000	100 000	83 745	-19%	-79%
Traffic Test Centre	-	2 267 749	2 234 079	-2%	100%
ICT and Other					
Upgrade Council Chambers	1 000 000	885 560	112 747	-685%	-787%
Office Equipment	150 000	200 000	169 081	-18%	11%
It Equipment	300 000	418 128	314 101	-33%	4%

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O Capital Programme by project by Ward current year

Capital Programme by Project by Ward: 2017/18		
Capital Project	Ward(s) affected	Works completed (Yes/No/WIP)
Water		
Infrastructure Management Syst	All	Yes
Office Equipment Tech Dir	All	Yes
Telemetric Systems	All	Yes
Network- Water Pipes & Valve Replacement	All	Yes
Tools & Equipment- New	All	Yes
Ceres: Bella Vista New Bulk Water	6	Yes
Ceres: Vredebes New Bulk Water	1,5	Yes
Tulbagh Dam	11	No
Boreholes Morisdale Park	3	Yes
Drought Relief - Tulbagh Boreholes	11	Yes
Vredebes Housing Water	5	WIP
Electricity		
INEP Projek -	5	WIP
Fencing Wolseley Stores	7,2	Yes
Streetlights	All	Yes
Streetlights	All	Yes
11 Kv Ring Supply Stanlet/rand	All	Yes
Tools & Equipment	All	Yes
Replace Outdated Switchgear And Rmu's	All	Yes
WorkshopTools & Equipment	All	Yes
Housing		
Fencing Maple Park	3	Yes
Refuse removal		
Vehicle Replacement Programme	All	Yes
ODB Puiblic toilets		No
Transfer Stations And Related Infrastructure And Studies	All	WIP
Roads & Stormwater		
Network - Storm Water Upgrading	All	Yes
Vredebes Housing Stormwater	5	WIP
Vehicle Replacement Programme	All	Yes
Traffic Calming	All	Yes
Network Street	All	Yes
Rehabilitation - Streets, Tulbagh	11	WIP
Vredebes Housing Roads	5	WIP
Vredebes Acces Collector	5	WIP
Economic development		
Skoonvlei Economic Hub	4	WIP
Sports, Arts & Culture		
Plant & Equipment	All	Yes

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Kruipspuite	All	Yes
Waterpomp	All	Yes
Brushcutters	All	Yes
Chainsaws	All	Yes
Blower Mower	All	Yes
Sokkernette	All	Yes
Fencing Graveyards	All	No
Besproeiingstoerusting(pype En" Drag" Lines)	All	Yes
Besproeiingstoerusting	All	Yes
Speelapparate Parke	All	Yes
Slasher X2	All	Yes
Mobile Toilets	All	Yes
Spreiligte Pine Valley	7	Yes
Krag Op Die Berg Sportgronde	8	Yes
Resurface Netball Courts Ceres/bv En Wolseley	All	Yes
Morisdale Park Equipment	3	Yes
Environment		
Health		
Safety and Security		
Fire Vehicle Replacement Programme	All	Yes
Fire Arms	All	Yes
Traffic Test Centre	All	Yes
ICT and Other		
Upgrade Council Chambers	All	WIP
Office Equipement	All	Yes
It Equipment	All	Yes

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P Service Connection Backlogs at Schools and Clinics

See also Chapter 3.1.5 (1.1) of Annual Report

There are no service connection backlogs to schools and clinics within urban areas where Witzenberg Municipality are responsible for services. The situation of service connections in rural areas are however unknown.

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18	
FinInc17	Number of outstanding valid applications for water services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	0%	
FinInc18	Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	0%	
FinInc19	Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0.05%	<1%	0%	
FinInc20	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	<1%/0%	<1%	0%	

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Q Service Backlogs Experienced by the Community where another Sphere of Government is Responsible for Service Provision

This Appendix relates to all service backlogs experienced by the community where another sphere of government is responsible for providing the service, this information is provided to assist the national and provincial departments improve planning, budgeting and implementation.

Information can however not be provided as the type of service, backlog & backlog criteria is unknown to the municipality.

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R Declaration of Loans and Grants Made by the Municipality

No loans or grants were granted by the municipality.

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S Declaration of Returns not Made in due Time under MFMA s71

All Section 71 reports were submitted within the required timeframe.

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T National and Provincial Outcome for local government

This Appendix covers information not addressed in any of the other areas of the Annual Report, relating to municipal powers and functions that can be used by the National and Provincial Spheres to monitor and evaluate service delivery performance. This should indicate the progress to date, numbers and percentage achieved.

All major service delivery functions are measured through key performance indicators as reported on under Chapter 3.1.7.

The tables below provide the results on these indicators as well as reasons for under-performance where targets were not achieved.

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

1.1) Sustainable provision and maintenance of basic infrastructure

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18	
TecDir1	% Expenditure on Maintenance Budget by Technical Directorate	Percentage of budget spent.	All	98% /99%	99%	99.8%	
TecDir3	% Expenditure on Capital Budget by Technical Directorate	Percentage of budget spent.	All	95%/98%	96%	98.2%	
TecWat21	Percentage compliance with drinking water quality standards.	Percentage compliance.	All	97%/100%	98%	100%	
FinInc17	Number of outstanding valid applications for water services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	0%	
FinInc18	Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	0%	
FinInc19	Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0.05%	<1%	0%	
FinInc20	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	<1%/0%	<1%	0%	
TecWat20	Decrease unaccounted water losses.	Percentage water losses.	All	20%/19%	18%	17.9%	
TecEI37	Decrease unaccounted electricity losses.	Percentage electricity losses.	All	9%/10%	10%	9.9%	
Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 28/02/2018. Motivation: Current NERSA benchmark is 10%. This consists mainly of Power Transfer losses (I ² R) which is normal in electrical any network and cannot be 'avoided'. Witzenberg's inefficient network of over 120km is also an extenuating factor.							
TecRo7	Kilometres of roads upgraded & rehabilitated	Kilometres of roads	All	2/10.7	3	4,4	

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

TecDir2	Number of subsidised serviced sites developed.	Number of serviced plots.	All	No Target	100	101	
<p>Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 28/02/2018.</p> <p>Motivation: The target relates to the construction of serviced sites at the Vredebes subsidised housing development (Project 3199.03). Project approval from the Department of Human Settlements was only received in February 2018 with resolution nr 18/03. The project of 635 will now be implemented over two financial years.</p>							
TecWat22	Provide basic services - number of informal areas with sufficient communal water services points (taps).	Number of informal areas.	All	3/3	3	3	
<p>Note: The indicator measures the availability of water within 200m in the three informal areas located in Nduli, Tulbagh & Wolseley. A land invasion took place at Pine Valley, Wolseley where 228 illegal informal structures were erected and occupied. The construction of serviced sites in the area were planned for over the long term as all planning and funding for the next 3 years is focused on the Vredebes development at Ceres. These 228 structures were therefor not included in the result above.</p>							
TecSan13	Provide basic services - number of informal areas with sufficient communal sanitation services points (toilets).	Number of informal areas.	All	3/3	3	3	
<p>Note: The indicator measures the availability of toilets within 200m in the three informal areas located in Nduli, Tulbagh & Wolseley. A land invasion took place at Pine Valley, Wolseley where 228 illegal informal structures were erected and occupied. The construction of serviced sites in the area were planned for over the long term as all planning and funding for the next 3 years is focused on the Vredebes development at Ceres. These 228 structures were therefor not included in the result above.</p>							
TecRef31	Improve basic services - number of informal settlements receiving a door-to-door refuse collection and area-cleaning service.	Number of informal areas.	All	3/3	3	3	
TecEl36	Number of subsidised electricity connections installed.	Number of connections.	All	200/94	200	189	
<p>Reason for under-performance:</p> <p>Houses were illegally occupied before electricity connections could be installed and it was decided not to continue with electrical connections before the legal approved beneficiaries did not move into the houses.</p>							
<p>Corrective measures:</p> <p>Legal action has been introduced to remove the illegal occupiers from the houses. Outcome of the court action was still awaited at year end.</p>							
<p>Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 28/02/2018.</p> <p>Motivation: The original target included the electrification of houses in the Bella Vista and Vredebes housing projects. The Vredebes project has not been approved yet and therefor the target is decreased to only include the outstanding electrical connections for the Bella Vista project.</p>							

2.1) Support Institutional transformation and development

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18
CorpHR13	Percentage budget spent on implementation of Workplace Skills Plan.	Percentage of budget spent.	All	95%/98%	96%	98.8%
CorpHR12	Percentage of people from employment equity target groups employed in the three highest levels of management in	Nr of reports	All	75%/75%	4	4

Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 28/02/2018.
Motivation: The indicator is included in the SDBIP as a national indicator. Determining of performance on the indicator & measuring of a result has been impractical and not “SMART”. The main reason being that the municipality cannot plan on a target as resignations cannot be controlled by the municipality. Measurement is there for revised to the quarterly reporting on the implementation of the municipality’s equity policy.

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2.2) Ensure financial viability

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18
FinFAdm10	Financial viability expressed as Debt-Coverage ratio	Ratio	All	16/39.7	90	90.2
<p>Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 28/02/2018.</p> <p>Motivation: This indicator measures debt coverage as (total operating revenue – operating grants received) / debt service payments due within the year. It therefore measures the municipality's ability to cover its debt service payments from operating revenue (excluding grants) a number of times. Due to the redemption of a number of loans over the past year, this number of times can be increased from 30 to 90 times.</p>						
FinFAdm9	Financial viability expressed as Cost-Coverage ratio	Ratio	All	1.6/2.4	2.8	2.97
FinFAdm11	Financial viability expressed outstanding service debtors	Ratio	All	44%/54%	44%	49.1%
<p>Reason for under-performance:</p> <p>The majority of outstanding debt is in respect of prescribed debt and debt of indigent households.</p>						
<p>Corrective measures:</p> <p>Council has established a Task team to investigate a strategy to address outstanding debt as well as to consider the writing off of prescribed debt and debt of indigents.</p>						
FinDir3	Opinion of the Auditor-General on annual financial statements of the previous year.	Opinion of AG - unqualified	All	1/1	1	1
FinInc15	Increased revenue collection	Percentage revenue collected.	All	95%/95%	95%	94.2%
<p>Reason for under-performance:</p> <p>The drought has negatively affected employment opportunities resulting that households could not afford to pay their municipal accounts.</p>						
<p>Corrective measures:</p> <p>Council established a task team to investigate measures to improve debt collection as well as the installation of water management devices.</p>						
MM1	Percentage of budget spent on overall maintenance.	Percentage of budget spent.	All	98%/99%	99%	99.7%
MM2	Percentage spent of overall capital budget.	Percentage of budget spent.	All	95%/97%	96%	96.4%

2.3) To maintain and strengthen relations with international- and inter-governmental partners as well as the local community through the creation of participative structures.

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18
MMIDP9	Number of IDP community meetings held.	Number of meetings held.	All	14/14	14	14
<p>Note: Although the 1st Bella Vista meeting was advertised to be held on the 30th of October 2017, the meeting was cancelled, as it was combined with the Ceres meeting held on the 24th of October 2017. Members of the Bella Vista community marched to Ceres and demanded to attend the Ceres meeting. It was decided that it would be unnecessary to have another meeting in Bella Vista.</p>						
ComSoc49	Number of meetings with inter-governmental partners.	Number of meetings held.	All	12/12	12	13

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

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18
ComAm34	Customer satisfaction survey	Survey to be	All	2.5/2.2	1	1

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Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18
	(Score 1-5) - community facilities.	undertaken.				
<p>Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 28/02/2018.</p> <p>Motivation: The indicator's scope include survey's to be done in all towns on the public's perception on various communal facilities ranging from access to libraries & town halls to maintenance of sports fields. It is the experience that the result is not "SMART" and impractical to influence change immediately. Some communities might have a very negative image of the municipality although all facilities are available while for other the facilities are not such a priority. The continuation of the survey are however necessary & especially the thorough analysis of results to influence the IDP & budgetary processes. Scoring is therefore replaced as a target with the implementation of 1 survey annually.</p>						
ComDir1	% Expenditure on Maintenance Budget by Community Directorate	Percentage of budget spent.	All	98%/99%	99%	99.7%
ComDir2	% Expenditure on Capital Budget by Community Directorate	Percentage of budget spent.	All	95%/96%	96%	97.1%

4.1) Support the poor and vulnerable through programmes and policy

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18
ComSoc41	Number of account holders subsidised through the municipality's indigent Policy	Number of account holders.	All	2 750/2 521	3000	2373
<p>Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 28/02/2018.</p> <p>Motivation: The current drought experienced has had a noticeable impact on the local economy & job creation as the majority of poor families relies mainly on the primary & secondary agricultural economies for income. Forecasts have indicated that the situation will increase with more pressure on municipal debt collection and can an accrument of indigent's number be expected.</p>						
ComLed8	The number of jobs created through municipality's local economic development initiatives including capital projects.	Number of jobs created.	All	390/398	390	403
ComSoc 42-48	Number of social development programmes implemented	Number of programmes.	All	20/22	20	36
ComHS14	Number of housing opportunities provided per year.	Number of top structures.	All	200/200	107	107
<p>Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 28/02/2018.</p> <p>Motivation: The original target included the outstanding top structures for Bella Vista & the new Vredebes project. The Vredebes housing project has not been approved yet by the Department of Human Settlements & the target are there for decreased to include only the completion of the Bella Vista project.</p>						
ComHS15	Number of Rental Stock transferred	Number of properties transferred.	All	60/65	60	39
<p>Reason for under-performance:</p> <p>Several transfers could not be finalised due to the following reasons: original beneficiaries could not be located, death of original beneficiaries, household differences on who should be the legally title holder and delays in transfers from the Deeds Office.</p> <p>Corrective measures:</p> <p>Several of the reasons as mentioned are difficult to address as they relates to a lack of interest from certain beneficiaries. The municipality will however increase awareness to ensure co-operation from the relevant parties.</p>						

4.2) Create an enabling environment to attract investment and support to the local economy.

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18
MMProp21	Revisit Municipal Land Audit and draw up an implementation plan.	Phased implementation	All	1/1	Phase 4 Implement	Phase 4 Implement

WITZENBERG 2017/18 ANNUAL REPORT

ANNEXURE A: AUDITED FINANCIAL STATEMENTS

2018



Annual Financial Statements

30 June 2018



WITZENBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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WITZENBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 Kritzing

REGISTERED OFFICE

50 Voortrekker Street, Ceres, 6835

AUDITORS

Auditor-General South Africa

PRINCIPAL BANKERS

Standard Bank, Ceres
First National Bank

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

WITZENBERG MUNICIPALITY

COUNCILLORS OF THE WITZENBERG MUNICIPALITY

Position	Surname	Party	Seat type
Executive Mayor	Klaasen, BC	DA	PR
Deputy Executive Mayor	Adams, K	DA	Ward 6
Speaker	Godden, TT	COPE	PR
Member of Mayoral Committee	Sidego, EM	DA	Ward 11
Member of Mayoral Committee	Alderman Smit, HJ	DA	Ward 5
Member of Mayoral Committee	Visagie, JJ	DA	Ward 4
Member of Mayoral Committee	Abrahams, T	DA	PR
Ordinary Councillor	Kinnear, D	DA	PR
Ordinary Councillor	Laban, G	WA	PR
Ordinary Councillor	Alderman Schuurman, J W	ANC	PR
Ordinary Councillor	Phungula, JT	ANC	PR
Ordinary Councillor	Jacobs, DM	EFF	PR
Ordinary Councillor	Herandien, P	ICOSA	PR
Ordinary Councillor	Simpson, RJ	ANC	PR
Ordinary Councillor	Mzauziwa, Z	DA	PR
Ordinary Councillor	Phatsoane, N	ANC	Ward 1
Ordinary Councillor	Lottering, C	DA	Ward 2
Ordinary Councillor	Swart, D	DA	Ward 3
Ordinary Councillor	Daniels, P	DA	Ward 7
Ordinary Councillor	Visagie, H	ANC	Ward 8
Ordinary Councillor	Hugo, SJ	ANC	Ward 9
Ordinary Councillor	Mgoboza, TP	ANC	Ward 10
Ordinary Councillor	Mdala, M	ANC	Ward 12

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
 Accounting Officer



 Date 23/11/2018

WITZENBERG MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	2018 R	Restated 2017 R
ASSETS			
Current Assets		181 019 792	152 160 761
Cash and Cash Equivalents	2	97 505 902	76 333 137
Trade and other Receivables from Exchange Transactions	3	51 223 415	50 267 611
Receivables from non-exchange transactions	4	11 158 768	8 085 294
Inventory	5	11 401 816	9 347 496
Unpaid Conditional Government Grants and Receipts	6	2 379 679	2 262 670
VAT Receivable (net)	7	7 350 212	5 864 553
Non-Current Assets		905 212 128	875 033 256
Property, Plant and Equipment	8	843 242 421	808 010 681
Intangible Assets	9	2 649 745	2 506 094
Investment Property	10	45 659 838	47 880 986
Heritage assets	11	550 000	550 000
Operating Lease Asset	12	5 095	9 947
Capitalised Restoration Cost	13	13 105 029	16 075 548
Total Assets		1 086 231 920	1 027 194 017
LIABILITIES			
Current Liabilities		80 894 509	75 063 732
Trade and Other Payable Exchange Transactions	14	44 888 334	44 691 288
Consumer Deposits	15	6 418 394	5 395 421
Current Employee benefits	16	19 695 805	17 446 827
Unspent Conditional Government Grants and Receipts	6	5 750 092	2 601 158
Unspent Public Contributions	17	1 865 504	975 236
Current Portion of Borrowings	18	2 276 380	3 953 802
Non-Current Liabilities		157 916 726	152 901 542
Borrowings	18	5 192 288	7 266 733
Non-Current Provisions	19	71 466 568	70 249 120
Employee benefits	20	81 257 870	75 385 689
Total Liabilities		238 811 235	227 965 274
Net Assets		847 420 685	799 228 743
Capital Replacement Reserve	21	10 354 788	10 354 788
Accumulated Surplus		837 065 896	788 873 955
Total Net Assets and Liabilities		1 086 231 920	1 027 194 017

WITZENBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017	2017	2017
	Notes	(Actual)	(Restated)	Correction	(Previously
		R	R	of error	reported)
				R	R
REVENUE					
Revenue from Non-exchange Transactions		220 379 722	276 395 283	911 994	275 483 289
Taxation Revenue		64 506 631	61 101 436	-	61 101 436
Property rates	22	63 835 379	59 649 031	-	59 649 031
Property Rates - penalties imposed and collection charges		671 252	1 452 405	-	1 452 405
Transfer Revenue		155 873 091	215 293 847	911 994	214 381 853
Fines		-	-	(19 242 291)	19 242 291
Fines, Penalties and Forfeits		22 001 770	18 923 441	18 923 441	-
Licences or Permits		1 164 358	141 796	141 796	-
Surcharges and Taxes		3 963 004	-	-	-
Government Grants and Subsidies - Capital	23	34 481 262	38 768 028	-	38 768 028
Government Grants and Subsidies - Operating	23	93 967 249	102 517 686	1 089 048	101 428 638
Public Contributions and Donations		295 448	54 942 896	-	54 942 896
Revenue from Exchange Transactions		344 029 088	320 270 681	(141 796)	320 412 477
Service Charges	24	306 169 572	286 621 189	-	286 621 189
Rental of Facilities and Equipment		-	-	(8 176 974)	8 176 974
Rental from Fixed Assets		5 989 524	5 625 637	5 625 637	-
Interest earned - External investments		8 121 547	8 511 695	-	8 511 695
Interest Income and Dividends		10 372 977	7 816 318	-	7 816 318
Licences and Permits		-	-	(141 796)	141 796
Agency Services		3 586 464	4 352 440	-	4 352 440
Other Income		-	-	(4 792 065)	4 792 065
Operational Revenue	25	4 576 453	759 653	759 653	-
Sales of Goods and Rendering of services	26	5 212 551	6 583 749	6 583 749	-
Total Revenue		564 408 810	596 665 964	770 198	595 895 766
EXPENDITURE					
Employee related costs	27	152 397 783	140 549 644	7 217 082	133 332 562
Remuneration of Councillors	28	9 170 071	8 779 575	-	8 779 575
Impairment	29	39 571 146	36 798 779	(910 694)	37 709 473
Inventory Consumed		15 173 256	16 767 107	16 767 107	-
Operational Cost	35	31 552 357	28 421 287	28 421 287	-
Collection Costs		-	-	(773 248)	773 248
Depreciation and Amortisation	30	28 698 573	26 142 546	-	26 142 546
Repairs and Maintenance		-	0	(23 000 709)	23 000 709
Unamortised Discount - Interest paid		-	-	(615 809)	615 809
Finance Charges	32	15 675 980	17 572 906	615 809	16 957 097
Bulk Purchases	33	179 705 387	181 325 287	2 122 483	179 202 804
Contracted Services		36 100 762	30 676 812	(11 192 340)	41 869 152
Grants and Subsidies		-	-	(941 038)	941 038
General Expenses		-	(0)	(43 760 685)	43 464 693
Transfers and Subsidies: Operational Expenditure	34	13 920 192	25 615 338	25 615 338	-
Rent on Land		25 833	-	-	-
Operating Leases		855 912	782 317	782 317	-
Total Expenditure		522 847 253	513 431 599	346 901	512 788 706
Gain / (loss) on disposal of assets		(1 088 526)	228 298	(3 545)	231 843
(Impairment loss) / Reversal of impairment loss	31	(20 192)	(137 679)	-	(137 679)
Gain / (loss) on Adjustment of Provision		5 184 679	-	-	-
Inventories: (Write-down) / Reversal of write-down		274	-	-	-
Gain / (loss) on Actuarial Valuations	20	2 554 149	14 114 503	-	14 114 503
NET SURPLUS FOR THE YEAR		48 191 941	97 439 487	419 752	97 315 727

WITZENBERG MUNICIPALITY

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

	Notes	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
		R	R	R
Balance at 1 JULY 2016		9 548 191	692 241 066	701 789 257
Correction of error		-	-	-
Restated Balance at 1 JULY 2016		9 548 191	692 241 066	701 789 257
Contribution to Capital Replacement Reserve		23 364 843	(23 364 843)	-
Property, Plant and Equipment purchased		(22 558 245)	22 558 245	-
Restated Net Surplus for the year		-	97 439 487	97 439 487
Balance at 30 JUNE 2017		10 354 789	788 873 955	799 228 744
Transfers to/from Accumulated		25 706 031	(25 706 031)	-
Property, Plant and Equipment purchased		(25 706 031)	25 706 031	-
Net Surplus for the year		-	48 191 941	48 191 941
Balance at 30 JUNE 2018		10 354 789	837 065 896	847 420 685

WITZENBERG MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Notes	30 JUNE 2018 R	30 JUNE 2017 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Taxation	37	63 592 093	59 159 651
Sales of goods and services		308 615 009	282 432 830
Government Grants		132 666 152	131 812 374
Interest		19 165 776	17 780 418
Payments			
Employee costs		(141 722 476)	(129 866 784)
Suppliers		(282 663 051)	(296 822 535)
Finance charges	32	(15 675 980)	(16 957 097)
Cash generated by operations	37	83 977 523	47 538 857
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	8	(63 612 665)	(61 843 086)
Purchase of Intangible Assets	9	(187 741)	-
Proceeds on Disposal of Fixed Assets		3 790 327	3 093 713
Increase/(Decrease) in Long-term Receivables		-	7 495
Net Cash from Investing Activities		(60 010 079)	(58 741 878)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(3 817 652)	(9 952 289)
Increase in Consumer Deposits		1 022 973	448 719
Net Cash from Financing Activities		(2 794 679)	(9 503 570)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		21 172 765	(20 706 591)
Cash and Cash Equivalents at the beginning of the year		76 333 137	97 039 728
Cash and Cash Equivalents at the end of the year	2	97 505 902	76 333 137
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		21 172 765	(20 706 591)

WITZENBERG MUNICIPALITY

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

	Actual 2018 R	Approved budget 2018 R	Adjustments 2018 R	Final budget 2018 R	Difference between final budget and	Actual 2017 R
Operating Revenue						
Property rates	63 835 379	64 943 191	-	64 943 191	-2%	59 649 031
Property Rates - penalties imposed and collection charges	671 252	1 512 000	(1 512 000)	-	-100%	1 452 405
Fines, Penalties and Forfeits	22 001 770	14 668 122	-	14 668 122	50%	18 923 441
Licences or Permits	1 164 358	150 188	(1 500)	148 688	683%	141 796
Surcharges and Taxes	3 963 004	7 434	2 801 072	2 808 506	41%	-
Government Grants and Subsidies - Capita	34 481 262	63 229 578	(27 945 969)	35 283 609	-2%	38 768 028
Government Grants and Subsidies - Operating	93 967 249	97 846 421	1 172 631	99 019 052	-5%	102 517 686
Public Contributions and Donations:	295 448	-	-	-	0%	54 942 896
Service Charges	306 169 572	302 714 081	5 700 000	308 414 081	-1%	286 621 189
Rental from Fixed Assets	5 989 524	9 650 377	-	9 650 377	-38%	5 625 637
Interest earned - External investments	8 121 547	4 565 157	-	4 565 157	78%	8 511 695
Interest Income and Dividends	10 372 977	8 583 973	1 512 000	10 095 973	3%	7 816 318
Agency Services	3 586 464	4 617 957	-	4 617 957	-22%	4 352 440
Operational Revenue	4 576 453	1 036 302	3 190 000	4 226 302	8%	759 653
Sales of Goods and Rendering of services	5 212 551	2 476 977	-	2 476 977	110%	6 583 749
Total revenue	564 408 810	576 001 758	(15 083 766)	560 917 992	-0.6%	596 665 964
Operating Expenditure						
Employee related costs	152 397 783	158 053 672	(4 990 817)	153 062 855	0.4%	140 549 644
Remuneration of Councillors	9 170 071	10 082 934	-	10 082 934	9.1%	8 779 575
Impairment	39 571 146	27 092 430	12 500 000	39 592 430	0.1%	36 798 779
Bad Debts Written Off			55 003 500	55 003 500	100.0%	
Inventory Consumed	15 173 256	18 522 735	(246 054)	18 276 681	17.0%	16 767 107
Operational Cost	31 552 357	36 714 478	490 533	37 205 011	15.2%	28 421 287
Depreciation and Amortisation	28 698 573	46 045 465	(700 000)	45 345 465	36.7%	26 142 546
Finance Charges	15 675 980	10 707 895	4 756 000	15 463 895	-1.4%	17 572 906
Bulk Purchases	179 705 387	183 215 265	(308 920)	182 906 345	1.8%	181 325 287
Contracted Services	36 100 762	38 605 232	2 963 515	41 568 747	13.2%	30 676 812
Transfers and Subsidies: Operational Expenditure	13 920 192	15 762 921	1 445 609	17 208 530	19.1%	25 615 338
Rent on Land	25 833	20 000	11 000	31 000	16.7%	-
Operating Leases	855 912	3 205 780	(1 321 258)	1 884 522	54.6%	782 317
Total expenditure	522 847 253	548 028 807	69 603 108	617 631 915	15.3%	513 431 599
Surplus/(deficit) for the period	41 561 557	27 972 951	(84 686 874)	(56 713 923)	173.3%	83 234 365
Operating expenditure by vote						
Budget & Treasury Office	27 288 152	48 436 450	(8 141 436)	40 295 014	32.3%	31 905 693
Civil Services	99 007 864	92 729 443	64 720 084	157 449 527	37.1%	107 163 793
Community & Social Services	27 148 871	30 877 066	(62 056)	30 815 010	11.9%	26 784 842
Corporate Services	35 206 004	35 046 208	1 013 152	36 059 360	2.4%	34 221 320
Electro Technical Services	201 132 100	208 479 599	(598 500)	207 881 099	3.2%	202 333 897
Executive & Council	22 987 249	25 360 353	(33 799)	25 326 554	9.2%	23 025 003
Housing	16 465 027	18 002 758	1 462 278	19 465 036	15.4%	27 456 019
Planning	8 318 208	8 900 154	(509 404)	8 390 750	0.9%	7 539 676
Public Safety	40 440 006	32 524 542	9 676 953	42 201 495	4.2%	32 530 809
Sport & Recreation	44 853 772	47 672 234	2 075 836	49 748 070	9.8%	20 470 545
Total operating expenditure by vote	522 847 253	548 028 807	69 603 108	617 631 915	15.35%	513 431 597
Capital expenditure by vote						
Budget & Treasury Office	214 797	180 000	299 719	479 719	55.2%	162 534
Civil Services	42 349 987	57 070 923	(13 925 304)	43 145 619	1.8%	48 276 119
Community & Social Services	803 709	1 585 000	6 199	1 591 199	49.5%	910 051
Corporate Services	975 562	822 000	327 828	1 149 828	15.2%	285 353
Electro Technical Services	4 760 602	3 364 193	1 491 766	4 855 959	2.0%	6 831 879
Executive & Council	169 081	150 000	50 000	200 000	15.5%	-
Housing	358 620	200 000	158 620	358 620	0.0%	-
Planning	56 601	85 000	(26 151)	58 849	3.8%	-
Public Safety	2 866 654	650 000	2 267 749	2 917 749	1.8%	100 273
Sport & Recreation	11 244 793	19 139 594	(7 679 695)	11 459 899	1.9%	2 216 854
Total capital expenditure	63 800 406	83 246 710	(17 029 269)	66 217 441	3.65%	58 783 063

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 allowaable in terms of the Municipal Finance Management Ac

Please refer to Note 40 for more information on budget comparisons

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

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

GRAP 107	Mergers
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 Ventures
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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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. PRESENTATION AND DISCLOSURE

The municipality implemented the Municipal Standard Chart of Accounts (MSCOA) during the year ended 30 June 2018, as required by National Treasury through directives and guidelines issued.

1.4. GOING CONCERN ASSUMPTION

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

1.5. 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.

1.6. 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.

1.7. 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 Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.	After 1 April 2020
GRAP 20	Related Party Disclosures The impact of this Standard on the financial statements will be minimal.	After 1 April 2019
GRAP 32	Service Concession Arrangements: Grantor No significant impact is expected as the Municipality does not participate in such business transactions.	After 1 April 2019
GRAP 34	Separate Financial Statements. No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 35	Consolidated Financial Statements No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Standard	Description	Effective Date
GRAP 36	Investments in Associates and Joint Ventures. No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 37	Joint Arrangements. No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 38	Disclosure of Interests in Other Entities. 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.	After 1 April 2019
GRAP 109	Accounting by Principals and Agents No significant impact is expected as the Municipality does not participate in such business transactions.	After 1 April 2019
GRAP 110	Living and Non-Living Resources No significant impact is expected as the Municipality does not participate in such business transactions.	After 1 April 2020
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset. No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
IGRAP 18	Interpretation of the standard of GRAP on recognition and derecognising of land No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
IGRAP 19	Liabilities to pay levies No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown

1.8. RESERVES

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.

1.9. LEASES

1.9.1. 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.

1.9.2. 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.

1.10. 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 disclosed 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.

1.11. 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.

1.12. PROVISIONS

1.12.1. 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.

1.12.2. 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.

1.13. EMPLOYEE BENEFITS

1.13.1. 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.

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.

1.13.2. 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.

1.13.3. 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.

1.13.4. 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.

1.13.5. 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.

1.13.6. 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.

1.13.7. 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.

1.14. PROPERTY, PLANT AND EQUIPMENT

1.14.1. 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.

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, its 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.

1.14.2. 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.

1.14.3. 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	15-75	Furniture and equipment	3-30
Other	10-15	Landfill sites	10-15
		Markets	30
Community		Other	3-30
Recreational Facilities	5-30	Other vehicles	2-67
Sport fields & Stadia	10-20	Plant and Equipment	5-32
Halls	5-100	Specialist vehicles	6-38
Libraries	10-30		
Parks and gardens	10-30		
Other assets	5-30		
Cemeteries	5-30		
Finance lease assets			
Office equipment	3-5		

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.

1.14.4. De-recognition

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.

1.14.5. 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.

1.15. INTANGIBLE ASSETS**1.15.1. 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:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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.

1.15.2. 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.

1.15.3. 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:

Intangible Assets	Years
Computer Software	3-20
Computer Software Licenses	3-20

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

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.

1.16. INVESTMENT PROPERTY

1.16.1. 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.

1.16.2. 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.

1.16.3. 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.

1.16.4. 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.

1.17. HERITAGE ASSETS

1.17.1. 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.

1.17.2. 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.

1.17.3. 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.

1.17.4. 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.

1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.18.1. 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 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.

1.18.2. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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.

1.19. 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.

1.20. INVENTORIES

1.20.1. 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.

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.

1.20.2. 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.

1.21. 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.

1.22. 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).

1.22.1. 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.

1.22.2. 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.

1.22.2.1. Receivables

Receivables are classified as loans and receivables, and are subsequently measured at 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 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.

1.22.2.2. 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.

1.22.2.3. 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.

1.22.2.4. 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.

1.22.3. De-recognition of Financial Instruments

1.22.3.1. 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.

1.22.3.2. Financial Liabilities

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.

1.22.4. 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

1.23. REVENUE

1.23.1. Revenue from Non-Exchange Transactions

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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.

1.23.2. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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.

1.23.3. 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.

1.24. 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 and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.25. 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.

1.26. 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.

1.27. 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.

1.28. 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.

1.29. 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.

1.30. 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.

1.31. 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.

1.32. 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;

WITZENBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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- 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.

1.33. 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 2018

2		2018 R	2017 R
	CASH AND CASH EQUIVALENTS		
	<u>Assets</u>		
	Cash at Bank	97 496 777	76 324 212
	Cash on Hand	9 125	8 925
	Total Cash and Cash Equivalents - Assets	97 505 902	76 333 137
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	The municipality has the following bank accounts:		
	Cash book balance at beginning of year	76 324 212	97 031 303
	Cash book balance at end of year	97 496 777	76 324 212
	The municipality changed its Primary Bank Account from The Standard Bank of South Africa Limited to First National Bank South Africa on 1 March 2018. The ABSA and Standard Bank accounts has not been closed at year end as some debtors still pay their service accounts into the old accounts.		
	Primary Bank Account: First National Bank - Account Number 62748215979		
	Bank statement balance at beginning of year	-	-
	Bank statement balance at end of year	96 312 306	-
	Standard Bank Limited - Account Number 203241819		
	Bank statement balance at beginning of year	77 200 939	100 229 291
	Bank statement balance at end of year	274 415	77 200 939
	ABSA Bank Limited - Account Number 350000011		
	Bank statement balance at beginning of year	248 613	58 202
	Bank statement balance at end of year	69 379	248 613
3	TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Electricity	36 362 313	41 278 142
	Water	56 506 812	67 600 296
	Property Rental Debtors	1 198 858	1 483 430
	Waste Management	29 212 792	34 837 265
	Waste Water Management	25 612 216	29 290 326
	Service Charges	1 407 810	2 543 476
	Prepayments and Advances	1 943 912	1 555 975
	Land Sale Debtors	368 058	1 064 460
	Total Receivables from Exchange Transactions	152 612 770	179 653 370
	Less: Provision for Impairment	(101 389 355)	(129 385 759)
	Total Net Receivables from Exchange Transactions	51 223 415	50 267 611

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.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3	TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS CONTINUED	2018 R	2017 R
	Included in receivables is the following accrued income (estimated consumption from the last meter reading to 30 June):		
	Accrued Income Electricity	19 121 877	22 054 254
	Accrued Income Water	4 166 594	4 178 417
	Ageing of Receivables from Exchange Transactions:		
	<u>(Electricity): Ageing</u>		
	Accrued Income Electricity	19 121 877	22 054 254
	Current (0 - 30 days)	11 335 243	13 694 594
	31 - 60 Days	1 018 070	788 519
	61 - 90 Days	640 885	467 181
	+ 90 Days	4 246 238	4 273 593
	Total	36 362 313	41 278 142
	<u>(Water): Ageing</u>		
	Accrued Income Water	4 166 594	4 178 417
	Current (0 - 30 days)	3 472 654	3 287 256
	31 - 60 Days	1 838 580	1 520 906
	61 - 90 Days	1 602 118	1 074 176
	+ 90 Days	45 426 866	57 539 542
	Total	56 506 812	67 600 296
	<u>(Housing): Ageing</u>		
	Current (0 - 30 days)	72 278	27 969
	31 - 60 Days	36 775	22 568
	61 - 90 Days	33 352	21 392
	+ 90 Days	1 056 453	1 411 500
	Total	1 198 858	1 483 430
	<u>(Refuse): Ageing</u>		
	Current (0 - 30 days)	2 562 428	1 925 775
	31 - 60 Days	844 621	752 979
	61 - 90 Days	619 550	601 750
	+ 90 Days	25 186 193	31 556 762
	Total	29 212 792	34 837 265
	<u>(Sewerage): Ageing</u>		
	Current (0 - 30 days)	1 877 644	1 741 493
	31 - 60 Days	864 880	771 514
	61 - 90 Days	642 908	585 095
	+ 90 Days	22 226 785	26 192 224
	Total	25 612 216	29 290 326
	<u>(Other): Ageing</u>		
	Current (0 - 30 days)	1 970 427	729 918
	31 - 60 Days	26 543	36 140
	61 - 90 Days	23 708	27 418
	+ 90 Days	1 331 044	1 750 000
	Total	3 351 722	2 543 476

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3	RECEIVABLES FROM EXCHANGE TRANSACTIONS CONTINUED	2018 R	2017 R
	<u>(Land Sales): Ageing</u>		
	+ 90 Days	368 058	1 064 460
	Total	368 058	1 064 460
	<u>(Total): Ageing</u>		
	Accrued Income	23 288 472	26 232 671
	Current (0 - 30 days)	21 290 674	21 407 005
	31 - 60 Days	4 629 468	3 892 624
	61 - 90 Days	3 562 520	2 777 013
	+ 90 Days	99 841 637	123 788 081
	Total	152 612 770	178 097 395
	Reconciliation Provision for Impairment		
	Opening Balance	(129 385 760)	(106 316 172)
	Recognised	(24 346 623)	(23 083 710)
	Bad Debts Written Off	52 343 027	14 123
	Balance at end of year	(101 389 356)	(129 385 758)

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers living in poverty. 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		
	Property Rates	23 957 110	23 713 824
	Other Receivables	55 193 347	37 909 354
	Fines	54 427 930	37 160 630
	Deposits	224 615	224 615
	SARS	160 685	524 109
	Other receivables	380 117	-
	Total Receivables from Non-Exchange Transactions	79 150 457	61 623 178
	Less: Provision for Impairment	(67 991 689)	(53 537 884)
	Total Net Receivables from Non-Exchange Transactions	11 158 768	8 085 294

Ageing of Receivables from Non-Exchange Transactions:

	<u>(Rates): Ageing</u>		
	Current (0 - 30 days)	2 589 533	2 031 228
	31 - 60 Days	460 267	407 965
	61 - 90 Days	243 690	208 672
	+ 90 Days	20 663 620	21 065 958
	Total	23 957 110	23 713 823
	Reconciliation Provision for Impairment		
	Opening Balance	(53 537 884)	(38 940 848)
	Recognised	(15 224 523)	(14 597 036)
	Bad Debts Written Off	770 718	-
	Balance at end of year	(67 991 689)	(53 537 884)
	Included in the provision for bad debt are the following amounts in respect of traffic fines:	(49 814 580)	(32 939 080)

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers living in poverty. 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.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

5	INVENTORY	2018 R	2017 R
	Consumables	1 372 307	915 881
	Materials and Supplies	9 857 241	8 265 276
	Water	172 268	166 339
	Total Inventory	11 401 816	9 347 496
	Inventory written down due to losses as identified during the annual stores counts.	(274)	-
	Inventory recognised as an expense during the year	14 574 323	10 528 826
	No inventories is pledged as security for liabilities		
6	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
	Unspent Grants	5 750 092	2 601 158
	National Government Grants	489 223	471 476
	Provincial Government Grants	4 360 869	1 829 682
	District Municipality	900 000	300 000
	Less: Grants spend but not yet received	2 379 679	2 262 670
	National Government Grants	1 110 256	1 281 584
	Provincial Government Grants	1 269 423	981 086
	Total Conditional Grants and Receipts	3 370 413	338 488
	Please refer to Note 23 for more information on specific grants.		
7	VAT		
	VAT PAYABLE		
	VAT output in suspense	1 895 159	4 453 269
		1 895 159	4 453 269
	VAT RECEIVABLE		
	VAT input in suspense	9 245 371	10 317 822
		9 245 371	10 317 822
	NET VAT RECEIVABLE/(PAYABLE)	7 350 212	5 864 553
	VAT is receivable/payable on the cash basis		

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

8 PROPERTY, PLANT AND EQUIPMENT

8.1 30 JUNE 2018

Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure R	Community Assets R	Leased Assets R	Other Assets R	Total R
Carrying value at 1 July 2017	77 940 867	92 037 334	526 720 662	69 702 934	629 893	41 027 288	808 058 978
Cost	77 940 867	101 276 813	651 092 337	76 987 664	1 893 599	73 418 813	982 610 093
Original Cost	77 940 867	101 276 813	651 092 337	76 987 664	1 893 599	73 418 813	982 610 093
Accumulated Impairment	-	-	(19 803)	-	-	(632 535)	(652 338)
Original Cost	-	-	(19 803)	-	-	(632 535)	(652 338)
Accumulated Depreciation	-	(9 239 479)	(124 351 872)	(7 284 730)	(1 263 706)	(31 758 990)	(173 898 777)
Original Cost	-	(9 239 479)	(124 351 872)	(7 284 730)	(1 263 706)	(31 758 990)	(173 898 777)
Acquisitions	-	-	50 402 262	824 041	-	12 386 363	63 612 665
Capital under Construction	-	-	-	-	-	-	-
Transfers	-	-	2 277 177	-	-	(2 577 177)	(300 000)
Cost	-	-	2 277 177	-	-	(2 577 177)	(300 000)
Impairments	-	-	-	-	-	(20 192)	(20 192)
Impairment	-	-	-	-	-	(20 192)	(20 192)
Depreciation	-	(1 105 964)	(15 637 200)	(1 844 384)	(603 524)	(6 675 571)	(25 866 643)
Normal Depreciation for the year	-	(1 105 964)	(15 637 200)	(1 844 384)	(603 524)	(6 675 571)	(25 866 643)
Carrying value of disposals	(570 000)	(967 712)	-	-	-	(704 676)	(2 242 388)
Cost	(570 000)	(1 084 856)	-	-	-	(1 540 818)	(3 195 674)
Accumulated Impairment	-	-	-	-	-	37 193	37 193
Accumulated Depreciation	-	117 144	-	-	-	798 949	916 093
Carrying value at 30 June 2018	77 370 867	89 963 657	563 762 901	68 682 590	26 370	43 436 035	843 242 419
Cost	77 370 867	100 191 957	703 771 776	77 811 705	1 893 599	81 687 181	1 042 727 084
Original Cost	77 370 867	100 191 957	703 771 776	77 811 705	1 893 599	81 687 181	1 042 727 084
Accumulated Impairments	-	-	(19 803)	-	-	(615 534)	(635 337)
Original Cost	-	-	(19 803)	-	-	(615 534)	(635 337)
Accumulated Depreciation	-	(10 228 300)	(139 989 072)	(9 129 114)	(1 867 230)	(37 635 612)	(198 849 327)
Original Cost	-	(10 228 300)	(139 989 072)	(9 129 114)	(1 867 230)	(37 635 612)	(198 849 327)

8.1.1 Work in Progress included in the Carrying Value of Property Plant & Equipment

R

Buildings	558 835
Community	418 217
Infrastructure	58 857 910
Other	554 803

8.1.2 Expenditure incurred for repairs and maintaining property plant and equipment

R
18 886 160

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

PROPERTY, PLANT AND EQUIPMENT CONTINUED

8.2 30 JUNE 2017

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	93 542 654	441 237 727	68 455 787	995 478	30 219 468	712 655 085
Cost	78 203 971	101 779 105	553 087 050	74 148 394	1 867 230	57 846 635	866 932 385
Original Cost	78 203 971	101 779 105	553 087 050	74 148 394	1 867 230	57 846 635	866 932 385
Accumulated Impairments	-	-	(19 801)	-	-	(551 858)	(571 659)
Original Cost	-	-	(19 801)	-	-	(551 858)	(571 659)
Accumulated Depreciation	-	(8 236 451)	(111 829 523)	(5 692 607)	(871 751)	(27 075 309)	(153 705 642)
Original Cost	-	(8 236 451)	(111 829 523)	(5 692 607)	(871 751)	(27 075 309)	(153 705 642)
Acquisitions	-	178 018	69 320 352	949 414	26 370	11 367 606	81 841 760
Capital under Construction	-	135 929	28 636 636	494 137	-	4 798 552	34 065 254
Transfers	-	(816 239)	-	1 395 719	-	(593 980)	(14 500)
Cost	-	(816 239)	-	1 395 719	-	(593 980)	(14 500)
Accumulated Depreciation	-	-	-	-	-	-	-
Revaluations							
Impairments	-	-	(2)	-	-	(80 677)	(80 679)
Impairments	-	-	(2)	-	-	(80 677)	(80 679)
Depreciation	-	(1 003 028)	(12 522 349)	(1 592 123)	(391 955)	(4 683 681)	(20 193 135)
Normal Depreciation for the year	-	(1 003 028)	(12 522 349)	(1 592 123)	(391 955)	(4 683 681)	(20 193 135)
Carrying value of disposals	(263 104)	-	-	-	-	-	(263 104)
Cost	(263 104)	-	-	-	-	-	(263 104)
Accumulated Depreciation	-	-	-	-	-	-	-
Carrying value at 30 June 2017	77 940 867	92 037 334	526 672 364	69 702 934	629 893	41 027 288	808 010 680
Cost	77 940 867	101 276 813	651 044 038	76 987 664	1 893 599	73 418 813	982 561 795
Original Cost	77 940 867	101 276 813	651 044 038	76 987 664	1 893 599	73 418 813	982 561 795
Accumulated Impairments	-	-	(19 803)	-	-	(632 535)	(652 338)
Original Cost	-	-	(19 803)	-	-	(632 535)	(652 338)
Accumulated Depreciation	-	(9 239 479)	(124 351 872)	(7 284 730)	(1 263 706)	(31 758 990)	(173 898 777)
Original Cost	-	(9 239 479)	(124 351 872)	(7 284 730)	(1 263 706)	(31 758 990)	(173 898 777)

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

9	INTANGIBLE ASSETS	2018 R	2017 R
	Computer Software		
	Net Carrying amount at 1 July	2 506 094	2 645 647
	Cost	4 498 498	4 483 998
	Accumulated Amortisation	(1 992 404)	(1 838 351)
	Acquisitions	187 741	-
	Amortisation	(344 090)	(154 053)
	Transfers	300 000	14 500
	Net Carrying amount at 30 June	2 649 745	2 506 094
	Cost	4 986 239	4 498 498
	Accumulated Amortisation	(2 336 494)	(1 992 404)
	Accumulated Impairment	-	-
10	INVESTMENT PROPERTY		
	Net Carrying amount at 1 July	47 880 986	48 506 152
	Cost	50 578 329	50 888 329
	Accumulated Depreciation	(2 697 343)	(2 382 177)
	Depreciation for the year	(281 085)	(315 166)
	Carrying value of disposals	(1 940 063)	(310 000)
	Cost	(2 104 000)	-
	Accumulated Depreciation	163 937	-
	Net Carrying amount at 30 June	45 659 838	47 880 986
	Cost	48 474 329	50 578 329
	Accumulated Depreciation	(2 814 490)	(2 697 343)
	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	<u>4 551 858</u>	<u>4 338 437</u>
	Operating expenditure incurred on properties generating revenue	<u>5 136 072</u>	<u>3 507 830</u>

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
11	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		
	None of the heritage assets are pledge as sekurity.		
12	OPERATING LEASE ARRANGEMENTS		
	Operating Lease		
	Opening Balance	9 948	12 326
	Movement during the year	(4 853)	(2 379)
	Balance on 30 June	5 095	9 947
	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	-	43 242
	1 to 5 Years	-	30 688
	Total Operating Lease Arrangements	-	73 929
	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.		
13	CAPITALISED RESTORATION COST		
	Net Carrying amount at 1 July	16 075 548	26 818 121
	Cost	45 710 691	50 973 071
	Accumulated Depreciation	(29 635 143)	(24 154 950)
	Adjustment for the period	(763 764)	(5 262 380)
	Depreciation for the year	(2 206 755)	(5 480 193)
	Net Carrying amount at 30 June	13 105 029	16 075 548
	Cost	44 946 927	45 710 691
	Accumulated Depreciation	(31 841 898)	(29 635 143)

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

14		2018 R	2017 R
	TRADE AND OTHER PAYABLE EXCHANGE TRANSACTIONS		
	Payables and Accruals	7 391 122	11 098 239
	Control, Clearing and Interface	387 869	210 050
	Electricity Bulk Purchase	23 570 223	23 741 358
	Accrued Interest	79 700	160 004
	Unallocated Deposits	2 202 946	307 120
	Retentions	3 679 932	4 110 624
	Agency Fees Payable	63 825	1 538
	Advance Payments	7 512 717	5 030 719
	Dividends Declared not Paid	-	31 636
	Total Trade Payables	44 888 334	44 691 288

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

15	CONSUMER DEPOSITS		
	Water and Electricity	4 330 907	3 666 150
	Rental Properties	302 290	250 178
	Building Plans	1 785 197	1 479 093
	Total Consumer Deposits	6 418 394	5 395 421

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

16	CURRENT EMPLOYEE BENEFITS	2018 R	2017 R
	Current Portion of Post Retirement Benefits - Note 20	2 085 183	1 755 406
	Current Portion of Long-Service Provisions - Note 20	893 152	626 884
	Current Portion of Ex-gratia Pension Provisions - Note 20	24 798	90 438
	Staff Leave	11 989 926	10 742 245
	Performance Bonuses	801 374	815 657
	Staff Bonuses	3 901 372	3 416 197
	Total Current Employee Benefits	19 695 805	17 446 827

The movement in current employee benefits are reconciled as follows:

Staff Leave

Balance at beginning of year	10 742 245	10 442 989
Contribution to current portion	2 052 699	1 093 156
Expenditure incurred	(805 018)	(793 899)
Balance at end of year	11 989 926	10 742 246

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.

Performance Bonuses

Balance at beginning of year	815 657	773 825
Contribution to current portion	801 372	815 657
Expenditure incurred	(815 655)	(773 825)
Balance at end of year	801 374	815 657

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	3 416 197	3 201 346
Contribution to current portion	6 977 450	5 868 950
Expenditure incurred	(6 492 275)	(5 654 099)
Balance at end of year	3 901 372	3 416 197

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.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
17	UNSPENT PUBLIC CONTRIBUTIONS		
	China - Water meters	32 135	49 904
	Essen Belgium	1 833 369	925 332
	Total Unspent Public Contributions	<u>1 865 504</u>	<u>975 236</u>
	Reconciliation of public contributions		
	<u>China - Water meters</u>		
	Opening balance	49 904	84 306
	Conditions met - Transferred to revenue	(17 769)	(34 402)
	Closing balance	<u>32 135</u>	<u>49 904</u>
	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	925 332	1 198 591
	Received	1 185 716	333 962
	Conditions met - Transferred to revenue	(277 679)	(607 221)
	Closing balance	<u>1 833 369</u>	<u>925 332</u>
	A twinning agreement exists between Essen in Belgium and the Witzenberg Municipality. The purpose of the agreement is youth development and crèches.		
18	BORROWINGS		
	Annuity and Bullet Loans	7 481 354	10 638 893
	Finance Lease Liability	-	660 113
		<u>7 481 354</u>	<u>11 299 006</u>
	Transferred to Current Liabilities	<u>(2 276 380)</u>	<u>(3 953 802)</u>
	Annuity and Bullet Loans	(2 276 380)	(3 293 689)
	Finance Lease Liability	-	(660 113)
		<u>5 204 974</u>	<u>7 345 204</u>
	Unamortised charges on loans	<u>(12 686)</u>	<u>(78 471)</u>
	Opening Balance	(78 471)	(694 280)
	Adjustment for the period	65 785	615 809
	Total borrowings - At amortised cost using the effective interest rate method	<u>5 192 288</u>	<u>7 266 733</u>
	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	2 870 103	4 756 563
	Payable within two to five years	6 068 336	7 883 684
	Payable after five years	-	1 091 920
		<u>8 938 439</u>	<u>13 732 167</u>
	<u>Less:</u> Future finance obligations	(1 457 085)	(2 433 162)
	Present value of annuity obligations	<u>7 481 354</u>	<u>11 299 005</u>

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

18	BORROWINGS CONTINUED	2018 R	2017 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	-	683 916
		-	683 916
	Less: Future finance obligations	-	(23 803)
	Present value of lease obligations	-	660 113
19	NON-CURRENT PROVISIONS		
	Provision for Rehabilitation of Landfill-sites	71 466 568	70 249 120
	Total Non-current Provisions	71 466 568	70 249 120
	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 - 2025		
	Op-die- Berg - 2024		
	Tulbagh - 2022		
	Wolseley - 2024		
	<u>Landfill Sites</u>		
	Opening Balance	70 249 120	68 641 115
	Unwinding of Interest	7 165 891	6 870 384
	Adjustment for the period	(5 948 443)	(5 262 379)
	Total provision 30 June	71 466 568	70 249 120
	Less: Transfer of Current Portion to Current Provisions - Note	-	-
	Balance 30 June	71 466 568	70 249 120
	Discount rate	10.20%	10.50%
	Inflation Rate	4.60%	5.10%
20	EMPLOYEE BENEFITS		
	Post-employment Health Care Benefits	76 218 929	70 619 811
	Long Service Awards	4 991 866	4 702 173
	Ex-Gratia Pension Benefits	47 075	63 705
	Total Non-current Employee Benefit Liabilities	81 257 870	75 385 689
	<u>Post-employment Health Care Benefits</u>		
	Balance 1 July	72 375 217	76 001 000
	Contribution for the year	3 874 262	4 031 000
	Interest Cost	7 018 076	7 659 000
	Expenditure for the year	(2 144 480)	(1 964 623)
	Actuarial Loss/(Gain)	(2 818 963)	(13 351 160)
	Total post retirement Health Care benefits 30 June	78 304 112	72 375 217
	Less: Transfer of Current Portion - Note 16	(2 085 183)	(1 755 406)
	Balance 30 June	76 218 929	70 619 811

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

20	EMPLOYEE BENEFITS CONTINUED	2018 R	2017 R
	<u>Long Service Awards</u>		
	Balance 1 July	5 329 057	5 601 000
	Contribution for the year	410 958	447 000
	Interest Cost	417 576	541 000
	Expenditure for the year	(579 077)	(602 928)
	Reductions (without Outflow)	306 504	(657 015)
	Total long service 30 June	5 885 018	5 329 057
	Less: Transfer of Current Portion - Note 16	(893 152)	(626 884)
	Balance 30 June	4 991 866	4 702 173
	<u>Ex-Gratia Pensions</u>		
	Balance 1 July	154 143	244 000
	Contribution for the year	-	-
	Interest Cost	8 907	18 000
	Expenditure for the year	(49 487)	(1 529)
	Actuarial Loss/(Gain)	(41 690)	(106 328)
	Total Ex-Gratia 30 June	71 873	154 143
	Less: Transfer of Current Portion - Note 16	(24 798)	(90 438)
	Balance 30 June	47 075	63 705
	<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July	77 858 417	81 846 000
	Contribution for the year	4 285 220	4 478 000
	Interest cost	7 444 559	8 218 000
	Expenditure for the year	(2 773 044)	(2 569 080)
	Actuarial Loss/(Gain)	(2 554 149)	(14 114 503)
	Total employee benefits 30 June	84 261 003	77 858 417
	Less: Transfer of Current Portion - Note 16	(3 003 133)	(2 472 728)
	Balance 30 June	81 257 870	75 385 689
20.1	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	248	234
	Continuation members (e.g. Retirees, widows, orphans)	56	53
	Total Members	304	287
	The liability in respect of past service has been estimated to be as follows:		
	In-service members	52 940 818	50 585 753
	Continuation members	25 363 294	21 789 464
	Total Liability	78 304 112	72 375 217
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:	2016 R	2015 R
	In-service members	53 302 000	44 877 000
	Continuation members	22 699 000	26 563 000
	Total Liability	76 001 000	71 440 000
			2014 R
			46 097 000
			22 258 000
			68 355 000
	The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
	Bonitas;		
	Keyhealth.		
	LA Health		
	Hosmed and		
	Samwumed.		

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

20.1 EMPLOYEE BENEFITS CONTINUED

2018

2017

Key actuarial assumptions used:

i) Rate of interest

Discount rate	9.66%	9.81%
Health Care Cost Inflation Rate	7.44%	8.11%
Net Effective Discount Rate	2.07%	1.57%

ii) Mortality rates

The PA 90 ultimate table was used by the actuaries.

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.

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations

Net liability/(asset)

2018

R

2017

R

78 304 112

72 375 217

78 304 112

72 375 217

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

Total expenses

Current service cost

Interest Cost

Benefits Paid

Actuarial (gains)/losses

Present value of fund obligation at the end of the year

Less: Transfer of Current Portion - Note 16

Balance 30 June

72 375 217

76 001 000

8 747 858

9 725 377

3 874 262

4 031 000

7 018 076

7 659 000

(2 144 480)

(1 964 623)

(2 818 963)

(13 351 160)

78 304 112

72 375 217

(2 085 183)

(1 755 406)

76 218 929

70 619 811

Sensitivity Analysis on the Accrued Liability at 30 June 2018

Assumption	In-service members liability (R'000)	Continuation members liability (R'000)	Total liability (R'000)
Central Assumptions	52 941	25 363	78 304

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		52 941	25 363	78 304	
Health care inflation	1%	62 937	27 796	90 733	16
Health care inflation	-1%	44 910	23 242	68 152	-13
Mortality rate	20%	54 425	23 539	73 582	-6
Mortality rate	-20%	56 497	27 660	84 157	7

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

EMPLOYEE BENEFITS CONTINUED

2018

2017

20.2 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

506

491

i) Rate of interest

Discount rate	8.42%	8.32%
General Salary Inflation (long-term)	6.07%	6.13%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.22%	2.05%

**2018
R**

**2017
R**

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations

5 885 018

5 329 057

Net liability

5 885 018

5 329 057

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

**2016
R**

**2015
R**

**2014
R**

Net liability

5 601 000

5 648 000

5 139 000

**2018
R**

**2017
R**

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year

5 329 057

5 601 000

Total expenses

249 457

385 072

Current service cost

410 958

447 000

Interest Cost

417 576

541 000

Benefits Paid

(579 077)

(602 928)

Actuarial (gains)/losses

306 504

(657 015)

Present value of fund obligation at the end of the year

5 885 018

5 329 057

Less: Transfer of Current Portion - Note 16

(893 152)

(626 884)

Balance 30 June

4 991 866

4 702 173

Sensitivity Analysis on the Accrued Liability at 30 June 2018

Assumption	Change	Liability (R'000)	% change
Central assumptions		5 885	
General salary inflation	1.00%	6 193	5%
General salary inflation	-1.00%	5 602	-5%
Withdrawal rates	20%	5 445	-7%
Withdrawal rates	-20%	6 100	4%

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

EMPLOYEE BENEFITS CONTINUED

2018

2017

20.3 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

20

30

i) Rate of interest

Discount rate

8.32%

8.37%

**2018
R**

**2017
R**

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations

71 873

154 143

Net liability

71 873

154 143

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

**2016
R**

**2015
R**

**2014
R**

Net liability

330 000

244 001

318 000

EMPLOYEE BENEFITS CONTINUED

**2018
R**

**2017
R**

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year

154 143

244 000

Total expenses

(40 580)

16 471

Interest Cost

8 907

18 000

Benefits Paid

(49 487)

(1 529)

Actuarial (gains)/losses

(41 690)

(106 328)

Present value of fund obligation at the end of the year

71 873

154 143

Less: Transfer of Current Portion - Note

(24 798)

(90 438)

Balance 30 June

47 075

63 705

Sensitivity Analysis on the Accrued Liability at 30 June 2018

Assumption

Change

**Total liability
(R'000)**

% change

Central assumptions

72

Withdrawal rates

+20%

71

1.0%

Withdrawal rates

-20%

73

1.0%

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

EMPLOYEE BENEFITS CONTINUED

20.4 Retirement funds

2018
R

2017
R

CAPE JOINT PENSION FUND

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

417 609

402 234

SOUTH AFRICAN LOCAL AUTHORITIES PENSION FUND

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 15.26%. 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

538 053

475 570

DEFINED CONTRIBUTION FUNDS

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

17 847 981

15 995 618

Municipal Councillors Pension Fund

350 814

257 362

National Fund For Municipal Employees (IMATU)

157 852

150 901

SAMWU National Provident Fund

3 948 150

3 983 521

22 304 798

20 387 403

21

NET ASSET RESERVES

Capital Replacement Reserve

10 354 788

10 354 788

Total Net Asset Reserves

10 354 788

10 354 788

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

22

PROPERTY RATES

Actual

Rates Levied

	2018 R	2017 R
Business	70 444 618	66 423 288
Building Clauses	12 159 802	10 337 309
Rural	123 633	115 580
Industrial Properties	15 353 398	16 073 457
Residential Properties	8 448 403	7 813 561
State-owned Properties	24 275 379	23 347 919
Vacant Land	7 650 340	6 823 916
Public Service Infrastructure	2 417 360	1 896 425
Less: Revenue Forgone	16 303	15 121
Total Assessment Rates	(6 609 239)	(6 774 257)
	63 835 379	59 649 031

Valuations - 1 JULY

Land and Buildings

Residential Property	3 015 206 263	2 683 792 990
Commercial Property	791 141 000	784 723 000
Industrial Property	451 895 000	446 895 000
Informal Property	32 759 000	32 801 000
Agricultural Purposes	5 215 121 100	5 197 084 300
State - National/ Provincial Services	403 270 600	406 743 600
Public Service Infrastructure	6 575 000	6 575 000
Vacant Property	180 766 353	191 379 900
Total Valuation	10 096 734 316	9 749 994 790

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	0.991c/R	0.918c/R
Commercial	1.883c/R	1.744c/R
Industrial	1.883c/R	1.744c/R
Bona Fide Agricultural	0.248c/R	0.230c/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.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

23	TRANSFERS AND SUBSIDIES	2018 R	2017 R
	Unconditional Grants	70 412 000	59 734 000
	Equitable Share	70 412 000	59 734 000
	Conditional Grants	58 036 511	81 551 714
	Grants and donations	58 036 511	81 551 714
	Total Government Grants and Subsidies	128 448 511	141 285 714
	Government Grants and Subsidies - Capital	34 481 262	38 768 028
	Government Grants and Subsidies - Operating	93 967 249	102 517 686
		128 448 511	141 285 714

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

23.1 Equitable share

Opening balance	-	-
Grants received	70 412 000	59 325 000
Conditions met - Operating	(70 412 000)	(59 734 000)
Write off / Transfers	-	409 000
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.

23.2 Local Government Financial Management Grant (FMG)

Opening balance	(261 315)	-
Grants received	1 550 000	1 475 000
Conditions met - Operating	(1 259 695)	(1 337 660)
Conditions met - Capital	(11 243)	(398 655)
Conditions still to be met/(Grant expenditure to be recovered)	17 747	(261 315)

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).

23.3 Expanded Public Works Programme

Opening balance	(14 044)	(12 375)
Grants received	1 485 000	1 336 000
Conditions met - Operating	(1 500 315)	(1 337 669)
Conditions met - Capital	(29 359)	-
Conditions still to be met/(Grant expenditure to be recovered)	(58 718)	(14 044)

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

GOVERNMENT GRANTS AND SUBSIDIES CONTINUED		2018	2017
		R	R
23.4 Municipal Infrastructure Grant (MIG)			
Opening balance	(90 419)	3 399 040	
Grants received	22 739 000	21 389 000	
Conditions met - Operating	-	(237 600)	
Conditions met - Capital	(22 744 251)	(24 640 859)	
Conditions still to be met/(Grant expenditure to be recovered)	(95 670)	(90 419)	
The grant was used to upgrade infrastructure in previously disadvantaged areas.			
23.5 Housing Grants			
Opening balance	566 635	1 478 410	
Grants received	30 567 514	31 706 989	
Conditions met - Operating	(12 643 351)	(24 264 670)	
Conditions met - Capital	(15 195 126)	(8 354 094)	
Conditions still to be met/(Grant expenditure to be recovered)	3 295 672	566 635	
Housing grants was utilised for the development of erven and the erection of top structures.			
23.6 Integrated National Electrification Grant			
Opening balance	(801 458)	507 548	
Grants received	-	5 000 000	
Conditions met - Capital	-	(5 900 006)	
Write off / Transfers	-	(409 000)	
Conditions still to be met/(Grant expenditure to be recovered)	(801 458)	(801 458)	
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.			
23.7 Library services			
Opening balance	(143)	1 416 673	
Grants received	8 050 000	7 975 000	
Conditions met - Operating	(8 049 857)	(8 764 144)	
Conditions met - Capital	-	(627 672)	
Conditions still to be met/(Grant expenditure to be recovered)	-	(143)	
23.8 Other Grants			
Opening balance	939 232	3 605 544	
Grants received	1 724 000	3 010 000	
Conditions met - Operating	(1 141 851)	(1 436 408)	
Conditions met - Capital	(328 542)	(4 239 904)	
Write off / Transfers	(180 000)	-	
Conditions still to be met/(Grant expenditure to be recovered)	1 012 839	939 232	
Various grants were received from other spheres of government of which the material ones are: Main Roads Grant R 120 000, Drought Relieve R 396 833 etc.			
23.9 Total Grants			
Opening balance	338 488	10 394 840	
Grants received	136 527 514	131 216 989	
Conditions met - Operating	(95 007 069)	(97 112 151)	
Conditions met - Capital	(38 308 521)	(44 161 190)	
Write off / Transfers	(180 000)	-	
Conditions still to be met/(Grant expenditure to be recovered)	3 370 412	338 488	
<u>Disclosed as follows:</u>			
Unspent Conditional Government Grants and Receipts	5 750 092	2 601 158	
Unpaid Conditional Government Grants and Receipts	(2 379 679)	(2 262 670)	
	3 370 413	338 488	

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
24	SERVICE CHARGES		
	Electricity	210 725 319	217 857 368
	Water	48 815 990	36 642 847
	Refuse removal	27 968 180	23 944 769
	Sewerage and Sanitation Charges	32 648 952	23 254 948
	Bulk service levies	-	56 825
		<hr/>	<hr/>
		320 158 441	301 756 757
	Less: Revenue Forgone	(13 988 869)	(15 135 568)
	Total Service Charges	306 169 572	286 621 189
		<hr/>	<hr/>
	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.		
25	Operational Revenue		
	Insurance Refund	4 011 106	595 701
	Collection Charges	89 850	59 058
	Breakages and Losses Recovered	32 459	31 666
	Merchandising, Jobbing and Contracts	86 031	27 765
	Other	357 007	45 463
		<hr/>	<hr/>
	Total Operational Revenue	4 576 453	759 653
		<hr/>	<hr/>
26	Sales of Goods and Rendering of services		
	Application Fees for Land Usage	48 234	70 937
	Building Plan Approval	690 018	942 761
	Camping Fees	2 252 863	2 247 922
	Cemetery and Burial	245 871	245 842
	Entrance Fees	775 814	538 710
	Other	1 199 750	2 537 577
		<hr/>	<hr/>
	Total Sales of Goods and Rendering of services	5 212 551	6 583 749
		<hr/>	<hr/>
27	EMPLOYEE RELATED COSTS		
	Salaries and Wages	97 461 559	91 132 079
	Bargaining Council Levy	52 577	50 473
	Bonuses	7 812 712	7 419 392
	Contributions For Pensions	13 786 586	13 149 878
	Contributions For Medical Aids	6 752 446	5 952 737
	Contributions For UIF	796 059	754 416
	Group Life Insurance	1 463 719	1 342 260
	Housing Benefits and Allowances	1 445 756	1 366 522
	Leave Reserve	1 936 482	1 093 155
	Long service awards	(2 702 148)	447 000
	Overtime	10 227 170	8 642 117
	Post Employment Health Care Benefits	7 103 565	4 031 000
	Travel, Motor Car, Accommodation, Subsistence and Other Allowances	6 261 300	5 270 369
		<hr/>	<hr/>
		152 397 783	140 651 398
	Less: Employee Cost allocated elsewhere	-	(101 754)
	Total Employee Related Costs	152 397 783	140 549 644
		<hr/>	<hr/>
	KEY MANAGEMENT PERSONNEL		
	The Municipal Manager and Directors are appointed on fixed term contracts.		

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

27

EMPLOYEE RELATED COSTS CONTINUED

**2018
R**

**2017
R**

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager

Annual Remuneration	908 826	1 040 835
Performance Bonuses	143 098	189 663
Travelling Allowance	72 000	108 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	242 937	262 671
Travelling Expenses	36 000	23 985
Leave encashment	-	119 217
Other Allowance	50 240	5 617
Total	1 453 101	1 749 988

Remuneration of the Director Technical Services

Annual Remuneration	609 743	731 737
Performance Bonuses	118 043	146 041
Travelling Allowance	431 941	373 998
Contributions to UIF, Medical, Pension Funds and Bargaining Council	198	3 569
Travelling Expenses	-	30 360
Leave encashment	44 229	-
Other Allowance	34 481	-
Total	1 238 636	1 285 705

Remuneration of the Director Corporate Services

Annual Remuneration	823 852	755 456
Performance Bonuses	131 327	146 041
Travelling Allowance	193 942	188 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	150 883
Travelling Expenses	18 636	41 610
Leave encashment	-	97 305
Other Allowance	47 501	4 592
Total	1 215 258	1 383 887

Remuneration of the Director Financial Services

Annual Remuneration	915 496	765 607
Performance Bonuses	131 327	146 041
Travelling Allowance	70 325	150 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	194 007	193 698
Travelling Expenses	2 926	36 509
Leave encashment	70 564	-
Other Allowance	19 200	19 200
Total	1 403 845	1 311 055

Remuneration of the Director Community Services

Annual Remuneration	853 992	818 049
Performance Bonuses	118 043	146 041
Travelling Allowance	90 000	90 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	212 394	201 256
Leave encashment	70 564	-
Travelling Expenses	4 932	7 013
Total	1 349 925	1 262 359

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REMUNERATION OF COUNCILLORS

Executive Mayor	604 288	780 041
Deputy Mayor	557 428	578 536
Speaker	556 871	578 776
Mayoral Committee Members	2 063 951	2 101 805
Ordinary Councillors	4 232 338	3 850 408
Pension fund contributions	1 018 053	835 872
Medical aid contributions	137 142	54 137
Total Councillors' Remuneration	9 170 071	8 779 575

In-kind Benefits

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.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017
		R	R
29	IMPAIRMENT		
	Long term Receivables - Note	-	163 924
	Receivables from exchange transactions - Note 3	24 346 623	18 078 434
	Receivables from non-exchange transactions - Note 4	15 224 523	18 556 421
	Total Contribution to Debt Impairment	39 571 146	36 798 779
30	DEPRECIATION AND AMORTISATION		
	Property Plant and Equipment	25 866 643	20 193 134
	Investment Property	281 085	315 166
	Intangible Assets	344 090	154 053
	Capitalised restoration cost	2 206 755	5 480 193
	Total Depreciation and Amortisation	28 698 573	26 142 546
31	(IMPAIRMENT LOSS) / REVERSAL OF IMPAIRMENT		
	Property Plant & Equipment	(20 192)	(137 679)
	Total Impairments	(20 192)	(137 679)
32	FINANCE CHARGES		
	Borrowing	1 014 902	1 868 713
	Finance leases	50 628	-
	Ex-Gratia Pension	8 907	18 000
	Post Employment Health Care Benefits	7 018 076	7 659 000
	Long service awards	417 576	541 000
	Interest costs non-current Provision	7 165 891	6 870 384
	Other	-	615 809
	Total finance charges	15 675 980	17 572 906
33	BULK PURCHASES		
	Electricity	179 705 387	181 325 287
	Total Bulk Purchases	179 705 387	181 325 287
34	CONTRACTED SERVICES		
	Tracing agents and debt collection	908 004	868 757
	Legal Cost	1 149 742	982 067
	Fire Services	1 229 496	1 011 620
	Maintenance Buiding and Facilities	1 249 299	1 118 091
	Traffic Fines Management	1 378 718	640 096
	Maintenance of Unspecified Assets	2 599 012	1 396 147
	Business and Advisory	2 994 159	2 836 292
	Security Services	8 825 906	6 111 260
	Infrastructure and Planning	10 484 109	11 389 064
	Other	5 282 316	4 323 418
	36 100 762	30 676 812	

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

35	TRANSFERS AND SUBSIDIES: OPERATIONAL EXPENDITURE	2018 R	2017 R
	Sport	104 258	205 850
	Public Schools	130 000	58 000
	Bursaries (Non-Employee)	252 353	-
	Housing Support	12 643 351	24 264 670
	Council	23 000	353 588
	Tourism	767 230	733 230
	Total Transfers and Subsidies: Operational Expenditure	13 920 192	25 615 338
36	OPERATIONAL COST		
	Advertising, Publicity and Marketing	815 528	372 832
	Bank Charges, Facility and Card Fees	796 924	685 658
	Commission	1 872 305	1 695 574
	Communication	2 878 905	2 709 977
	External Audit Fees	2 727 865	2 489 273
	External Computer Service	2 324 256	1 174 475
	Hire Charges	4 825 611	4 315 003
	Indigent Relief	402 821	726 431
	Insurance Underwriting	1 927 695	1 301 537
	Learnerships and Internships	456 253	1 277 980
	Levies Paid - Water Resource Management Charges	483 781	300 064
	Licences	238 166	255 540
	Printing, Publications and Books	332 842	716 282
	Professional Bodies, Membership and Subscription	1 676 583	1 362 496
	Remuneration to Ward Committee	683 000	347 000
	Signage	632 219	-
	Transport Provided as Part of Departmental Activities	199 235	89 871
	Travel and Subsistence	1 498 989	1 515 301
	Uniform and Protective Clothing	1 096 213	1 282 513
	Wet Fuel	5 148 845	4 564 474
	Other	534 321	943 397
	Total Operational cost	31 552 357	28 125 678
37	CORRECTION OF ERROR IN TERMS OF GRAP 3	2018 R	2017 R
37.1	Trade and Other Payable Exchange Transactions		
	Balance previously reported		44 015 252
	Correction of VAT on retentions - Note 37.5		900 072
	Correction of additions to PPE - Note 37.2		(48 298)
	Correction of Year end creditors - Note 37.5 & 37.8 & 37.10 & 37.11		1 553 533
	Deposits Other moved from Payables to Deposits - Note 37.7		(1 729 271)
	Balance now reported		44 691 287
37.2	Property, Plant and Equipment		
	Balance previously reported		808 058 979
	Correction of additions to PPE - Note 37.1		(48 298)
	Balance now reported		808 010 681

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

CORRECTION OF ERROR IN TERMS OF GRAP 3 CONTINUED		2018	2017
		R	R
37.3 Investment property			
Balance previously reported			47 758 986
Sale of land cancelled - Note 37.4			122 000
Balance now reported			47 880 986
37.4 Trade and other Receivables from Exchange Transactions			
Balance previously reported			48 837 181
Sale of land cancelled - Note 37.3			(125 545)
Prepayment of Levies moved from Receivables: Non-Exchange to Exchange - Note 37.6			1 555 975
Balance now reported			50 267 611
37.5 VAT Receivable (net)			
Balance previously reported			4 964 535
Correction of VAT on retentions - Note 37.1			900 072
Correction of Uniforms procured - Note 37.1			(54)
Balance now reported			5 864 553
37.6 Receivables from non-exchange transactions			
Balance previously reported			9 049 425
Correction of Fines Revenue - Note 37.11			(318 850)
Correction of impairment of Fines Receivable - Note 37.11			910 694
Prepayment of Levies moved from Receivables: Non-Exchange to Exchange - Note 37.4			(1 555 975)
Balance now reported			8 085 294
37.7 Consumer Deposits			
Balance previously reported			3 666 150
Deposits Other moved from Payables to Deposits - Note 37.1			1 729 271
Balance now reported			5 395 421
37.8 General Expenditure			
Balance previously reported			43 464 693
Correction of Year end creditors - Note 37.1			295 992
Reclassification in terms of MSCOA refer to Schedule of Adjustments			(43 760 685)
Balance now reported			(0)
37.9 Unspent Conditional Government Grants and Receipts			
Balance previously reported			3 690 206
Recognition of Grant Revenue - Note 37.11			(1 089 048)
Balance now reported			2 601 158
37.10 Employee related costs			
Balance previously reported			133 332 562
Correction of Year end creditors - Note 37.1			1 257 596
Reclassification in terms of MSCOA refer to Schedule of Adjustments			5 959 487
Balance now reported			140 549 644
36.11 Accumulated Surplus as at 30 June 2017			
Balance previously reported			788 750 195
Sale of land cancelled - Note 37.3			(3 545)
Recognition of Grant Revenue - Note 37.9			1 089 048
Correction of Fines Revenue - Note 37.6			(318 850)
Correction of impairment of Fines Receivable - Note 37.6			910 694
Correction of Year end creditors - Note 37.1			(1 553 586)
Balance now reported			788 873 956

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

38		2018	2017
	RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS	R	R
	Surplus/(Deficit) for the year	48 191 941	97 439 487
	<u>Adjustments for:</u>		
	Depreciation	28 354 483	26 142 546
	Amortisation of Intangible Assets	344 090	-
	Gain on disposal of property, plant and equipment	1 088 526	(228 298)
	Gain on Adjustment of Provision	(5 184 679)	-
	Unamortised Discount on Loans	65 785	615 809
	Debt Impairment	39 571 146	36 798 779
	Stock Adjustments	(274)	-
	Contribution from/to provisions	7 165 891	6 870 384
	Contribution from/to employee benefits	10 675 307	10 682 860
	Actuarial Gain	(2 554 149)	(14 114 503)
	Donated assets included in Public Contributions	-	(54 112 224)
	Impairment written off	20 192	137 679
	Operating lease income accrued	4 853	2 379
	Operating Surplus/(Deficit) before changes in working capita	127 743 113	110 234 898
	Changes in working capital	(43 765 590)	(62 696 041)
	Increase/(Decrease) in Trade and Other Payables	148 748	(8 081 634)
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	3 148 934	(7 746 055)
	Increase/(Decrease) in Unspent Public Contributions	890 268	(307 662)
	Increase/(Decrease) in Taxes	(1 485 659)	700 668
	(Increase)/Decrease in Inventory	(2 054 046)	(3 944 229)
	(Increase)/Decrease in Trade and other receivables	(44 296 826)	(41 066 834)
	(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(117 009)	(2 250 295)
	Cash generated/(absorbed) by operations	83 977 523	47 538 857

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

39	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES	2018 R	2017 R
	Cash and Cash Equivalents - Note 2	97 505 902	76 333 137
	Less:	97 505 902	76 333 137
	Unspent Committed Conditional Grants - Note 6	5 750 092	2 601 158
	Resources available for working capital requirements	91 755 810	73 731 979
	Allocated to:		
	Capital Replacement Reserve	10 354 788	10 354 788
	Employee Benefits Reserve	100 953 675	92 832 516
	Non-Current Provisions Reserve	71 466 568	70 249 120
	Shortfall in working capital requirements	(91 019 221)	(99 704 445)

40	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities - Note 18	7 481 354	11 299 006
	Used to finance property, plant and equipment - at cos	(7 481 354)	(11 299 006)

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

41 BUDGET COMPARISONS

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance

Net surplus/deficit per the statement of financial performance		41 561 557
Adjusted for:		
Fines, Penalties and Forfeits	a)	(7 333 648)
Government Grants and Subsidies - Operating	b)	5 051 803
Service Charges	c)	2 244 509
Rental from Fixed Assets	d)	3 660 853
Interest earned - External investments	e)	(3 556 390)
Sales of Goods and Rendering of services	f)	(2 735 574)
Bad Debts Written Off	g)	(55 003 500)
Inventory Consumed	h)	(3 103 425)
Operational Cost	i)	(5 652 654)
Depreciation and Amortisation	j)	(16 646 892)
Bulk Purchases	k)	(3 200 958)
Contracted Services	l)	(5 167 985)
Transfers and Subsidies: Operational Expenditure	m)	(3 288 338)
Other Items		(3 543 281)
Net surplus/deficit per approved budget		(56 713 923)

- a) Decrease due to better law enforcement application
- b) Expenditure not incurred for all grant funding received. Refer to Unspent portion of conditional grants
- c) Increase in indigent households and cost of free basic services
- d) Decrease in resort bookings mainly due to water restrictions implemented.
- e) Investment period longer than initially anticipated as well as increase in funds available for investment purpose:
- f) Decrease in economic climate
- g) Bad debts written off against provision.
- h) Decrease in maintenance required in current year.
- i) Decrease in economic climate
- j) Depreciation less than expected due to slow capital spending
- k) Bulk purchases less than expected.
- l) Contracted Services less than budget due to effective contract management
- m) Expenditure not incurred for all grant funding received. Refer to Unspent portion of conditional grants

Please refer to the statement of comparison of budget and actual amounts for more information

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

42	MATERIAL LOSSES	2018	2017
42.1	Water distribution losses		
	- Kilolitres purified	5 779 052	6 508 218
	- Kilolitres sold	4 745 794	5 248 496
	- Kilolitres lost during distribution	1 033 258	1 259 722
	- Percentage lost during distribution	17.88%	19.36%
	- Value of kilolitres lost during distribution	463 091	487 798
	- The value of kilolitres lost is based on the treatment cost of water		
	<p>The estimated consumption for public open spaces and informal houses are calculated on a conservative bases using baseline consumption estimations provided by the Department of Water Affairs. Water meters will be installed to measure the mentioned consumption in the future.</p>		
42.2	Electricity distribution losses		
	- Units purchased (Kwh)	201 379 459	205 824 759
	- Units sold (Kwh)	181 544 559	185 188 502
	- Units lost during distribution (Kwh)	19 834 900	20 636 257
	- Percentage lost during distribution	9.85%	10.03%
	- Value of units lost during distribution (Rand)	17 700 109	17 967 105
	<p>The electricity losses are in line with the guideline of the National Energy Regulator of South Africa of 10%</p>		
43	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2018 R	2017 R
43.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
	Opening balance	-	-
	Council subscriptions	1 647 102	1 322 271
	Amount paid - current year	(1 647 102)	(1 322 271)
	Balance unpaid (included in Payables from exchange transactions)	-	-
43.2	<u>Audit fees - [MFMA 125 (1)(c)]</u>		
	Opening balance	-	-
	Current year audit fee	2 874 314	2 595 941
	External Audit - Auditor-General	2 727 865	2 489 273
	Internal Audit	-	310
	Audit Committee	146 449	106 358
	Amount paid - current year	2 874 314	2 595 941
	Balance unpaid (included in Payables from exchange transactions)	-	-
43.3	<u>VAT - [MFMA 125 (1)(c)]</u>		
	Opening balance	7 962 606	6 207 995
	Amounts received - Output VAT - current year	(43 423 577)	(42 269 019)
	Amounts claimed - Input VAT - current year	42 746 301	47 754 452
	Amount paid - current year	6 493 633	2 477 173
	Amount - previous year	(7 962 606)	(6 207 995)
	Closing balance	5 816 358	7 962 606

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.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
43.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	20 232 870	17 645 541
Amount paid - current year	(20 232 870)	(17 645 541)
Balance unpaid (included in Payables from exchange transactions)	-	-
43.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	34 302 259	31 618 501
Amount paid - current year	(34 302 259)	(31 618 501)
Balance unpaid (included in Payables from exchange transactions)	-	-
43.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]		
During the financial year the following Councillors were outstanding for more than 90 days at any instance		
Schuurman	4 066	4 029
Heradien	1 503	-
Abrahams	1 542	-
Swart	462	-
Lottering	-	7 820
Laban	31 767	26 855
Mgoboza	8 893	8 278
Phungula	-	24 235
Total Councillor Arrear Consumer Accounts	48 232	71 217
Councillors outstanding for more than 90 days as at 30 June 2018:		
Schuurman	-	5 386
Abrahams	42	-
Lottering	-	16 226
Laban	30 786	26 855
Mgoboza	-	11 753
Phungula	-	24 235
Total Councillor Arrear Consumer Accounts at year end	30 828	84 455

Councillor Lotterings account was under dispute and therefore went over the 90 day threshold. The necessary corrections and payments were affected after year end.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

43.7 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)

2017/2018

		<u>Type of deviation</u>			
	Amount	Single Supplier	Impossible	Impractical	Emergency
July	487 231		-	11	6
August	681 960	6	-	13	5
September	269 549	2	-	7	4
October	871 119	9	-	16	5
November	453 688	6	-	10	1
December	422 087	5	-	7	4
January	2 246 008	6	-	5	
February	1 873 987	8	-	13	5
March	466 957	4	-	9	1
April	400 081	7	-	5	3
May	363 110	9	-	10	
June	1 045 966	6	-	17	8
	<u>9 581 743</u>	<u>68</u>	<u>-</u>	<u>123</u>	<u>42</u>

2016/2017

	Amount	Single Supplier	Impossible	Impractical	Emergency
July	735 648	7	-	5	2
August	2 010 252	13	-	8	7
September	417 294	13	-	9	7
October	708 942	7	-	10	5
November	1 415 607	6	-	16	3
December	314 869	8	-	5	4
January	686 860	5	-	8	3
February	1 034 138	8	-	5	4
March	607 500	11	-	14	10
April	387 450	10	-	7	3
May	710 745	3	-	9	7
June	691 099	2	-	11	9
	<u>9 720 404</u>	<u>93</u>	<u>-</u>	<u>107</u>	<u>64</u>

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

**2018
R**

43.8 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	Spouse	R Williams	Dept. of Health: Nurse	R 190 478
Freddie Opperman	Freddie Opperman	Spouse	J Opperman	Western Cape Education Department: Teacher	R 30 700
T Square Framing (Arts and Events Skill Development) (Pty) Ltd	M van Rooi	Daughter	M Cornelius	Clinic - Supervisor	R 300
	T van Rooi	Son-in-law	C Cornelius	Hermanus Municipality - SCM Storekeeper	
SEW Plumbing	SE Williams	Spouse	L Williams	Dept. of Health: Admin Officer	R 14 950
		Son	R Williams	Dept. of Health: Nurse	
Regan Brown Attorneys	R Brown	Brother	E Johnson	City of Cape Town: Traffic Dept	R 377 775
		Brother	D Johnson	SAPS: Worcester	
O'Neill & Visser Attorneys	CW O'Neill	Spouse	H O'Neill	DOJ: Worcester	R 542 504
Vox Elektries	F Blom	Spouse	M Blom	SAPS: Officer	R 34 201
RJC Conservation Services		Son	Prins	Chief Professional Nurse: Wolseley Clinic Dep of Health	R 39 000
Powerrec (Pty) Ltd	Vuyokazi Machimana	Mother	B Skonsana	Gauteng Department of Health: Nurse	R 45 433
JC Fencing	JJ Abrahamse	Father	K Abrahamse	Witzenberg Municipality: Traffic Officer	R 129 960
SJ Peres	SJ Peres	Brother-in-law	S Peres	Witzenberg Municipality: Accountant Expenditure	R 12 600
CJ Services	C Hofmeester	Cousin	F Hofmeester	Witzenberg Municipality: SCM Practitioner	R 5 875
AON (Pty) Ltd	N Mangyanga	Mother	Gladys Thivhafuni Ravele	Department of Education	R 601 586
		Father	George Takalani Ravele	Department of Transport	
WAB Print Media (Pty) Ltd	Wayne Brink	Spouse	Adelene Brink	Drakenstein Municipality	R 26 915
AJ Rankin Basson Sport BK	J Wessels	Spouse	MJL Wessels	Witzenberg Municipality Social Worker	R 49 863
JMIL Dienste	Johannes Louwrens	Brother	Ci Croudace	Msunduzi Municipality - Admin officer	R 345 704
Koue Bokkeveld Training Centre	C Roberts	Spouse	R Roberts	Witzenberg Municipality Law Enforcement Officer	R 2 339

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

44

COMMITMENTS

2018
R

2017
R

Commitments in respect of expenditure:

Approved and contracted for

Infrastructure
Community
Other Capital
Operational

106 003 797	41 981 817
53 127 802	12 973 889
-	19 960
-	107 660
52 875 996	28 880 308
106 003 797	41 981 817

Total

45

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	450 141	325 518
0.5% Decrease in interest rates	(450 141)	(325 518)

(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.

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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FINANCIAL RISK MANAGEMENT CONTINUED

Balances past due not impaired:

	2018	2018	2017	2017
	%	R	%	R
<u>Exchange Receivables</u>				
Electricity	85.51%	31 092 890	100.00%	32 872 978
Water	17.18%	9 707 338	11.40%	7 706 292
Housing Rentals	17.27%	207 044	4.38%	64 999
Refuse	14.22%	4 154 663	9.02%	3 143 442
Sewerage	12.99%	3 326 681	9.38%	2 747 708
Other	30.03%	422 828	43.71%	1 111 757
Land Sales	100.00%	368 058	100.00%	1 064 460
	<u>32.29%</u>	<u>49 279 503</u>	<u>27.11%</u>	<u>48 711 636</u>

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:

	2018	2018	2017	2017
	%	R	%	R
<u>Exchange Receivables</u>				
Electricity	5.20%	5 269 422	6.50%	8 405 164
Water	46.16%	46 799 475	46.29%	59 894 004
Housing Rentals	0.98%	991 814	1.10%	1 418 431
Refuse	24.71%	25 058 129	24.50%	31 693 823
Sewerage	21.98%	22 285 534	20.51%	26 542 618
Other	0.97%	984 981	1.11%	1 431 719
	<u>100.00%</u>	<u>101 389 355</u>	<u>100%</u>	<u>129 385 759</u>

The provision for bad debts could be allocated between the different categories of debtors as follows:

	2018	2018	2017	2017
	%	R	%	R
Residential	89.87%	91 119 676	89.94%	116 368 474
Commercial	3.95%	4 000 882	4.40%	5 694 503
Government	0.00%	48	0.99%	1 283 183
Other	6.18%	6 268 749	4.67%	6 039 599
	<u>100.00%</u>	<u>101 389 355</u>	<u>100.00%</u>	<u>129 385 759</u>

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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FINANCIAL RISK MANAGEMENT CONTINUED

2018
%

2018
R

2017
%

2017
R

Bad debts written off per debtor class:

Exchange Receivables

Electricity	3.11%	(1 782 058)	23.32%	(3 293)
Water	49.96%	(28 605 804)	38.19%	(5 393)
Housing Rentals	1.36%	(779 991)	0.84%	(118)
Refuse	26.28%	(15 047 780)	19.68%	(2 779)
Sewerage	18.21%	(10 428 873)	16.55%	(2 337)
Other	1.08%	(616 743)	1.44%	(203)
	100.00%	(57 261 250)	100.00%	(14 123)

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:

2018
R

2017
R

Long term receivables	-	-
Receivables from exchange transactions	51 223 415	50 267 611
Cash and Cash Equivalents	97 496 777	76 324 212
Unpaid conditional grants and subsidies	2 379 679	2 262 670
	151 099 871	128 854 493

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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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
2018				
Borrowing	2 870 103	6 068 336	-	-
Capital repayments	2 276 380.00	5 204 971.00	-	-
Interest	593 723.00	863 365.00	-	-
Trade and Other Payables	31 428 914	-	-	-
Unspent conditional government grants and receipts	5 750 092	-	-	-
	<u>40 049 109</u>	<u>6 068 336</u>	<u>-</u>	<u>-</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2017				
Borrowing	4 756 563	7 883 684	1 091 920	-
Capital repayments	3 717 251	6 541 394	1 040 360	-
Interest	1 039 312	1 342 290	51 560	-
Trade and Other Payables	35 209 651	-	-	-
Unspent conditional government grants and receipts	2 601 158	-	-	-
	<u>42 567 372</u>	<u>7 883 684</u>	<u>1 091 920</u>	<u>-</u>

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

46	FINANCIAL INSTRUMENTS		2018 R	2017 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.			
46.1	<u>Financial Assets</u>	<u>Classification</u>		
	Receivables			
	Receivables from exchange transactions	Financial instruments at amortised cost	51 223 415	50 267 611
	Other Receivables			
	Government Subsidies and Grants	Financial instruments at amortised cost	2 379 679	2 262 670
	Bank Balances			
	Bank Balances	Financial instruments at amortised cost	97 496 777	76 324 212
			151 099 871	128 854 493
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		151 099 871	128 854 493
	At amortised cost		151 099 871	128 854 493
46.2	<u>Financial Liability</u>	<u>Classification</u>	2018 R	2017 R
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	5 204 974	7 345 204
	Capitalised Lease Liability	Financial instruments at amortised cost	-	-
	Payables from exchange transactions			
	Trade creditors	Financial instruments at amortised cost	7 391 122	11 098 239
	Retentions	Financial instruments at amortised cost	3 679 932	4 110 624
	Deposits	Financial instruments at amortised cost	387 869	210 050
	Other	Financial instruments at amortised cost	23 649 923	23 901 362
	Other Payables			
	Government Subsidies and Grants	Financial instruments at amortised cost	5 750 092	2 601 158
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	2 276 380	3 293 689
	Capitalised Lease Liability	Financial instruments at amortised cost	-	660 113
			48 340 292	53 220 439
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		48 340 292	53 220 439

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

47	IN-KIND DONATIONS AND ASSISTANCE	2018 R	2017 R
	Land and Buildings donated by rural Development	-	54 942 896

48	PRIVATE PUBLIC PARTNERSHIPS
	Council has not entered into any private public partnerships during the financial year.

49	CONTINGENT LIABILITY		
	Claims against Council	3 013 366	3 013 366
	Estimate legal Fees	-	110 000

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:

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
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
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
		3 013 366	3 013 366

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

50	RELATED PARTIES	2018 R	2017 R
	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.		
50.1	Related Party Loans		
	Since 1 July 2004 loans to councillors and senior management employees are not permitted.		
50.2	Compensation of key management personnel		
	The compensation of key management personnel is set out in Note 27 to the Annual Financial Statements		
50.3	Other related party transactions		
	No purchases were made during the year where Councillors or staff have an interest		
50.4	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	934 826	538 040
51	FINANCIAL SUSTAINABILITY		
	Management is of the opinion that will Municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.		
	Financial Indicators		
	The current ratio increased to 2.0:1 from 2.4:1 in the prior year.		
	Cash and Cash Equivalents have increased during the year.		

APPENDIX A - Unaudited
WITZENBERG MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2018

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2017	Received during the period	Redeemed / written off during the period	Balance at 30 JUNE 2018
ANNUITY LOANS				R	R	R	R
NED BANK	8.00%	5032113 0001	2018/05/30	234 520		234 520	-
NED BANK	8.00%	5032032 0001	2023/05/30	6 025 771		805 546	5 220 225
DBSA	15.25%	11188/101	2018/09/30	2 372 354		1 523 357	848 998
DBSA	15.50%	10772/101	2018/09/30	539 760		346 384	193 376
DBSA	9.50%	102040/1	2021/09/30	158 482		29 736	128 746
DBSA	8.59%	100605/1	2023/06/30	1 308 008		218 002	1 090 007
Total Annuity Loans				10 638 895	-	3 157 544	7 481 351
LEASE LIABILITY							
Office Equipment		Various	2012/02/29	660 110	-	660 110	-
Total Lease Liabilities				660 110	-	660 110	-
TOTAL EXTERNAL LOANS				11 299 005	-	3 817 654	7 481 351

APPENDIX B - Unaudited
WITZENBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018
MUNICIPAL VOTES CLASSIFICATION

2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R		2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R
80 324 214	(31 905 693)	48 418 521	Budget & Treasury Office	83 282 403	(27 288 241)	55 994 161
149 471 955	(107 163 793)	42 308 162	Civil Services	135 619 340	(94 030 610)	41 588 731
71 927 986	(26 784 842)	45 143 144	Community & Social Services	81 109 106	(27 141 982)	53 967 124
15 120 238	(34 221 320)	(19 101 082)	Corporate Services	211 668	(34 291 121)	(34 079 453)
221 652 885	(202 333 897)	19 318 988	Electro Technical Services	211 203 086	(201 134 935)	10 068 151
263 426	(23 025 003)	(22 761 577)	Executive & Council	542 831	(22 065 908)	(21 523 078)
24 610 710	(27 456 019)	(2 845 308)	Housing	13 006 360	(16 465 027)	(3 458 667)
1 309 115	(7 539 676)	(6 230 560)	Planning	1 004 366	(8 318 208)	(7 313 842)
23 352 142	(32 530 809)	(9 178 667)	Public Safety	26 640 663	(40 621 315)	(13 980 652)
22 976 093	(20 470 545)	2 505 547	Sport & Recreation	11 788 988	(44 859 521)	(33 070 533)
611 008 763	(513 431 597)	97 577 166	Total	564 408 810	(516 216 868)	48 191 942

**APPENDIX C - Unaudited
WITZENBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R		2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R
263 426	(25 485 011)	(25 221 585)	Executive and Council	542 831	(22 987 249)	(22 444 418)
80 324 214	(30 221 860)	50 102 354	Budget and Treasury Office	83 282 403	(27 288 152)	55 994 251
15 120 238	(36 598 441)	(21 478 204)	Corporate Services	211 668	(35 206 004)	(34 994 336)
1 309 115	(9 541 315)	(8 232 199)	Planning and Development	1 004 366	(8 318 208)	(7 313 842)
71 927 986	(22 850 510)	49 077 477	Community and Social Services	81 109 106	(27 148 871)	53 960 235
24 610 710	(27 456 019)	(2 845 308)	Housing	13 006 360	(16 465 027)	(3 458 667)
18 909 663	(29 465 643)	(10 555 980)	Public Safety	26 640 663	(40 440 006)	(13 799 343)
22 976 093	(20 521 342)	2 454 751	Sport and Recreation	11 788 988	(44 853 772)	(33 064 784)
153 914 433	(110 229 279)	43 685 154	Civil Services	135 619 340	(99 007 864)	36 611 476
221 652 885	(201 062 178)	20 590 707	Electricity	211 203 086	(201 132 100)	10 070 985
611 008 763	(513 431 597)	97 577 166	Total	564 408 810	(522 847 252)	41 561 558

APPENDIX D - Unaudited
WITZENBERG MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance 1 JULY 2017 (Unpaid)	Grants Operating Received	Grants Capital Received	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2018	Unspent 2018 (Payable)	Unpaid 2018 (Receivable)
R	R	R	R	R	R	R	R	R	R
<u>National Government Grants</u>									
Finance Management Grant	(261 315)	1 550 000	-	-	(1 259 695)	(11 243)	17 747	17 747	-
DWAF - Drought relief	-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant	(0.20)	-	-	-	-	-	(0)	-	0
Municipal infrastructure Grant	(90 419)	-	22 739 000	-	-	(22 744 251)	(95 671)	-	95 671
Regional Bulk Infrastructure Grant (DWAF)	(114 347)	-	-	-	-	(69 421)	(183 768)	-	183 768
Integrated National Electricity Program	(801 458)	-	-	-	-	-	(801 458)	-	801 458
Equitable share	-	70 412 000	-	-	(70 412 000)	-	-	-	-
Department of Rural Development	471 155	-	-	-	-	-	471 155	471 155	-
ACIP funds (DWAF)	-	-	-	-	-	-	-	-	-
Expanded Public Works Programme	(14 044)	1 485 000	-	-	(1 500 315)	-	(29 359)	-	29 359
Neighbourhood Development Plan	321	-	-	-	-	-	321	321	-
<u>Provincial Government Grants</u>									
Library services	-	2 600 000	-	-	(2 600 000)	-	-	-	-
Library services Replacement Funding	(143)	5 450 000	-	-	(5 449 857)	-	-	-	-
CDW	417 281	148 000	-	-	(115 854)	-	449 428	449 428	-
Main roads	(16 800)	120 000	-	-	(120 000)	-	(16 800)	-	16 800
Municipal Infrastructure Support Grant	(758 017)	-	(288 480)	-	-	-	(1 046 497)	-	1 046 497
Drought Relief	-	-	-	-	-	-	-	-	-
State Funeral	-	-	-	-	-	-	-	-	-
Planning	-	-	-	-	-	-	-	-	-
Human Settlement Development	566 634	8 992 338	21 575 176	-	(12 643 351)	(15 195 126)	3 295 671	3 295 671	-
Sport	-	-	-	-	-	-	-	-	-
Library Capital	-	-	-	-	-	-	-	-	-
Multipurpose Centre	322 000	-	-	-	(322 000)	-	-	-	-
Capacity Building (Internship)	60 000	286 000	-	(60 000)	-	-	286 000	286 000	-
Municipal Infrastructure	(206 126)	-	288 480	-	-	(288 480)	(206 126)	-	206 126
Financial Management Support	343 767	-	330 000	-	(343 997)	-	329 770	329 770	-
Financial Management	120 000	240 000	-	(120 000)	(240 000)	-	-	-	-
Local Government Compliance	-	-	-	-	-	-	-	-	-
MSCOA Grant	-	-	-	-	-	-	-	-	-
Regional Social Economical Pro	-	-	-	-	-	-	-	-	-
<u>District Municipality</u>									
Parks and recreation	300 000	-	-	-	-	-	300 000	300 000	-
Tourism Route Development	-	100 000	-	-	-	-	100 000	100 000	-
Sanitation Infrastructure	-	500 000	-	-	-	-	500 000	500 000	-
Total	338 488	91 883 338	44 644 176	(180 000)	-	(95 007 068)	(38 308 520)	5 750 092	2 379 679

SCHEDULE OF ADJUSTMENTS - Unaudited
WITZENBERG MUNICIPALITY
REVENUE AS AT 30 JUNE 2018

Reclassified from	Amount before adjustments	RECLASSIFIED TO:						
		Fines, Penalties and Forfeits	Licences or Permits	Sales of Goods and Rendering of services	Rental from Fixed Assets	Operational Revenue	Total adjustment	Amount after adjustments
		R	R	R	R	R	R	R
Fines	19 242 291	18 923 441	-	-	-	-	-18 923 441	318 850
Licences or Permits	141 796	-	141 796	-	-	-	-141 796	-
Rental of Facilities and Equipment	8 176 974	-	-	2 551 337	5 625 637	-	-8 176 974	-
Other Income	4 792 065	-	-	4 032 412	-	759 653	-4 792 065	-
Total Reclassified	32 353 126	18 923 441	141 796	6 583 749	5 625 637	759 653	(32 034 276)	318 850

SCHEDULE OF ADJUSTMENTS - Unaudited
WITZENBERG MUNICIPALITY
EXPENDITURE AS AT 30 JUNE 2018

Reclassified from	Amount before adjustments	RECLASSIFIED TO:									
		Inventory consumed	Contracted Services	Employee Related Cost	Operational Cost	Bulk Purchases	Interest paid	Operating Leases	Transfers and Subsidies	Total adjustment	Amount after adjustments
	R	R	R	R	R	R	R	R	R	R	R
Repairs and maintenance	23 000 709	9 214 454	10 686 967	1 450 257	1 402 672	246 359	-	-	-	-23 000 709	0
General Expenditure	43 760 685	7 488 086	6 831 476	2 886 876	23 486 177	1 876 123	-	782 317	409 630	-43 760 685	-0
Contracted services	41 869 152	64 568	-	1 622 355	3 532 438	-	-	-	24 264 670	-29 484 031	12 385 121
Grants and Subsidies	941 038	-	-	-	-	-	-	-	941 038	-941 038	-
Collection cost	773 248	-	773 248	-	-	-	-	-	-	-773 248	-
Unamortised Discount - Interest paid	615 809	-	-	-	-	-	615 809	-	-	-615 809	-
Total Reclassified	110 960 641	16 767 107	18 291 691	5 959 487	28 421 287	2 122 483	615 809	782 317	25 615 338	(98 575 520)	12 385 121

WITZENBERG 2017/18 ANNUAL REPORT

ANNEXURE B: REPORT OF THE AUDITOR-GENERAL

ANNEXURE B

Report of the auditor-general to Western Cape Provincial Parliament and the Council on the Witzenberg Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Witzenberg Municipality set out on pages 03 to 63, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year ended 30 June 2018, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Witzenberg Municipality as at 30 June 2018, and its financial performance and cash flows for the year ended 30 June 2018 in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (DoRA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 37 to the financial statements, the corresponding figures for 30 June 2017 have been restated as a result of the municipal standard charts of account (mSCOA) implementation and errors discovered during 2017-18 in the financial statements of the municipality for the year ended 30 June 2018.

Material losses/impairments

8. As disclosed in notes 3 to the financial statements, the municipality has provided for an impairment of R101,4 million (2016-17: R129,4 million) on receivables from exchange transactions.
9. As disclosed in note 4 to the financial statements, the municipality has provided for impairment of receivables from non-exchange transactions amounting to R68 million (2016-17: R53,5 million).

Other matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary information

11. The supplementary information set out on pages 64 to 69 of the financial statements does not form part of the financial statements and is presented as additional information. I have not audited this information and, accordingly, we do not express an opinion thereon.

Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Responsibilities of Accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

17. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected strategic objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
18. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic objective presented in the annual performance report of the Municipality for the year ended 30 June 2018:

Strategic objective	Pages in the annual performance report
Strategic objective – essential services	9 – 10

20. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
21. I did not raise any material findings on the usefulness and reliability of the reported performance information for this strategic objective:
- Essential services

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. Refer to the annual performance report on pages 09 to 10 for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a significant number of targets.

Adjustment of material misstatements

24. I identified material misstatement in the annual performance report submitted for auditing. This material misstatement was on the reported performance information of Essential services. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

25. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
26. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

27. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the executive mayor's report, accounting officer's report, the audit, risk and performance committee's report. The other information does not include the financial statements, the auditor's report and the selected strategic objectives presented in the annual performance report that have been specifically reported in this auditor's report.
28. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
29. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
30. I have nothing to report in this regard.

Internal control deficiencies

31. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

32. I did not identify any significant deficiencies in internal control.

Auditor - General

Cape Town

30 November 2018



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected strategic objectives and on the municipality’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Witzenberg Municipality’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a Municipality to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

WITZENBERG 2017/18 ANNUAL REPORT

ANNEXURE C: REPORT OF THE PERFORMANCE, RISK AND AUDIT COMMITTEE

ANNEXURE C: REPORT OF THE PERFORMANCE, RISK & AUDIT COMMITTEE

PERFORMANCE, RISK AND AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2018

1. Legislative Requirements

The purpose of this report is to communicate to the council the Performance, Risk and Audit Committee's (PRAC) progress to date in carrying out its oversight responsibilities in terms of section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003, as amended) (MFMA). The Municipal Planning and Performance Management Regulations, 2001, regulation 14(2) (a) requires the municipality to establish a performance audit committee. Regulation 14(2) (c) states that a municipality may utilize any audit committee established in terms of other applicable legislation as the performance audit committee.

The MFMA obliges every municipality to establish an independent audit committee, which must advise the municipal council, political office-bearers, accounting officer and management staff of the municipality on matters relating to internal financial controls 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, the annual Division of Revenue Act (DoRA) and any other applicable legislation, and any other issues referred to it by the municipality. The municipality has opted to have a combined performance, risk and audit committee.

PRAC is governed by a formal charter, which is regularly reviewed and approved by the council. The committee is pleased to present its report for the financial year ended 30 June 2018.

2. Audit committee's responsibility

The PRAC committee has complied with its responsibilities arising from section 166 of the MFMA and reports that it operated in terms of the audit committee charter.

3. Audit committee members and attendance

PRAC was established in accordance with section 166 of the MFMA. The PRAC charter requires that the committee comprises of a minimum of five members of whom none must be in the employ of the municipality.

The PRAC comprises five members, including the chairperson, Mr J, George. In terms of section 166(4) (b) of the MFMA, the audit committee must meet at least four times a year. During the financial year ended 30 June 2018, the audit committee met on six occasions. The table below shows the attendance of these meetings:

Name	Date of appointment	Qualifications	Number of meetings scheduled	Number of meetings attended
Mr J. George (Chairperson)	1 November 2016	B Compt (Honours) CA(SA)	6	6
Mr A. Amod	1 March 2012 – 31 May 2018	B Comm; MBA CIA; CGAP; CRMA	6	4
Mr J. Basson	1 June 2015	B Compt Honours CA(SA)	6	5
Mr T. Lesihla	1 June 2015	Master of Technology, Information Technology	6	6
Mr F Redelinghuys	1 November 2016	B Compt (Honours) CA(SA)	6	6

The members of the PRAC held meetings with the municipal manager as the accounting officer, senior management of the municipality, the internal audit function and the external auditors collectively on matters related to governance, internal control and risk and performance management in the municipality, throughout the reporting period.

4. Effectiveness of internal control

The PRAC acknowledges management's efforts to strengthen internal controls in the municipality. The Performance, Risk and Audit Committee (PRAC) raised concern that in certain instances the matters reported by the external auditors and the internal audit function in prior years have not been fully and satisfactorily addressed. Management has given assurance that effective corrective action will be implemented in respect of all internal control weaknesses, and the audit committee will monitor these going forward.

The municipality has adopted anti-corruption measures to prevent and detect fraud and corruption.

Due to the strategic importance of, and investment in, the modernisation of information and communication technology (ICT) in the municipality, the PRAC has monitored the risk register and progress reports on the respective action plans during the year under review. The PRAC is of the view that the management of ICT risks can be improved.

5. The quality of monthly and quarterly reports submitted in terms of the MFMA and DORA

The PRAC reviewed and where applicable advised on the following:

- Internal audit reports
- Annual audit plan
- AGSA's audit report
- Annual Financial Statements
- Annual Performance Report
- Section 71 reports
- Section 72 report
- Section 52(d) reports, including the performance reports
- Quarter Risk Management reports
- Annual Risk assessment Report

The PRAC is satisfied with the content and quality of reporting prepared and issued during the year under review in compliance with the statutory framework. The PRAC has engaged with management to remedy shortcomings, especially relating to the reports on performance against predetermined objectives. The committee has recommended that specific process be implemented to ensure that the information reported is both useful and reliable in terms of the applicable reporting framework.

The PRAC has reviewed and commented on the municipality's annual financial statements and report on performance information and their timely submission to the external auditors by 31 August 2018.

6. Internal audit function

The accounting officer is obliged, in terms of section 165 of the MFMA, to ensure that the entity has a system of internal audit under the control and direction of PRAC. PRAC is satisfied that the internal audit function has properly discharged its functions and responsibilities during the year under review.

The capacity of the internal audit function has been enhanced through an investment in the Internal Audit Technician (IAT)

training programme. The PRAC expects these initiatives to contribute to the internal audit function becoming more efficient.

The PRAC reviewed its current three year risk based audit plan and reviewed the actual internal audit work that was conducted by the Internal Audit Unit in relation to the one year internal audit plan.

The PRAC is satisfied that the internal audit function operated effectively and that it has addressed the risks pertinent to the municipality. To this extend the PRAC expresses their appreciation to the Internal Auditors for the work performed.

7. Enterprise Risk Management function

PRAC is responsible for the oversight of the risk management function.

The PRAC has reviewed the completeness of the enterprise risk assessment process implemented by management and the alignment thereof to the risk-based audit plan. The PRAC has also reviewed the risk appetite, risk profile and action plans implemented by management to mitigate risk.

PRAC advises management towards the improvement of risk management.

8. Evaluation of the finance function

The PRAC is satisfied with the municipality's finance function during the year under review.

9. Performance management

Part of the responsibilities of PRAC includes the review of performance management. PRAC has in terms of the performance of the municipality performed the following functions:

- Review and comment on compliance with statutory requirements and performance management best practices and standards;
- Review and comment on the alignment of the integrated development plan, budget, service delivery and budget implementation plan and performance agreements;
- Review and comment on the relevance of indicators to ensure that they are measurable and relate to services performed by the municipality and its entities;
- Review of compliance with in-year reporting requirements;
- Review of the quarterly performance reports submitted by the internal audit function; and
- Review and comment on the municipality's performance management system and making recommendations for its improvement.

PRAC has recommended to Council to improve the functionality of the performance management system, timeous monitoring and reviewing of the portfolios of evidence should be implemented and management should embrace the recommendations by Internal Audit and ensure continuous monitoring to address the control deficiencies.

10. Fraud and irregular activities

No instances of fraud, financial misconduct or irregular, unauthorised and fruitless expenditure has been reported by management.

The PRAC has reviewed the fraud prevention policies and strategy including the whistle blowing policy.

11. Evaluation of the annual 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; and
- 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.

12. External auditor's report

The PRAC concurs with and accepts the conclusion and audit opinion of the external auditors on the annual financial statements. The committee is of the view that the audited financial statements be accepted and read together with the report of the external auditors. The PRAC confirms that it has been actively involved throughout the audit process and has been thoroughly appraised of the issues giving rise to the audit opinion.

The external audit function, performed by the Auditor General South Africa (AGSA) is independent of the entity. The PRAC has met with the external auditors to ensure that there are no unresolved issues and acknowledges the diligence and cooperation of the external audit team.

13. Word of thanks

The PRAC wishes to express their appreciation and thanks to the management of the municipality and to internal audit for the work they have undertaken during the year.

On behalf of Performance, Risk and Audit Committee



Mr Jonathan George
Performance, Risk and Audit Committee Chairperson
Witzenberg Municipality
23 November 2018